

# Some Opinions on the Relation between Security Economy and Economic Security

*"A nation has as much security  
as it can pay for it!"*

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**A***bstract.* The paper basically deals with two important concepts: security economy and economic security. The former is a relatively new term implying the way of building an entire system of protection by measures and activities to prevent deliberate actions affecting the quality of life and goods, while the latter is a term understood only post factum, when the threats to the economic security of a state have had effect. Therefore, a macroeconomic equilibrium at the world level should be correlated with internal political, economic and social equilibrium in order to ensure long-term sustainable development of the economy.

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## 1. Security Economy

### 1.1. The concept of *security economy* and objectives

Being a relatively new term, *security economy* refers to a way of building an entire system of protection by measures and activities, both public and private, aiming to prevent and mitigate the risk of usually deliberate actions that may endanger the quality of life and goods pertaining to citizens of a country, thus further influencing the security of that country. In our phrase, the term *economy* should be understood as a *system*, a *mode of organisation*. In a broad sense, security economy represents the science for managing security resources and means, covering the sector of economic security (an assembly of actions for preventing, managing, diminishing and counteracting the factors of insecurity against a country in the economic area), as well as the interference between this security and all actions with a security purpose taken by state institutions. Of course, this definition includes, within a generous range, both the public sector and part of the private one. In a narrow sense, the term includes only measures and expenditures for ensuring individuals' and enterprises' security<sup>1</sup>.

One of the most illustrative definitions of the concept was provided by Napoleon Pop, Director of the "Victor Slăvescu" Centre for Financial and Monetary Research within the "Costin C. Kirițescu" National Institute for Economic Research of the Romanian Academy: "*Security economy* includes economic security, costs of economic security and economic risks affecting security as a whole".<sup>2</sup>

By correlating all these meanings of the term, we may conclude that *security economy* includes the assembly of functional and financial capabilities of a state to prevent and manage risks of any kind – economic and non-economic (political, social, military) – followed by aftermath and the security of that state so that the economy should not face or should avoid economic shocks (both internal and external).

Actually, *security economy* includes the organisational apparatus and the functional measures of the security system into an assembly that determines the necessary dynamic balance for living in a complex, continuously changing, and

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<sup>1</sup> For details, see Michael N. Osborne (coord.), Barrie Stevens, Bertrand Didier, *L'économie de la sécurité*, edited by OECD, 2004.

<sup>2</sup> Napoleon Pop, *Riscurile economice – o provocare la adresa securității naționale*, The „Victor Slăvescu” Centre for Financial and Monetary Research, January 2006, p. 9

challenging, competitive environment undergoing complicated developments. Therefore, we should distinguish between *economic security* – which is related to all rules and activities ensuring the proper functioning of the economy of a country, with repercussion on economic security of communities and individuals, that is, on financial and economic quality of their lives – and *security economy*, which refers to an assembly of social and political systems of a country and even to the cooperation of the country with international organisations and bodies in order to ensure the population's security. While economic security aims to ensure proper conditions for keeping economic activity within normal parameters, eliminating vulnerabilities, counteracting various kinds of attack and ensuring strategic protection, security economy includes all components for fulfilling the country's vital interests, their relations (which provides security components with a systemic character – called the *national security system* of a country) and the related cost. In other words, we may conclude that economic security is included in the economic security field.

The paper deals with economic security issues in relation to its components and various economic perspectives of the defence and security fields: budget allocation for implementing security rules in economy; expenditures and investments in economic security; security in relation to the world's most developed industry – defence industry – and economic repercussions of terrorism and organized crime; and not the least, economic war.

## **1.2. The need for security in economy**

It is obvious that security has an economic dimension and security is directly proportional to economic and financial power and insecurity is directly proportional to poverty. Without a well-performing and long-term sustainable economy, there may actually be no safety, prosperity and stability, since economy and finance have direct impact on the military, order and public safety, that is security, and, equally, to the extent to which this potential ensures the functioning of the economy. In fact, economy represents a key structure of power, an architecture generating power, security and stability. A country having a strong economy is able to take political and strategic action on a geopolitical scale and will always be a country influencing international relations. It is the case of Germany, the country with the strongest economy in Europe, France and Switzerland or Japan, a country lacking natural resources and importing 90% of the raw material, but still having one of the strongest economies in the world.

In the last years, security became a major objective of governments and a priority of public organisations and companies. In this respect, we should

mention the USA National Security Doctrine (2002 and 2006), the NATO Strategic Concept (1999) or the European Security Strategy (2003), which offer a new vision of globalisation and state that, besides military threat, national security should be discussed in relation to economic, energy supply or environmental threats and violations of private property rights: "The last ten years have also seen the appearance of complex new risks to Euro-Atlantic peace and stability, including oppression, ethnic conflict, economic distress, the collapse of political order and the proliferation of weapons of mass destruction"<sup>1</sup>.

Since the last decade of the 20<sup>th</sup> century, economic risks have been considered on the level of risks involved by ethnic conflicts, the proliferation of weapons of mass destruction or organized crime – as threat vectors essentially of military nature – in relation to the impact on national security. As of that time, on a correlative and compulsory basis, countries adapted their national security strategies to the new kinds of risk and threat, irrespective of their nature. The American security strategy of the G.W. Bush Administration clearly stated: "We will continue to take all necessary measures to protect our national and economic security against the adverse effects of their bad conduct"<sup>2</sup>. Also, the economic factor is considered for creating geopolitical relations and a global security structure: "We will harness the tools of economic assistance, development aid trade, and good governance to help ensure that new democracies are not burdened with economic stagnation or endemic corruption"<sup>3</sup>.

"In the cause of ending tyranny and promoting effective democracy, we will employ the full array of political, economic, diplomatic tools at our disposal"<sup>4</sup>.

"Greater economic freedom also leads to greater economic opportunity and prosperity for everyone. History has judged the market economy as the single most effective economic system and the greatest antidote to poverty. To expand economic liberty and prosperity, the United States promotes free and fair trade, open markets, a stable financial system, the integration of the global economy, and secure, clean energy development"<sup>5</sup>.

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<sup>1</sup> The Alliance's Strategic Concept, approved by heads of states and governments at the Meeting of the North-Atlantic Council, Washington, 24<sup>th</sup> April, 1999.

<sup>2</sup> *National Security Strategy of the United States*, 2006, p. 20.

<sup>3</sup> *Ibidem*, p. 4.

<sup>4</sup> *Ibidem*, p. 6.

<sup>5</sup> *Ibidem*, p. 25.

Rich countries have concentrated so far on measures for intensifying financial cooperation, but this solution is irrelevant to poorer countries, and fundamental economic reforms are required to eliminate social polarisation and the gap between the poor and the rich, which has widened in the last three decades. The annual international security report prepared by the Oxford Research Group<sup>1</sup>, a non-governmental organisation points out that the determination to implement such policies might be weakened by financial problems confronting governments in the next few years. But if rich countries decide to lay stress on aiding the poor in the world and on environmental policies, the years to come could be decisive for a greater global stability. Paul Rogers, a consultant of this organisation and professor at the Peace Study Department of the Bradford University, said that the option to be made by the world countries in the next few months will clarify whether mankind becomes more peaceful or less peaceful in the next ten years. Similarly, Robert B. Zoellick, the World Bank President, stated that the occurrence of the financial crisis so soon after the food and fuel crises will probably affect the pauper individual in developing countries. Especially in the present stage of the global economic-financial crisis, one should note how the political factor is trying to exert more control over the economic factor in order to achieve greater coordination of the state's policies and mechanisms.

National security as a whole is perceived as being in close and indestructible relation to economic security and unavoidably to procedures and costs of security implementation, that is, with *security economy*.

The present evolution of the society is an indication of the fact that the security sector will be in the near future an important economic field in expansion.

According to OECD statistics, the growth in turnover of companies trading security products and services is about 7-8% every year, much higher than, for example, average annual rates of economic growth of other companies, in conditions of global financial and economic stability<sup>2</sup>. First of all, this quick expansion is a consequence of the world demand for security goods and services, due to the direct impact of the society's progress. The engine of development of the security economy consists of a multitude of social, economic and institutional factors that involve public institutions and private and state-

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<sup>1</sup> *Oxford International Security Report 2008*, <http://www.oxfordresearchgroup.org.uk/sites/default/files/thetippingpoint.pdf>.

<sup>2</sup> M.W. Osborne (coordinator), B. Stevens, B. Didier, *L'économie de la sécurité*, OECD, 2004, p. 9.

owned companies willing to prevent, detect and protect themselves against crimes in the real economy.

On the other hand, the problem of security means implementation raises the problem of deontology, morality and respect for privacy. Nobody knows how the society will react against the extension of surveillance and if such means – considered by company managers a way to protect their business – are not considered by employees and, by extension, by the society as an aggression against privacy and a restriction on democratic values.

### **1.3. The effects of economic globalisation as reasons to consolidate the security economy**

In the broad sense, economic globalisation may be defined as a dynamic process of increasing in the interdependence among countries, following the extension and strengthening the connections among them and domains of the economic, political, social and cultural life. Thus, economic globalisation allows for economic interdependence among countries, following the increase in mutual dependence on the world due to consolidated and extended relations among national economies in the global market of goods, may be seen as a diminution in customs duties, elimination of customs policy and restrictions on the movement of goods, services, technology and capital along with the development of international exchanges. In the World Development Reports prepared by the World Bank in 2000 and 2002, it is estimated that two simultaneous processes take place in the world economy: globalisation and decentralisation. Globalisation consists in transnationalisation up to super nationalisation especially of trade, finance and top technology or “progressive integration of the economic system and the societies on a global scale”<sup>1</sup>.

In relation to the security economy, it is quite alarming that globalisation – besides the great economic benefit it produces – is gradually showing the significant vulnerability it causes to countries’ security. Thus, globalisation represents one of the most controversial issues of present times, and debates become hot when relating to the question of security.

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<sup>1</sup> “La mondialisation [est] l’intégration progressive des systèmes économiques et des sociétés à l’échelle du globe”. In *Mondialisation, développement et pauvreté. Bâtir une économie intégrée*, French translation, ESKA, Paris, 2002, p. 10 (See *Globalisation, Growth and Poverty*, Washington D.C., 2002, [www.worldbank.org](http://www.worldbank.org)).

The controversy is caused just because, on the world scale, national societies enjoy huge benefits, hardly to imagine in an economy lacking the interconnections provided by globalisation and, equally, face significant shortcomings and vulnerabilities – on long term and not easily remedied – caused by the same globalisation.

The positive side of this phenomenon could be increasing interaction among countries, which, in turn, offer opportunities for developing the human civilisation, especially in the economic area, allowing for the intensification of commercial, investment and technological exchanges among regions. Economic globalisation from 1960 to 2000, caused by political, economic and technological changes, produced huge benefits, such as the elimination of restrictions on capital, the orientation towards a global financial system or the elimination of restrictions on direct investment; all of them contributing to speeding up the movement towards global and regional integration of services and production. In this context, the cultural features, the system of values and history of a country have a strong impact on global competition. Theoretically, increasing competition should be followed, correlatively, by improvement of productivity and product quality as well. Individual and common values and social relations determine the people's identity and ensure its success. The countries' competitiveness in the world is measured annually by various institutions, which correlate macro and microeconomic data on most of the countries. This is defined as a collection of political factors and institutions, closely related to each other, which determine a country's level of productivity and influence the level of prosperity of an economy, when these relations deteriorate; they reflect not only the economic decline, but also the decline of the nation itself. And thus the way to the negative effects of globalisation is paved.

Besides the economic factors playing a significant role in defining the characteristics of the global economy, the political factors are and will be important as well. Economic efficiency, accompanied by national and regional ambitions, especially those of the great powers, will influence the dynamics of the global economy in the 21<sup>st</sup> century. In conclusion, the world economy could gradually become an area of conflicts.

On the other hand, the great openness of the world economy, the emergence of new industrial powers and the global economic slow-down caused a surplus of production capacities in several industrial sectors and stronger competition between producers and suppliers. This stimulated unfair competition, which includes all cases when – trying to quickly penetrate a market or win a bigger share of it – companies cause direct or deliberate damage to competition,

making use of illegal practices: *denigration* (circulation of inaccurate or false information on competition), "*parasitical*" *competition* (taking advantage of the confusion between trademarks, etc.), *illicit competition*, *fiscal fraud* (violation of the tax law, which allows companies to obtain lower cost and to ask lower costs), *dumping*.

According to the Paris Convention about Industrial Property Rights<sup>1</sup>, "a deed of unfair competition is any competition deed contrary to fair practice in industrial or commercial matter" (art. 10 bis, para. 2). Thus, according to art. 10 bis, para. 3, "the following types of action should be forbidden: 1) any action that might cause confusion in relation to the enterprise, products or industrial or commercial activity of a competitor; 2) false statements in trading, which might discredit the enterprise, the products or the industrial or commercial activity of a competitor; 3) indicators or statements that – when used in trading – may mislead the public with regard to the nature, the manufacturing procedure, the characteristics, the utilisation capability or the quantity of merchandise".

Just as uncontrolled expansion of some cultural models (the case of the cultural model of American origin in western democracies) is often felt as an aggression (especially, in countries based on strongly traditionalist, conservative societies – for example, in the Muslim world), so the economic expansion of some strongly developed western countries to the eastern markets (by introducing high quality products into less competitive markets, which practically kill the local economic agents, unable to face competition) or, on the contrary, the economic expansion to the west of some eastern countries in full economic progress (China and India, for example), which invade markets by means of cheap products, reveal unexpected effects of economic liberalisation and of the relations between capital markets, thus endangering national economies.

Therefore, many measures taken within national security strategies are specific to economic globalisation. The European Security Strategy, clearly states this view and equally reveals the strengths and weaknesses of globalisation: "The atmosphere after the Cold War is characterized by progressive opening of borders, when the internal and external aspects of security are closely linked. Commercial and investment flows, technological development and democracy

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<sup>1</sup> Convention de Paris pour la protection de la propriété industrielle (du 20 mars 1883, révisée à Bruxelles le 14 décembre 1900, à Washington le 2 juin 1911, à La Haye le 6 novembre 1925, à Londres le 2 juin 1934, à Lisbonne le 31 octobre 1958 et à Stockholm le 14 juillet 1967, et modifiée le 28 septembre 1979), art. 10 bis, Concurrence déloyale ([http://www.wipo.int/treaties/fr/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/fr/ip/paris/trtdocs_wo020.html)).



expansion secured freedom and created prosperity for many people. Others considered globalisation a cause of frustrations or injustice. Also, these developments increased the role played by nongovernmental organisations in international relations. They caused an increasing dependence – and vulnerability, too – of Europe on an infrastructure interconnected in domains such as transport, energy, information. (...) The terrorist movements obtain more and more resources, are linked by electronic networks and are ready to use unlimited violence to cause heavy damages”<sup>1</sup>.

According to the same European Security Strategy, “bad governance – corruption, power abuse, weak institutions, no accountability (in managing resources) – weakens the states from inside. In some cases, it almost caused the collapse of state institutions. Somalia, Liberia and Afghanistan under the Taliban are well-known recent examples. The collapse of the state may be associated with clear threats, such as organized crime or terrorism. The failure of the state is an alarming phenomenon, which undermines global governance and brings about regional instability”<sup>2</sup>.

According to a report drawn up by the Oxford Research Group, mentioned above, the destruction of a large number of jobs increases poverty and ill-health, thus leading to malnutrition and actually becoming the origin of crime;<sup>3</sup> also, it stimulates illegal migration, illegal traffic of people or other actions of organized crime as well as the underground economy. All these factors could cause large-scale dissatisfaction and radical and violent social unrest, which authorities could control by force or lose control. This situation can only increase pressure on social security systems and, finally, on national security. The most alarming effects such as cross-border crime and international terrorism are based on significant financial resources illegally obtained by economic fraud. The vicious circle is then closed, and the money from illegal activities and organized crime are laundered in the economy.

The increasing interdependence of international relations caused by globalisation adds more valences to the term “national and international security”. We find a greater number and variety of factors affecting national economies and the society

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<sup>1</sup> *The European Security Strategy*, approved by the European Council, Brussels, *op. cit.*, pp. 2-3.

<sup>2</sup> *Ibidem*, p. 4

<sup>3</sup> “In the majority world, the loss of jobs and collapsing markets will impact directly on hundreds of millions of people, increasing poverty, ill-health and levels of malnutrition.” *Oxford International Security Report*, *op.cit.*, p. 10, <http://www.oxfordresearchgroup.org.uk/sites/default/files/thetippingpoint.pdf>.

stability, a higher risk of economic espionage, a higher awareness and interest of the economic actors, irrespective of their power in the market, in relation to the development of a security culture among their own employees and the implementation of procedures for protecting the company's strategic information. For example, maintaining a company among the most performing actors on the related market does not only depend on its capability to develop on a continuous, sustainable and balanced basis in accordance with standards imposed by competition and to meet customer's needs, but also on its capability to protect strategic information. In fact, security has become (or should become very soon) a priority of the managers. Moreover, since economic markets allow, irrespective of their profile, for relationships not only among national companies, but also between national companies and foreign companies, the problem of espionage, sabotage, undermining and illegal collection of strategic information on competitors requires an approach to economic security in relation to national security.

The increasing division of markets (some based on the primary sector, others on the secondary sector, implying the transformation of raw material into goods, and the tertiary sector, consisting in services rendered to consumers or companies) causes serious social-political problems, the most important being the problem of the so-called *geopolitics of energy resources* confronting the world in the last years, which enabled the Russian Federation to resort to economic blackmail as a foreign policy weapon in order to achieve geostrategic objectives. We should recall the statement made by Yury Yekhanurov, Ukraine's Prime Minister in 2005: "The political independence of Ukraine is equal to its energy independence"<sup>1</sup>.

Under these circumstances, the increasing powers of Gazprom means, in fact, an increasing geopolitical influence of the Russian Federation. The geopolitical stake and the impact on the architecture of power relations in Europe, and not only there, was shown by the response of the big energy consumers. In the context of the Russian-Ukrainian disputes on energy, which affected many European countries, the Stratfor analyst Peter Zeihan deals with Germany's response in relation to its geo-economic interests and regional ambitions, on which the privileged political partnership between Berlin and Moscow seems to be based: "Of the major European states, Germany is the most dependent upon Russian resources in general, and energy in particular. [In this context] Germany

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<sup>1</sup> Yury Yekhanurov apud Yana Sedova, "Yekhanurov returns from Moscow without deal for natural gas supplies", *Ukrainian Weekly*, no. 52, 25<sup>th</sup> December 2005, <http://www.scribd.com/doc/12796652/The-Ukrainian-Weekly-200552>.

has strong reasons to discuss with Russia, at a time when it should show anger, like any other European state. In Germany – Zeihan also points out – more than in any other European country, the power is based on geographic situation and economic power. (...) Berlin has no other alternative to achieve its objectives. Lacking energy resources for the economic advance, Germany will preserve its status of weak geopolitical power, since the World War II”.<sup>1</sup>

Constantin Hlihor, a Romanian specialist in geopolitics, said that the Russian-Ukrainian energy dispute and the shift of the major actors’ dispute for supremacy to central Asia, since the Caspian Area seems to become the main power supply area for technologically developed states, seemed “to confirm the fact that today geopolitical rivalries are increasingly linked to the control and the transport of energy to the big consumers and also the fact that these rivalries will no longer be clarified through conflicts based on the Clausewitz Paradigm. *Strategic advantages and gains* will no longer be the necessary result, as it was centuries ago, of military conflicts and, equally, the *loss of strategic positions* in areas considered vital by powers will not make these powers start wars to win them”.<sup>2</sup> Similarly, Zbigniew Brzezinski in his *The Great Chessboard* pointed out that “Eurasia is the chessboard on which the game for world supremacy is played”<sup>3</sup>.

#### 1.4. The costs of economic security

The adequate action to enforce security rules in the economic field is subject to a wide range of political, cultural (including mentality and conduct) and economic practice (flexibility and capacity to adapt to market trends, meeting consumers’ needs, getting and maintaining an advantageous position against competitors, in competitive relations on the related market) aspects and is based on management and marketing strategies.

The implementation of security rules and mechanisms is always pyramidal and bidirectional. On one hand, from the pyramid base, consisting of companies in their individuality and in relation to competition in the same specialized market, then up to the next level consisting of all markets and the interrelations among

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<sup>1</sup> Peter Zeihan, The Russian Gas Trap, 13 January 2009, [www.tratfor.com/weekly/20090113\\_russiangastrap](http://www.tratfor.com/weekly/20090113_russiangastrap).

<sup>2</sup> Constantin Hlihor, “Geopolitica resurselor energetice și noua panoplie a zeului Marte”, in *Observatorul militar*, no. 1, 11-17 January 2005.

<sup>3</sup> Zbigniew Brzezinski, *Marea tablă de șah. Supremația americană și imperatiivele sale geostrategice*, translation into Romanian, Editura Univers Enciclopedic, 2000, apud Constantin Hlihor, *op.cit.*

them both internally and within the relations with regional markets and even with the world market, all the above-mentioned being subordinated to the third level, where the whole economy becomes a component of the national security of the state: On the other hand, the economic security takes place in opposite direction, from the top to the bottom of the pyramid, more exactly, from decision-makers to the highest level of the country leadership, towards various sectoral markets (by profile and specialisation level); in this case, national economic strategies are drawn up in consideration of the economic interrelations between states and, compulsorily, in consideration of the national security strategy, which includes sectoral economic strategies. Moreover, we know the bi-univocal relation and the close interdependence between the economy development and the security of the state.

The planning of the economic security should be based on a proper allotment of expenditures within the entire system of national security. In this respect, the question is how one distributes and assumes expenditures in the security field; one may say that a state has as much security as it can pay for it. In this context, several essential questions may be asked: How necessary are these investments? (Or: Why must the economic field be secured?; What economic risks are there?; How strong is their impact?); How much must the state invest in securing the economic domain?; How are the investment priorities established?; and, not the least, practically speaking, How does the investment profit return to the economy and national security (or: What is the ratio of costs to benefits in relation to the expenditures on security in the economy)?

The insecurity costs may result both from the risks themselves and their materialisation and the response of the economic actors and public authorities to such risks. Even if the short and medium-term, implementation of security measures might be costly, the profit could be huge on long term due to the capacity to prevent large-scale damages and distortions.

Statistics show that the state of insecurity determines the allocation of significant funds for applying risk prevention measures, and the insecurity costs rise to an amount three times higher than the effective investment in economic security.<sup>1</sup>

The international financial stability created after the 11<sup>th</sup> of September 2001 clearly shows how eager economic agents have been to apply security measures. *Security Economy* (2004) reveals that the effects of the attacks extended quickly because the world capital markets are interconnected. Since

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<sup>1</sup> *L'économie de la sécurité, op.cit.*, p. 113.

the high volatility and the potential instability of financial markets cause risks to economic agents other than those directly affected by the attacks, the American authorities closed the financial markets for four stock exchange dealings, and the price of shares fell steeply in the whole world, fortunately for a short period. The quick and adequate coordination provided by international monetary authorities helped to stabilize the world financial system.<sup>1</sup> The multitude of indirect effects of the risks often turn into radical changes in perceptions, modes of economic organisation, economic security policies, so that the economic agents and the governmental institutions should control risks. All of them are quantified in what we call the *cost of insecurity*.

## 2. Economic security

### 2.1. Conceptual aspect concerning the economic security

#### 2.1.1. Conceptual approach

*Economic security* is an issue rarely approached by Romanian researchers. Very often, the significance of this issue is fully understood only *post factum*, when the threats to the economic security of a state have had effect. But, securities, in general, and the economic security, in particular, do not admit partial or circumstantial approaches. The history of economy clearly shows that the economic security issue should not be kept only in the academic circles, but it should become the object of a permanent monitoring and management system.

The concept of *economic security* is, of course, useful if it undergoes direct practical implementation. But, in spite of the practical importance, the theoretical aspect of the economic security is not quite easy to deal with and cannot be ignored. Economic security could be considered a preparation state of the economy for ensuring decent conditions for living and developing the personality, the social-economic stability and the political-military capability of the society and the state in order to eliminate internal and external threats.

So far, two main approaches to the concept of economic security can be considered: Anglo-American and Asian.

According to the Anglo-American concept, the fundamental purpose of the economic system is to ensure high standards of living. Specifically, the American capitalistic system is based on the individual, and not on government or

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<sup>1</sup> *Idem*, p. 120.

collectivity. In a real democracy, the economy is not destined to prepare the country for war, but to satisfy the needs of the consumers and the national producers.

For Asians, economic security means first increasing the national economic power on the external plane. Therefore, the state has the right and even the obligation to control the economic activity, that is, what directly affects the national security. It is what the Americans call "militarized approach to the economy".<sup>1</sup>

The European viewpoint on economic security is a combination of the Anglo-American and Asian concepts. One of the most successful practical models is the Swedish socially-oriented economy. This could be a benchmark for working out our own model of economic security, based on the interference of the two opposed visions in the phenomenon. But contradictions between them are very subtle and cause confusion, and a practical synthesis of the two is difficult to make.

Also, it is difficult to find arguments in the history of economic thought favouring one or another. For example, Adam Smith thought that an economy was too complex to be controlled by a government.<sup>2</sup> This is demonstrated by the collapse of the centralized communist economies (a thesis favouring the American point of view). On the other hand, Adam Smith also considered that the defence of a country is more important than wealth (a thesis favouring the Asian concept).<sup>3</sup>

#### *2.1.1.1. Difficulties in defining the concept*

A troublesome aspect of the economic security analysis is the pre-eminence of the economic element or the political element in human existence and in social sub-consciousness and conduct. The difficulty in finding the common points is caused by the deep differences between the principles of political philosophy and those of economic philosophy.

Of course, the political aspect differs significantly from the economic one. The first one cannot exist without continuity, interdictions and control, while the second one is more dynamic, as the import interests focus on controlling economic flows and networks and going across national borders.

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<sup>1</sup> Stanley Kober, *The Fallacy of Economic Security*, 1995, <http://www.cato.org>.

<sup>2</sup> Adam Smith, *Avuția națiunilor*, Editura Academiei Române, București, 1962.

<sup>3</sup> *Ibidem*.

Because of the contradictions and confusion existing in political and economic thought, the issue of security, in general, and that of securing economy, in particular – as they were developed so far – hinder any attempt to provide an exact definition or to make an analysis within strict limits. It is useless, even impossible, to approach the economic dimension of the national security apart from the political, military, information ones, etc. First, the connections between the dimensions of security are conditional of one another, and sometimes it is very difficult to distinguish between factors endangering economic security and those undermining political security.

Of economic security one cannot speak as if it were a concrete state, achievable by economic, political or military means. The idea of economic security cannot be defined qualitatively or quantitatively.

According to Barry Buzan, “the generally accepted idea that economic security would be an absolute widely applied value is an illusion, and pursuing it is a chimera.”<sup>1</sup> Now, there is no generally accepted definition of *economic security*, because of its multilateral and multidimensional features. Still we could identify certain features that provide an overall picture of what this concept means.

- ✓ *Economic security* is a complex and dynamic concept. Its complexity stems, on one hand, from the multitude of economic, social, financial processes and phenomena, and not only. On the other hand, a major role is played by globalisation, seen both as a process and as a phenomenon acting systematically and permanently on national economies. Its dynamism is caused by the quick pace of the economic processes and phenomena on both national and global level.
- ✓ *Economic security* should be understood as:
  - an essential factor of national security, that is, one ensuring resources and the dynamic balance of the other components of this system (national security);
  - one dimension of national, regional and global security, which is an aim of every individual, community, national state, etc.;
  - a priority objective of governments, regional and international organisations pursuing to ensure and guarantee global human security;

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<sup>1</sup> Barry Buzan, *Popoarele, statele și teama*, Editura Cartier, Chișinău, 2000.

- a state of the national economy, seen as a source and basis for eliminating poverty, famine, social and economic inequalities both between individuals and between regions of a country.
- ✓ *Economic security* implies the protection of vital interests of the society, state, and citizens as well as of the national values and way of living against external and internal threats.
- ✓ *Economic security* is a fundamental right of the human being. It is a state when risks and threats are controlled to protect individuals and communities.
- ✓ *Economic security* is a resource essential to everyday life, which enable individuals and communities to achieve their aspirations.
- ✓ *Economic security* is a result of the interaction between internal factors and external ones, which stimulate the whole process of production, distribution and consumption of goods and services produced by a national economy.
- ✓ State actors and non-state actors play a significant role in achieving economic security both on the national and the regional and global level.

Most of the definitions of economic security provided by researchers from various countries may be classified into three categories:

- definitions that identify *economic security* with its objectives;
- definitions that identify *economic security* with a state of the economy, which implies several favourable consequences;
- definitions that consider *economic security* an element of production stability.

Since we need a working definition, we consider *economic security* a state when both externally and internally there are no economic-financial threats that could undermine the state's capability to ensure resources for fulfilling its functions, compromise producers' economic activities and consumers' interest to maximize utility.

Therefore, the national economic security is determined by three main components: economic security of consumers, of companies and of the state. The balance of the three is vital for the security of the whole country's economy.

The main objective of the national economic security consists in ensuring fundamental conditions for the country's socio-economic development.



The basic values of the economic security are market economy, unfair competition, natural resources, ecological equilibrium, and economic development – by ensuring a favourable framework to all production factors, the implementation of policies for regional development and sustainable development – property, economic freedom, financial system, banking, social protection, national scientific and technological research and copyrights.

These values are considered social and economic relations that ensure the functioning of the national economy as well as an assembly of interests and needs of economic security.

Relevant elements of the state's economic security are macroeconomic security, financial security, investment security, scientific-technological security, energy security, production security, demographic security, social security, critical infrastructure security and food security.

By fulfilling political-administrative and political-economic functions, the state is the main subject of the national economic security. As a main subject of the national economic security, the state assumes the obligation to establish and promote adequate policies for achieving the objectives of national economic security. Consumers and producers from all national economy sectors (industry, agriculture, and services) are objects of economic security.

Protecting national economic interests is equal to ensuring security on national economy and is an urgent requirement for the social-economic development of the country, as well as for the promotion and the protection of the national economic interests abroad.

For this purpose, the following objectives should be achieved and revised:

- establishing, estimating and monitoring some relevant indicators of the optimum and real state of the economic system;
- identifying and monitoring vulnerabilities of the national economy system;
- identifying and monitoring the main threats, risks and their sources against national economy;
- establishing and implementing measures and policies for reducing vulnerability, eliminating risks, threats and their sources;
- analysing continuously and reducing the conflicting relations between natural security objects.

### 2.1.1.2. Reference levels of economic security

*Economic security* is a concept difficult to quantify and controversial, as well. Approaches to this concept are based on three reference levels, distinguishing among the following:

- consumers' economic security;
- corporate security;
- state security.

*Consumers' economic security* implies the consumers' possibility to exert their rights in accordance with law provisions that guarantee the consumers' rights and international regulations to which the state is party. Guaranteeing the maximisation of the consumer's utility is one of the basic requirements for consumers' economic security.

*Economic agents' economic security* ensures proper conditions for the stability of the economic activity during every production cycle, exchange, distribution and consumption. Guaranteeing access to economic, financial, information resources, etc. for the production process, and the inalienable rights to maximize the benefit is a basic requirement for corporate economic security.

*National economic security* is located in the confluence point of these components. By national economic security we understand the situation free of internal and external barriers for protecting national interests in the economic field. Ensuring national economic security implies support to the national economy from state institutions and the civil society involved in economic, financial, fiscal, banking, monetary, commercial, investment policies for a rational model of using resources and principles of free enterprise.

*The state's economic security* refers to ensuring economic resources for fulfilling political, economic, social and other functions in accordance with the Constitution and other regulations.

Preventing economic, financial, energy, food blockage, etc. is a basic requirement for ensuring the state's economic security.

As regards the origin of security factors, we may distinguish between the internal and the external national economic security. The reference levels as well the internal and external dimensions of the economic security could be complementary and also, very often, competing, especially in post-totalitarian countries in transition and in a process of democratisation.

Another possible dimension of economic security included in analyses made by several authors (B. Buzan, J. Galtung) is the economic security of the classes. Very often discussions on this matter are avoided because of the Marxist approach it implies. At present, we speak about the economic security of the elite, quite small in number (bankers, politicians, managers) and increasing insecurity of the rest of the society. The middle class is generally underdeveloped in Romania, and along with it, there is no balancing element between social security interests and economic efficiency interests.

Unlike consumers' security and corporate security, the state economic security is easily analysed, since states have by their nature – unlike individual and companies – a higher consistency.

In studying the state's economic security we may find similarities between consumers' economic security and the state one. Similarly to consumers' economic security, the state's economic security implies first ensuring conditions for survival. Just like individual consumers do, states should ensure immediate access to resources.

In smaller countries, the scarcity of internal resources should be balanced by free access to foreign investments and opening towards world trade and finance, which should also become a component of the national security concept, since the cut in supplies and funding threaten wealth and internal political stability. Therefore, one of the priority directions of the external economic policy is diversifying supplies and creditors, and those of the internal economic policy refer to diminishing vulnerabilities by creating internal strategic reserves and a stable financial-banking sector, but which equally support real economic growth. Identifying internal alternative energy and financial resources is of critical importance for preserving a real political independence.

A widely accepted idea is that, in spite of instability and shortcomings, the market and public-private partnership are the best ways to maximize economic efficiency, social and economic security, innovation and distribution. To function effectively, the market should contain threats to less profitable economic agents. For this reason, an array of economic threats, which often are rather pure economic risks, are a perfect match to the rules and requirements of the market.

Thus, it is difficult to distinguish between risks proper and extraordinary situations that threaten national security. But as B. Buzan says "too frequently appealing to national security could simply mean the government's increasing intervention in economy to an extent that market cannot function".<sup>1</sup>

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<sup>1</sup> *Ibidem.*

Such interventions mean that the state takes a position that would make it different from the other economic agents, which thoroughly compromises free enterprise and private property. The existence of private property implies the existence of several economic interests expressed by many private enterprises and individuals alike. For this reason, the market economy mechanism leads to a case when the state's economic interests cannot be defined on a univocal basis just like the political and military ones are. Similarly, when we speak, for example, about the necessity to diversify supplies of energy resources and to reduce the dependence on traditional markets, it does not mean that the state must set rules and directions of export or import. Therefore, the state should only create the physical infrastructure and the internal legal framework and to join external economic conventions, so that it should indirectly achieve export orientation and import diversification.

Each of the three levels of economic security – consumers', corporate and state's security – shows some contradictions. One aspect is the contradiction between security and effectiveness. It points out the permanent question of the balance between social equity and economic effectiveness, to which a new problem is added: the need to minimize the impact of man's actions on environment. The sustainable economic development concept, presented in the next chapter, was based on these three principles.

Uncertainties may be found with regard to consumers' economic security. First, there is confusion between consumers' economic security and individual social security. Individual social security means the right of every person to get access to the minimum supplies for surviving biologically and guaranteeing a certain standard of living.

Also, contradictions occur in analysing corporate economic security. High general productivity and proper use of scarce resources in market conditions are only possible by eliminating companies unable to face market pressures. In this context, only companies having more flexible organisational structures and management system may survive, while others, unable to adapt, are eliminated. The creation of monopolies and cartels are artificial barriers against the market entry of other companies. Thus, market economy is based on an idea – unacceptable in the first instance – of development instability, which allows for a certain – quite high, sometimes – degree of corporate economic insecurity. Extending this argument to international relations, we might wrongly conclude that the state's economic security cannot be achieved. But there is a considerable difference between consumers' economic security and corporate security, on one hand, and the state's economic security, on the other hand; the

most obvious one is that states can adapt the internal “construction” to the external environment and have power to ensure security against external and internal threats. In other words, markets require increasing adaptability of the firms intending to preserve their market position.

Although corporate security is an intrinsic part of the national economic security, rising corporate interests to the rank of absolute priorities of the national security policies is unacceptable, since there also is an aspect specific to economic security – antagonism between the interests of the producers and those of the consumers. In the existing bi-univocal relation between the national security and the national economy one cannot omit the conceptual correlation of the two very complex issues, since the security strength is linked to the economic development sustainability.<sup>1</sup>

We conclude with a comment made by Prof. Napoleon Pop, Director of the “Victor Slăvescu” Centre for Financial and Monetary Research within the “Costin C. Kirițescu” National Institute for Economic Research of the Romanian Academy: the security risk could be assimilated to the shock confronting the economy. In this respect, the question is whether there is a connection between the two notions and if the answer is “yes”, a sustainable economic development brings on a stronger security.<sup>2</sup>

## **2.2. Indicators of economic nature as generators of national security/insecurity**

In a broad sense, the economic security in a country is ensured by the stock of resources and the development level. We may say that this is a narrow approach only. Economic security cannot be seen only statically; it must be considered in close relation to national security and national interests, and this relation also includes the economic policy promoted, medium- and long-term aims, the degree of participation in international economic life. The correlation between the

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<sup>1</sup> “Sustainable development” means improving everybody’s life “now and for the generations to come”, by linking economic development, social justice, democratic values and environmental protection. The novelty is man integrated and in close relation to environment. The sustainable development concept promoted by UN bodies refers mainly to: 1) equitable and balanced economic development; 2) a high level of social commitment, cohesion and inclusion; 3) assuming responsibilities for using natural resources and protecting the environment; 4) transparent, open and coherent policies; 5) international cooperation for promoting sustainable development globally.

<sup>2</sup> Napoleon Pop, *Riscurile economice – o provocare la adresa securității*.

economic security and the level of economic integration is shown by the vulnerability of an economy, seen as a ratio of advantages and disadvantages of the national economy to the international economic environment, the internal social and political environment, the capability to cope by itself with domestic and external challenges. In other words, vulnerability refers to the national economy's capacity to achieve the national objectives (national interest).

As we have shown, a state of insecurity is complementary to the economic security. In analysing the economy-security relation, Daniel Dăianu pointed out the high vulnerability of transition economies.<sup>1</sup> This vulnerability is not necessarily related to financial markets, but it stems from a serious internal imbalance and from significant economic efforts that may cause high inflation and banking crises. In a narrow sense, vulnerability refers to the economic dimension, the inability to absorb internal and external shocks. In a broad sense, vulnerability shows the state's inability to ensure an adequate standard of living to citizens and the existence of important internal conflicts that may be considered real threats to national security. These phenomena are thought to increase the temptation to find authoritative political solutions to a weak state structure.

The economic factors play an increasing role in achieving the state of security. "Never before, have the economic power and the military power been linked stronger than they are at present".<sup>2</sup> Therefore, "on long term, the security of a state depends on its economic capacities", since "they enable it to maintain strong armies capable to protect the country's interests".<sup>3</sup>

The economic factors may become sources of security or insecurity in the contemporary world.

In the last years, the increasing limits of the traditional models of security, restricted to individual states and the military question, have led to the idea that the major action for ensuring the state security should focus on the protection of the individual. This idea is based on two principles:

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<sup>1</sup> Daniel Dăianu, *Some Thoughts on the Nexus Economy-Security*, paper presented at the Seminar on Romania's Security in the 21<sup>st</sup> Century, The Institute for International and Strategic Studies, Bucharest, 25 February 2000.

<sup>2</sup> Ruxandra Stoicescu, *op.cit.*, p. 83.

<sup>3</sup> Bertrand Russel, *Economie și securitate* (Romanian translation), Institutul European, Iași, 2004, p. 194.

- the state's security interests should not be contradictory to citizens' security interests;
- the security conditions necessary for the welfare of the population, which the state must ensure, are not limited to military issues as they also include political, social, economic, cultural, ecological matters.

To correctly understand the economy-security relation it is necessary to clarify the term "economic factor" and the concept "state of security". The first factor means "an element, a condition or a circumstance that determines the occurrence of a process, an action or a phenomenon; which element contributes to the production of a phenomenon or process".<sup>1</sup> Logically, in studies on security, an economic factor suggests the existence of an element, a condition or a circumstance that helps or not to create security. Any factor having a positive influence should be maximized, and that with a negative influence requires, of course, solutions to eliminate its causes.

A very important element for an adequate strategy is provided by the initial state and by the environment in which the system evolves in order to freely develop, as required, for achieving its objectives. This situation is taken as a state of security. Therefore, the state of security of a system depends on the parameters of the factors related to significant features of the security: political, economic, military, social, environmental, etc. Any disturbance in any of these domains could cause insecurity. Moreover, the power of a system is ensured by its ability to use its own resources and an efficient and balanced linking of its components: political, economic, human, cultural, technologic-informational and military.

Therefore, there cannot be a political power compatible with rules of democratic life unless it is based on a strong economy, and any economic system needs intervention from the political factors for a normal development. At the same time, the military power cannot exist without economic power; that is a sound and growing economy.

Although all these key components of a system are highly related to each other, the economic aspects seem to prevail over the others. Thus, the economic power becomes "a centre of gravity" of any security system. The economic factor is more and more relevant for achieving security, while access to, possession

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<sup>1</sup> According to *The Explanatory Dictionary of the Romanian Language*, second edition, The "Iorgu Iordan" Institute of Linguistics, Editura Univers Enciclopedic, București, 1998.

and control of finance, markets and resources are conditions for free development and prosperity and, implicitly, for own stability and prosperity.

The economic pillars that could generate security cannot be separated from irreversible globalization, which favors both competition and cooperation for power, resources, transport and communication ways and markets for selling.

Globalization speed up economic, technological, cultural and political integration along with democratic government, economic dynamism and market economy, human rights observance and development of communications. Also, it increased the complexity of economic relations and interdependence between countries as well as between national economies and the global one. Besides, increasing globalization brought on stronger interdependence and interaction in the security domain, which, if properly managed, could be beneficial for increasing stability of international relations. Therefore, in the context of globalization, reaching a certain level of security depends on the state's capacity to aggregate internal resources and to get or maintain access to external economic resources.

In our opinion, the following indicators should be considered for achieving a state of security:

- GDP growth rate;
- GDP per capita;
- foreign exchange reserves;
- inflation;
- unemployment;
- foreign direct investment;
- trade balance;
- foreign debt;
- poverty level.

Ensuring proper conditions for economic growth and, implicitly, for security requires a significant increase in foreign investment, proper management of public debt, current account deficit and official exchange rate, decrease in inflation and foreign debt, a business environment and a legal framework for stimulating the development of a market economy. The effective management of these economic factors may produce higher incomes and a higher living



standard with implications for unemployment diminution and poverty alleviation. Finally, with regard to individuals, security consists in providing economic conditions for satisfying the basic needs – food, water, home, education, jobs and a guaranteed level of income.

At present, the most important factor of the economic dimension of security, which could provide economic stability for reaching a proper state of security, is active involvement in international trade and access to resources, finance and markets in order to maintain an acceptable level of wealth and power of the state.

Now, the matter of economic security is shifting from national economies to the increasingly delimited area of regional and international economic complexes. Integration into structures such as the European Union or the World Trade Organization is a prerequisite for taking advantage of globalization and the global economy.

Moreover, the world economy needs strong anti-crisis means, valid both for developed economies (facing dangerous demographic changes) and emerging economies (pursuing a higher ranking in the global economy), and for developing countries (having to fight against endemic poverty).

To counteract the negative effects of some economic factors, the following actions are required: rich countries should offer significant aid to the poor ones and opportunities for trading; multinational institutions should provide support and advice to the authorities of poor and developing countries as well as technical and financial support; poor countries must improve their administration and take real measures against poverty, etc.

### **3. *Analysis: Security Economy and Regional Security. The Enlarged Black Sea Area***

Since the Enlarged Black Sea Area is, on one hand, a link to one of the richest energy areas in the world – in the Russian Federation, the Caspian Area and Central Asia – as well as an area of transit for the resource transport corridors to European markets, and, on the other hand, an area of strategic competition for the geopolitical interests of the Russian Federation and those of the NATO, this region is a shining example of how economic interests, economic development and security economy interact – by mutual determination – with regional security as a whole and in all aspects.

Following the collapse of communism and the UdSSR this region became one of the hottest area in Europe, where latent tensions and conflicts took a very violent shape (the cases of the Caucasus and the Republic of Moldova), and many controversies strained the relations among countries of that region, especially after the change of the political regimes in Georgia and Ukraine in 2004 in favor of pro-Western political forces. The clash between the Russian Federation's and the NATO's geopolitical interests in the area, on one hand, and, on the other hand, the European countries' economic interests in getting access to oil reserves in the Caucasus and Central Asia, exclusively controlled by Russia by mid 1990's, turned some local problems into matters of global security. Thus, regional security round the Black Sea has become the expression of geopolitical competition. The so-called "coloured revolutions" in Georgia and Ukraine, the pressure put on Belarus, a change in the political orientation of the Republic of Moldova, the efforts made by all competitors to influence the political evolution of the Caucasian countries illustrate this competition by which every great power tries to consolidate its position: the West – by means of the civic movements and the expected aid from the NATO and the EU, and Russia – by nationalist and energy policies. For example, the Trans-Dnester conflict was no longer a dispute between the Republic of Moldova and the Russian Federation, but a matter of the NATO, the EU and Russia and, similarly, to the Russian-Georgian open conflict in 2008 was not a strictly bilateral problem, but a collateral effect of the pro-Western policy of the Saakashvilli regime and the NATO's intent to expand to some former Soviet countries, considered by Moscow as territories of strategic interest in its sphere of influence. From the same perspective, we can interpret the extremely strained relations between Russia and Ukraine during the Viktor Yushchenko Government (2004-2009), which ended in economic pressure and unprecedented cold diplomatic relations. Therefore, we may see that the relations between the countries of this region are no longer an expression of local affairs, but directly influenced by their relations with the great actors. In this context, we have to estimate the role of the economic component in the security case and the standards of security economy, so that these states enjoy national security.

The important political stake in the Russian-Ukrainian dispute is quite obvious. The Moscow leaders have thought that Ukraine should be reproved for the "orange revolution" and its propensity to the West and equally wanted to warn the European countries that they still depend on Russia. Even if the "weapons" used in this "war" were not conventional, the intensity of this dispute was not low at all, since the stake was not low, too. During Viktor Yushchenko's presidency, the geopolitical competition of Russia with the West for Ukraine never stopped,

and the gains of the “orange revolution” were ephemeral or even illusory. Russia never gave up “Little Russia”, the control of which ensured the coherence of the regional strategy as well as its assertion and recognition as a great power in its relations with Western powers. Otherwise, without Ukraine, this status of Russia could be damaged, so that the energy attacks launched by the Kremlin could be perceived as a geopolitical warning: owing to its western aspirations and in spite of the geopolitical approximation to Russia – which should have implied lower costs of energy imports – Ukraine, being economically dependent on Russia, had to pay five times as much for the Russian gas; also the poor diversification of Ukraine’s trade and the low competitiveness of the Ukrainian products forced it to stay dependent on the Russian market. On the other hand, Kiev’s economic benefits from the substantial taxes paid annually for the Russian fleet harboured in Sevastopol only strengthen the ties that make the country dependent on the great neighbour. Anyhow, the declaration made before the elections by the present president of Ukraine admits no doubt on keeping Ukraine in the orbit designed by the Russian geo-strategy: the question of harbouring the Russian fleet in Crimea will be clarified “without any negative consequence on the Russian-Ukrainian relations” and by protecting the economic interests of Ukraine – taking into account the fact that the harbouring taxes is a strong financial point of Ukraine.<sup>1</sup> Therefore, the case of Ukraine revealed how an economic dispute between two countries is, in fact, a reflection of a geopolitical dispute between the West and Russia for Ukraine. In the same category we may include Moscow’s weapons used in its relations with Kishinev in the last years (ceasing the importation of agricultural products from the Republic of Moldova between 2007 and 2009 and the suspension, in early 2010, of the 1.5 billion USD aid promised by Russia in 2009, while Moscow had given to the separatist Trans-Nester Region – in 2009, too – a loan of over 250 million rubbles, equivalent to 7 million US dollars).

While for four decades, the Cold War was mainly aimed at the ideological confrontation, we are now witnessing the application of a geopolitical paradigm to international relations. And geopolitics means – we saw – geo-economics to the same extent; at the core of geo-economics we find the geographical distribution of energy resources and from this to the description of global relations and main security issues in terms of competition in relation to energy resources of the world there is only one step, which was easily made. As Victor

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<sup>1</sup> Viktor Yanukovich’s Declaration, January 12, 2010, [http://fr.rian.ru/ex\\_urss/20100113/185816792.html](http://fr.rian.ru/ex_urss/20100113/185816792.html).

Babiuc said, "a feature of the present economic geography is that capital and energy resources are distributed by a reverse correlation: the capital developed in countries with scarce or no energy resources (USA, Japan, Western Europe), and energy resources are found in countries with low developed capital (Russia, Near East, Central America and South America, Africa) – a geopolitical policy dominated by the problem of capital access to energy resources. [In these circumstances] the foreign policy of Russia will be dominated by the policy of oil and gas pipelines. Russia, led by politicians that interpret the world from a geopolitical perspective, will renegotiate the gas contracts and will lay pipelines through the Baltic Sea to Germany and, through Siberia, to China and Japan and will fight to get control over pipelines that distribute non-Russian energy such as Baku-Tbilisi-Ceyhan, which seems to provide a simple explanation for much of the Russian policy "in Central Asia".<sup>1</sup>

The same way of thinking defines the present competition between the energy infrastructure projects: the South Stream, supported by Russia, and the Nabucco, promoted by the European Union (supported by Romania). The dependence of the Central Asian countries on the Russian structure, on one hand, and, on the other hand, Russia's successful action for including some Community countries (Hungary, Austria, Bulgaria, Greece and Slovenia) in its project enable Russia to impose its own regional energy strategy and, implicitly, put pressure on political relations not only with regional actors, but also with the European Union. Economic weapons worsened the security problems in the area instead of solving them, and the region remained very productive in tensions in Europe. Any solutions to these problems shall include, no doubt, an important and strong component of security economy. It is worth seeing what strategy will be adopted by countries in the region and to what extent they will be able to implement it, thus counteracting "the game" designed by great strategists in Kremlin.

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The propensity of the most important geopolitical actors taking advantage of the economic weaknesses and using economic means for putting political pressure and achieving foreign policy objectives requires that we find international

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<sup>1</sup> For further details, see "Economic development and regional security in the Enlarged Black Sea Area", 2006, <http://www.roembus.org/embassynews>.

institutional mechanisms for market regulation, the settlement of devastating economic disputes as well as the multilateral cooperation of the countries to weaken the negative influence of economic factors and to avoid security problems caused by the lack of access to development sources (for example, North Korea is trying to develop by asymmetric means or the Palestinians are fighting to obtain access to vital resources) and, on the other hand, simultaneously, to work out a practical strategy for economic security.

Because of the alarming extinction in raw material reserves, this strategy should start with making the resource consumption efficient, identifying renewable resources and identifying ways of access to strategic resources. On the other hand, since the great geopolitical games are often based on economic instruments to exert pressure, we need, at the same time, to protect our own energy resources, to diversify resources (for preventing security problems between countries resorting to the same development resources), to diversify supplies (for preventing dependence on a single supplier and consolidation of the monopoly of a single actor in the related market), as well as to diversify the corridors for the resources transportation.

In the context of economic globalization, a macroeconomic equilibrium is required at the world level, but, at the same time, it should be correlated with an internal political, economic and social equilibrium, as a result of effective governing, in order to ensure a long-term sustainable development of the economy. Thus, by improving the living conditions for the whole population and preventing severe economic polarization of the society, it is easier to shift from concentrating the financial efforts of the countries on the military component of the security to concentrating on objectives of economic and social development. But development should be considered in its complexity, as a relation among at least six factors: policy and capital, energy, human resources (the demographic aspect), education and research, and environment.

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