
The paper analyses theoretical insights on economic security criticising calls of some scholars for an eclectic approach to conceptualising the issue and arguing in favour of sector or object-related regional goods approach in order to maintain analytical value and applicability of the research results.

Keywords: economic security, regionalisation, regionalism, new regionalism, open regionalism, regional public goods.

The gradually increasing economic interconnectedness and interrelation of economies has become an issue of economic security of concern for policy makers, especially of the less developed countries, because economic integration can...
also have political consequences, as when it contributes to destabilising a political regime or enhancing regional peace and security.

In the context debates on economic security have become of the utmost importance. Therefore the scientific problem analysed in the article is conceptualisation and the scientific approach to economic security, corresponding with recent global developments and needs of regional policy makers.

The object of research is the concept of economic security and the related scientific approach options. It also addresses issues of regionalisation trends, namely the new regionalism as well as global developments towards the open regionalism.

The main aim of the article is to scientifically substantiate and propose an approach to studies of economic security corresponding with recent global developments and needs of regional policy makers.

The applied research methods: systemic analysis and synthesis of theoretical insights of foreign and local authors. The authors rely on theoretical findings from International Political Economy, Development Economics and Economic Sociology supporting interdisciplinary approach to the issues.

The article consists of two main parts: in the first part the concept of state’s economic security is discussed raising issues of limitations to applicability of research results caused by extremeness of different theoretical approaches. The second part analyses the issues of economic regionalisation trends, as well as global developments towards the open regionalism from the perspective of economic security concerns.

### Development of approaches to security

One of the main goals of any state or regional grouping is security at the intra and inter entity level. One can find this point in every national or international strategy, treaty or pact. However the term itself encompasses a wide range of aspects, which have become an integral part of the concept with development of its perception and rationale.

For a long time term “security”, originating from Latin sécūrum meaning “fearless”, “careless”, “untroubled”, “composed” or “quiet”, was associated mainly with the military aspects of the concept. In the post-Cold War era, there has been considerable debate on what constitutes ‘security’, including the question of who or what is to be secured (the referent of security) as well as the sources of insecurity (Tickner, 1995; Baldwin, 1997; Buzan et al, 1998). Starting from the field of International Relations, security has consequently become an issue for International Political Economy, Development Economics and Economic Sociology. T. Palosaari (2005) recognises four historical periods of early security studies:

1. **Before World War II.** Security studies consisted mainly of “strategic studies” by professional military personnel or military and diplomatic historians.

2. **1950s.** The “Golden Age” of security studies: nuclear question entering the stage where deterrence, coercion and escalation, causes of stability, alternative targeting policies, arms control, and the role of conventional weapons were among the principal topics. Interdisciplinary tendencies were strong: the game theory, behavioural revolution, and peace research
gained ground. However, the military perspective remained at the central position in the field.

3. Mid-1960s. A period of decline: topics such as international political economy and interdependence became more popular as they suited better the changes that the Vietnam War and the subsequent release of tension between the major World powers had caused in international politics.

4. Mid-1970s. The “renaissance” of security studies. The new wave of studies used the history and comparative case study method and, with the help of a reformulated realist perspective in international relations theory, concentrated on conventional warfare, state behaviour and the causes of war.

Both in practical politics and academia the debate has lately consisted of remarks claiming security status for issues and referent objects in different sectors. This has led to a situation where the two main views of security studies clashed. “Traditionalists” or the “mainstream” researchers of strategy and international politics, who consider states as the main actors in questions of international security, emphasised the intellectual and political dangers of simply tacking the word “security” onto an ever-widening range of issues. They believed that War and force should remain as the core of security studies. On the contrary “wideners” stressed new non-military sources of threat.

The wider security concept (some authors refer to it as a “broader” security concept) appeared in the 1970s and 1980s in the form of a scientific debate as well as general criticism of the traditional concept. The main actors on this side of the debates were environmental activists, peace researchers and critical researchers. (Forsberg, 1996). The wider security concept emphasises economic, social, human and environmental security factors. According to this approach, the globalisation of the economy and environmental issues has increased the significance of security actors other than the state. Thus military security is often interpreted as being only one sector among the other sectors of security. Although the wide security concept by default reduces the significance of the state, it can be argued that the wider agenda eventually extends the call for state mobilisation to a broader range of issues (Buzan et al. 1998). However, it is no longer a question of mere defence of territorial integrity, but rather a question of securing the identity and the preconditions of existence of the subject (Palosaari, 2005).

Another major change in security studies was shifting the focus of security concerns onto individuals rather than those of states: “the concept of security must change from an exclusive stress on national security to a much greater stress on people’s security, from security through armaments to security through human development, from territorial security to food, employment and environmental security” (Human Development Report, 1993). This phenomenon is defined as “deepening” the agenda of security studies, which means moving either down to the level of individual or human security or up to the level of international or global security, with regional and societal security as possible intermediate points (Mesjasz, 2004).

While broadening can be attributed predominantly to attempts made by representatives of neorealist approach, then parallel broadening and deepening of the concept of security has been proposed by the constructivist approach associated
with the works of the Copenhagen School (Buzan et al. 1998). This typology seems representative for most writings discussing reconceptualisation of security, e.g. K. Krause, M. C. Williams (1996), (Knudsen, 2001).

Summarising findings of the above cited and many other authors, and mostly relying on C. Mesjasz (2004) and T. Palosaaari (2005), we suggest four stages in evolution of the term “security”:

1. **military security** (the traditional meaning) – as an attribute of state, absence of military conflict;

2. **international security** – used in a broader sense yet still referring directly to the phenomena taking place in or directly/indirectly caused by inter-state relations;

3. **public good** – security as a common benefit to all members of a community;

4. **human security** – universal sense of a unit and/or a social entity.

Figure 1 illustrates directions of the security concept development – the widening direction was further replaced with the deepening one, nonetheless neither of the formerly used meanings were replaced by the subsequent ones – rather the perception of the concept has been extended up until the most general meaning, including aspects of inter-state relations, the public good approach and consequently becoming an integral part of human security. According to C. Mesjasz (2004), the “core scheme” of security concept can be extended in various directions (or fields) by combination of the following attributes (Figure 2):

- **Reference object** – state, region, alliance, society, various social groups – nations, minorities, ethnic groups, individuals, global system.

- **Areas (sectors)** in which essential threats (disturbances) are emerging – political, military, economic, ecological, societal.

- **Methods of identification (prediction)** of disruptions – beginning from search for “objective” threats and ending with subjectively perceived threats, also resulting from social discourse (“securitization”).

- **Methods of planning and accom-
plishing extraordinary actions aimed at monitoring, preventing or eliminating existential threats.

This simple sequence illustrates the principal scheme of security concept providing ground for different interpretations of it (going into more specific fields of security research), depending on each of the main attributes: the object and area, the type of threat (or disturbance), methods of identification of threats, and subsequently actions, which in turn, are the main goals of any policy-oriented investigations into security. One of the area-related fields in security subject to be further discussed in the research paper is economic security, encompassing issues of the wide discussion, concerning economic misfortunes, such as poverty, unemployment, starvation, ecologically insufficient amount of food, etc.

The concept of economic security has also experienced a considerable shift from the initial meaning, starting from the traditional neorealist approach, which generally subscribes to a narrow conception of economic security that is located within a traditional national security framework of analysis (Kolodziej, 1992). Thus, the relationship between economic performance and military spending; the security implications, including the prospects of violent conflict arising from resource scarcity; and issues revolving around the use of economic instruments (trade and aid) in advancing foreign policy goals have loomed large in studies of economic security (Walt, 1991). Geo-economics also replaced geo-politics as the central pre-occupation of the major powers in the 1990s, with economic power recognised as crucial in determining the primacy or subordination of states in the international system (Luttwak, 1990; Huntington, 1993; Moran, 1993).

C. Mesjasz (2004) claims, that economic security is rather vaguely defined, and includes several inherent contradictions. It is even impossible to define economic security in more or less precise way. H. E. S. Nesadurai (2005) goes for an alternative conceptualisation of economic security defined as ensuring a low probability of damage to a set of three key economic values: (a) streams of income and consumption necessary for minimal human/family needs; (b) market integrity; and (c) distributive equity. Assuming that
security is associated with a threat and/or vulnerability, it is frequently difficult to discern whether a purely economic category, e.g. competition can be treated as a threat stimulating extraordinary actions or as a positive determinant of economic effectiveness. The mentioned reasons complicating definition of economic security also presuppose problems in measuring (evaluating) economic security as a state of affairs. This causes variety of research interpretations by different authors starting from the same definition of economic security and ending with evaluation issues.

There is no doubt that economic security, than can be generally defined as readiness of state’s economic system to react to external and internal factors, which determine state’s economic functioning as well as the circumstances and the possibilities for development, is an integral part of national security, no less important than political, military, environmental and social security. All the security issues are closely interrelated and should not be analysed regardless from one another, nonetheless one should be aware that due to such a wide approach deliberations on economic security are losing their analytical value and they are transferred into sometimes void doctrinal disputes, close to the discussions on human security (Mesjasz, 2004). Therefore a systemic approach to security could be applied in more rigorous studies of all attributes of economic security. In relation to the previously analysed contemporary discussion on widening and deepening of the concept of security, two unwelcome extremes in both the general security and economic security cases can be identified:

- excessive universalisation of security concept by covering too broad scope of issues – from global security to human rights. In case of economic security this might cause difficulties in setting up evaluation criteria, subsequent doubtful credibility of the results, and applicability of the latter;

- excessive deepening of the concept down till issues of individuals or the very general global perspective. In case of economic security, close attention to small groups of individuals could cause left outs in defining general tendencies or common goods and a surrogate of barely economic values – well-being, health, happiness, etc. The global perspective again does not reflect internal differences, which might be considerable. As in case of democratic deficit – at the global level economic security values might be questionable because of different cultural, religious or other background.

In both cases the operational usefulness of the concept of security is weakened if not at all lost. For noted security studies scholar, Stephen Walt, such attempts seem to risk “expanding security studies excessively and thereby destroy its intellectual coherence and make it more difficult to devise solutions to any of these important problems” (Walt, 1991). It is especially visible in any attempts of evaluation of security level, prediction of threats and policy making at various levels of societal hierarchy. The latter argument is especially important as economic security is realised by the means of economic policy which makes it one of the main issues solved by the entire system of different regional policies. Policies at any level of regional identities closely correlate with each other; therefore economic security also depends on general regional and interregional policy directions of the entity.
Not surprisingly many states having economic security structures and developing economic security policies on regular basis, have transformed the definition of the term to make it less eclectic, more simplistic and concrete (so to say “affordable for handling”), or at least limit themselves coping with a narrow range of the issues. For example Arizona Department of Economic Security established in 1972 (USA) define economic security as “the maintenance of those conditions necessary to encourage sustained long-term relative improvements in labour and capital productivity and thus a high and rising standard of living for a nation’s citizens, including the maintenance of a fair, secure and dynamic business environment conducive to innovation, domestic and foreign investment and sustainable economic growth”, which is a broad goal sought by most governments. However, when it comes to the mission of the department – it is supposed to promote the safety, well-being, and self sufficiency of children, adults, and families only.

Similarly Simon Fraser University and the Canadian Centre for Policy Alternatives-BC, running a five-year joint project entitled the Economic Security Project (ESP), supposed to bring together academic collaborators and community partners to document and analyze BC’s recent policy changes and their effects on the economic security of vulnerable populations. However, when it comes to the mission of the department – it is supposed to promote the safety, well-being, and self sufficiency of children, adults, and families only.

Summarising the above we suggest that economic security studies, though being a very complex issue, needing a wide interdisciplinary approach, should be carried out on sector or object-related complex basis in order to maintain their analytical value and applicability of the research results. This does not necessarily mean a proposal to a literally step back in the chain of security concept development scheme from the “human security” to “security as a public good” (Fig. 1), but rather a proposal for systemic approach to security via more rigorous studies of all attributes of economic security (the public good approach) with respect of the wider and deeper issues of the human security.
Further the issues of regionalisation trends, namely the new regionalism and the open regionalism, as well as global developments towards the open regionalism will be discussed in order to reveal contemporary needs of regional policy makers with regard to the realities of the globalising and ever intensifying regionalisation processes.

Regionalisation processes and security issues

Theoretical insights on regionalism. Regionalism is in general a term which means a feeling of united identity in combination with creation and introduction of institutions based on a certain territory or a region. In academic literature the phenomenon is widely discussed by contributions of economics, international relations and international political economy. Formal regionalism may or may not involve countries which are geographically contiguous to each other. It is also possible to see regionalism as a political opinion, which plead for regionalization and contains sub regions in a state and also the transfer of ultra vires of the central government to the regions. When it comes to the economic meaning of the concept, it may be defined as interaction and cooperation among a group of geographically proximate countries aimed at advancing common political, economic and strategic interests and goals (Matthews, 2002).

Regionalization denotes the (empirical) process that leads to patterns of cooperation, integration, complementarity and convergence within a particular cross-national geographical space. Or, as it is stated in Columbia Encyclopaedia (2005), regionalization is the process in which neighbouring nation states form new regional supra-national structures for governance. Regionalization can be seen as a compromise between the growing need for large-scale, border-crossing government due to globalization and the difficulties of establishing this because of the existing differences in economic development, political priorities and cultural background between the countries of the world.

It is obvious that the global and regional factors are closely intertwined, especially from the perspective of political economy. As increasing globalization and deregulation of markets condition governments loosing the capacity to realize societal values and makes them suffer from erosion of national economic control, most of industrial states seek to compensate that through regional integration schemes. One of the reactions towards globalization therefore is the pooling of authority at a higher administrative level than the nation-state. By making decisions or regulations on a supra-national level, national governments are able to retain some of the capacity to govern what they lost because of globalization. Thus it can be claimed that globalization and regionalism are complementary processes. They occur simultaneously and feed on each other, thus leading to growing tensions between economic regionalism and economic multilateralism.

S. Page (2000) defines a region as “a group of countries which have created a legal framework of cooperation covering an extensive economic relationship, with the intention that it will be of indefinite duration, and with the possibility foreseen that the region will evolve or change.” This definition is suitable for discussing regionalisation, as it highlights a number
of its important characteristics. Firstly, it represents a formal and conscious political strategy and *de jure* process, to be distinguished from the growth of closer economic ties between geographically proximate countries arising from a more informal, *de facto*, process, also referred to as regionalisation. Formal regionalism may or may not involve countries which are geographically contiguous to each other. Secondly, the criterion of extensive economic relationships is intended to exclude regional groupings which form around a single issue. This is reinforced by the criteria of permanence and evolution, implying that the countries involved have made a commitment to deepening their relationships over time although there is no guarantee, of course, that the region will be successful in this aim.

Regional integration agreements (associations) are frequently argued to be an important element of diplomacy. The classic case is the precursor to the EEC, which responded to the post war circumstances and was quite explicitly seen as a way of reducing Franco–German tensions. The point was to make such circumstances, where making the war was not only unthinkable but materially impossible. Therefore, M. Schiff and L. A. Winters (1997) suggests that taking as given the premise that trade increases understanding and harmony between partners, they show that free trade agreements could be an optimal policy if actors value this. Still reality shows that REAs doesn’t guarantee political goals as sometimes politics take over trade and REAs fails.

M. Mussa (2000) defines *three fundamental factors* that in his opinion have affected the process of global economic integration and are likely to continue driving it in the future. *First*, improvements in the technology of transportation and communication have reduced the costs of transporting goods, services, and factors of production and of communicating economically useful knowledge and technology. *Second*, the tastes of individuals and societies have generally, but not universally, favoured taking advantage of the opportunities provided by declining costs of transportation and communication through increasing economic integration. *Third*, public policies have significantly influenced the character and pace of economic integration, however not always in the direction of increasing economic integration.

Although technology, tastes, and public policy each have important independent influences on the pattern and pace of economic integration in its various dimensions, they clearly interact in important ways. Improvements in the technology of transportation and communication do not occur spontaneously in an economic vacuum. The desire of people to take advantage of what they see as the benefits of closer economic integration – that is, the taste for the benefits of integration – is a key reason why it is profitable to make the innovations and investments that bring improvements in the technology of transportation and communication. And, public policy has often played a significant role in fostering innovation and investment in transportation and communication both to pursue the benefits of closer economic integration (within as well as across political boundaries) and for other reasons, such as national defence.

The three groups of factors naturally fostering global economic integration are then taken into account of economic and political motives of separate countries or regional groupings towards their
behaviour on the global arena. The political motives are often bound with furthering national security goals calling for later political unification. On the other hand the economic motives often are achieving trade benefits via improved resource allocation and increased competition: countries participating in regional association schemes expect to gain improved access to markets of the other countries in the grouping as well as better chances for enhanced multilateral negotiations in international forums (especially the third and the comparatively less developed countries), additional investment and assistance in developmental issues.

The academic literature on regionalism covers the contributions of economics, international relations and international political economy. Economists’ analysis of regions begins with the classic theory of customs unions formulated by Jacob Viner (1950), James Meade (1950; 1955) and others and has been developed more recently in the context of imperfect competition. This traditional theory is then contrasted with the developmental regionalism espoused by theorists concerned with developing countries and finally the latter is opposed by the “open regionalism” popularised more recently in Asia and in Africa by, among others, the World Bank (Matthews, 2002).

The traditional efficiency advantages of removing barriers to economic activities are likely to appeal to industrialised countries with large, diversified industrial structures where significant scope to re-allocate resources among alternative activities exist. S. Page (2000) points out that this type of gain is unlikely to have a strong effect on a developing country integration, and it has not normally been the objective of developing country groups: “their existing industrial structures are small relative to their economies or to their planned development, and the static gains from rationalising these among member countries by easing flows of trade are correspondingly small”.

For developing countries, the rationale for economic integration has been structural in nature. They have been concerned with the development of new industries through cross-border coordination to exploit the advantages of economies of scale, which a larger home market permits. Thus, much thinking in developing countries on the advantages of regional integration sees it as a development tool (Asante, 1997). The advocates of import-substitution industrialisation strategies could see the problems of pursuing these strategies in the context of small home markets, and saw regional integration as the way to establish these industries on a more competitive footing. The implicit assumption was that the choices made within the regional context would be efficient, and that member countries would accept specialisation (Page, 2000). To avoid uneven levels of industrialisation between the member countries as a result of trade liberalisation an explicit framework of measures was often designed to ensure an equitable allocation of new complementary investment. Positive discrimination in favour of the less advantaged countries was implemented through complementary agreements.

This traditional approach to regionalism among developing countries has been heavily criticised within the trade creation/trade diversion framework (Bhagwati, Panagariya, 1996). In this framework, the larger the share of the third country imports in total imports, the bigger the tariff revenue loss when a region is formed.
Similarly, trade partners with initially higher tariffs lose more when a region is formed because more tariff revenue is redistributed away from them. Since developing countries often have high extra-regional trade dependencies and initially high tariffs, they will tend to lose from forming regions. The costs in terms of trade diversion will be high. From this perspective, the failure of so many developing country regional groupings is not surprising. Poorer or less industrialised members found themselves in the position of subsidising the inefficient industry of their neighbours and doing so without adequate compensation since the relative wealth of their partners did not permit extensive income transfers.

The new regionalism is occurring in a very different policy context. It typically involves countries that have already committed themselves to lower tariff barriers and are pursuing outward looking strategies. These policies reduce the scope for trade diversion costs. Static trade creation benefits are no longer the primary motivation. The new economics of regionalism stresses the potential gains from reduced administrative and transaction costs and other barriers to trade. These show up for an economy in increased inter-firm competition and a reduction of production costs and monopoly rents. To achieve these gains, however, much more than a simple free trade arrangement is called for if transactions and administrative costs are to be significantly reduced and market segmentation is to be overcome.

Whereas the old regionalism was inward oriented and protectionist in economic terms, the new is often described as “open”, and thus compatible with an interdependent world economy. In the new regionalisation there are countries involved, which have already committed themselves to lower tariff barriers and are pursuing outward looking strategies for reducing trade diversion costs with no discrimination against third countries. Of course the new economics of regionalism stresses the reduction of transaction costs and other barriers to trade. But instead to seek the costs in the world market, information on prices and consumer preferences are more readily available, and transport costs are lower. The lower transaction costs involved in producing for the regional market compared to the world market explain why countries would wish to seek for lower costs in regional rather than the world market directly (Venables, 1999). The new regionalism also stresses that schemes of North South integration are likely to be more beneficial to developing countries.

Summarising strengths of the new regionalism in comparison to the old one Maurice Schiff (2000) has distinguished two considerations. First, the international environment differs in three important ways from the one during the old regionalism: (1) Multilateral Trade Liberalism in manufactured goods among developed countries is much more complete; (2) many developing countries have abandoned the anti-trade, anti-market policies and are now actively trying to join the multilateral system; and (3) FDI (Foreign Direct Investment) is much more prominent.

Second, the new regionalism is characterized by (1) one or more small countries linking up with a large one; (2) the small countries having made significant unilateral reforms; (3) the degree of liberalization in the RIAs being modest and being primarily done by the small countries; (4) a broadening of the range of instruments
over which negotiation is feasible; and (5) participants being mostly neighbours (as was also true in the old regionalism).

The concept “new regionalism” refers to a transformation of a particular region from relative heterogeneity to increased homogeneity with regard to a number of dimensions, the most important being culture, security, economic policies and political regimes. The convergence along these four dimensions may be a natural process or politically steered or, most likely, a mixture of the two.

Open regionalism is often seen as the logical conclusion of the new regionalism. A number of Asian and Latin American countries claim to be pursuing open regionalism. This is defined as regionalism that contains no element of exclusion or discrimination against outsiders. It implies that negotiated tariff reductions between members are agreed on a most favoured nation (MFN) basis and thus passed on to third party members of the WTO. The regional dimension consists of undertaking these cuts on a jointly agreed phased basis. In this process, open regionalism is a co-operative arrangement rather than a rules-based community set up under GATT article XXIV. By definition, it avoids the trade diversion costs which have troubled developing country regional groups in the past.

Regionalisation trends in the global context. The classic linear schema of economic integration sees countries moving along a continuum from preferential trade area to free trade area, to customs union, to common market and finally to economic and monetary union. In preferential trade areas countries lower tariffs on trade with each other while retaining autonomy in setting tariffs for the trade with third countries. In free trade areas countries eliminate tariffs on trade with each other while retaining autonomy for the trade policy with third countries. The main problem of preferential and free trade areas is the danger of trade deflection, where goods are imported through the country having the lowest external tariff and circulate free throughout the region. To solve this problem the rules of origin were invented and custom unions formed. Custom unions not only remove tariffs on trade with other members, but also apply a common trade policy towards third countries. Common market aims at removing restrictions on factor mobility (goods, services, capital and labour) among members. Economic and monetary union implies a common currency (establishing a common central bank) and coordinated economic policies.

Scholars distinguish two periods in the world regionalisation process – the so called “two waves of regionalism”. The first one started with the establishment in 1957 the forerunner of the EU and, in the developing world, the adoption in Latin America and Africa of import substitution regional integration. Most of the developing country schemes initiated at this time eventually became moribund or collapsed, while the growing momentum of multilateral liberalization in the 1970s and 1980s contributed to the decline in the importance attached to regionalism.

The second wave of regional integration started during the second half of the 1980s. The origin of the “new regionalism” has been attributed to the drawn of nature and slow progress of the GATT Uruguay Round negotiations (1986 – 1994), to the success and fears aroused by the EU’s initiative aimed at establishing a Single European Market, and to the conversion of the United States to regionalism with its nego-
tiation of the North American Free Trade Agreement (NAFTA) and the Enterprise for the American initiative (Matthews, 2002). Further on the Uruguay Round, which was a significant first step towards transparency, fair competition and a less distorted sector, has also caused a boom in creating regional trade arrangements (see Figure 3), which is recently referred to as the “new regionalism”, described above.

In the period 1948-1994, the GATT received 124 notifications of RTAs (relating to trade in goods), and since the creation of the WTO in 1995, over 130 additional arrangements covering trade in goods or services have been notified. In 1960, 15.6% of the countries in the world, representing 19% of its population, performed open trade policies. In 2000, a total of 73% of the countries in the world, representing 47% of the world population, were open to international trade. At the beginning of the XXI century the world is dominated by powerful trade blocks, all of which started from the free trade agreements.

Regionalism seems to lead to net trade creation as long as it is coupled with a significant degree of trade liberalisation and where emphasis is put on reducing cost-creating trade barriers which only waste resources. Regional economic integration may be a precondition for, rather than an obstacle to integrating developing countries into the world economy by minimising the costs of market fragmentation. On the other hand integration with industrialised countries may be desirable where it provides the policy credibility which is necessary to attract investment flows (Matthews, 2002).

The new regionalism has led to the new quality of the regional trade agreements. Uruguay Round agreement covered a wide range of trade issues with the core point on agricultural commodities. This

**Fig. 3.** Number of regional trade agreements until and after the GATT Uruguay Round (1958 – 2002)

was the first time that trade in agricultural products has taken the central stage. Other issues for the first time included in the negotiations were trade in services, textiles and clothing, international investment, international property rights as well as strengthening the organizational structure of GATT (later changed to WTO). Under this agreement, by the year 2000, tariffs were reduced for medical equipment, scientific instruments, pharmaceuticals, wood, paper, aluminium, chemicals and construction equipment. Harmonization of the rules of origin was completed by 1998 and anti-dumping rules were strengthened.

Apart from the same fact of the significant increase in the number of regional trade arrangements, it is notable that most of the more recent ones include the less developed countries thus negating earlier theories of the negative impact of cooperation between countries of different development level on economy of the poorer ones. (see Table 1). Many recent economists claim that economic liberalisation has robust positive effects on growth, openness and investment rates within countries (Wacziarg, Welch, 2003). Some countries even started exercising policies of the so called “open regionalism” (i.e. Singapore).

In the past, Regionalism was associated with “great powers” and has been a protector of sovereignty especially in the Third World. In Europe the first endeavours started to reach more regionalism with the European Communities and the EFTA (European Free Trade Association) since 1950. In the EC and the EFTA there is the tariff freedom since 1968. The EU has adopted a more positive attitude to regionalism. This was underlined in the 1997 EC Green Paper on Development Cooperation (European Commission, 1997) and the subsequent decision to support Regional Economic Partnership Agreements as the post Lomè arrangements for the ACP (African, Caribbean & Pacific) countries (Matthews, 2002).

In the USA the beginning of the turn to regionalism started in the period of 1980 – 1990, and it was accelerated by NAFTA (North America Free Trade Agreement),

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<tr>
<th>Country or region</th>
<th>Total of in force agreements</th>
<th>Agreements with developing countries</th>
<th>Agreements with developing countries signed since 1989</th>
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<tr>
<td>USA*</td>
<td>4</td>
<td>3</td>
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<tr>
<td>EU</td>
<td>50</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>Canada*</td>
<td>5</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Japan</td>
<td>2</td>
<td>0</td>
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<tr>
<td>Australia and New Zealand</td>
<td>4</td>
<td>0</td>
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<tr>
<td>EFTA</td>
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<td>21</td>
<td>17</td>
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<tr>
<td>Agreements between developing partner countries</td>
<td>76</td>
<td>76</td>
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<tr>
<td>TOTAL</td>
<td>184</td>
<td>139</td>
<td>123</td>
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* NAFTA included in both – the USA and the Canada cases

Data source: WTO at http://www.wto.org/english/tratop_e/region_e/region_e.htm
which was introduced in the year 1994. Before that the US trade policy had two directions: on the one hand it followed a multilateral way within GATT and on the other hand the US insisted on entering other markets as well. Since 1980 there is a third way – the regional option. According to the GATT conception tariff unions can only be accepted under special circumstances. “The Background is that GATT is committed as a multilateralism institution to follow the principle that no country should be trade – discriminated.” explains H. G. Preusse (2001). But Regionalism actually does mean excluding non-members.

The regional integration initiatives of developing countries in the 1970s and 80s were generally motivated at towards favouring trade within a particular region at the expense of trade with countries outside that group. But, in fact, the benefits of new trade creation within the tariff wall have been very limited and the losses from trade diversion were considerable (Stacy, 1999). The Third World countries, unable and unwilling to follow European models & practices of regionalism, nonetheless recognize its potential to foster a greater decentralization and democratization of global institutions and regimes (Acharya, 2002).

The 1990s has seen a rapid growth in the number of regional economic grouping in various parts of the world. It is now a building block of an intrusive world order and could become important stepping stones to world order in the 21st century. The most obvious and strong processes of regionalisation still are observed in Europe. There it has become the chief promoter of human rights and democracy. The European Union has become powerful supranational entity, which deals with political, social and economic problems within regions. Other powerful regional associations to mention are: NAFTA in North America, ASEAN in Asia, MERCOSUR in South America.

Economic security as a regional public good. Worldwide experience examples show that integration process is promoted and supported by a growing number of interdependent relationships, as well as by the increasing size and structural power of non-state actors, which do not always speak in favour of the hegemony influence-led integration. What is found more often is the so called “market-led” process of integration. The scope of market integration is dependent on the type of economic sector. There is no single pattern of integration followed in each and every sector of economic activity (Tsoukalis, 1991). Sector-specific integration did not necessarily yield a formal inter-governmental process of integration. However, integration on a sector-by-sector basis required a continual adjustment of the balance of payments between countries. Supporters of a sectorial approach to integration contended that national governments were more inclined to make limited commitments with reasonably clear implications than to integrate all sectors at the same time (Balassa, 1961).

In some cases, integrative processes develop out of what was sector-specific interdependence. The integrative effect of economic transactions locates integrative processes both above and below the regional level. Integration of some economic sectors proceeds more intensively at the local or regional level as in transport cost-sensitive manufacturing and assembly processes, or at the global level in financial markets and telecommunication links. Economic sectors such as telecom-
communications, automobiles, pharmaceuticals, and financial and insurance services are also central to the state's national interest (Weiss, 1999). The size of these sectors, however, is determined by specific economies of scale. For example, the integration of the financial services and telecommunications sectors takes place at the global level; the integration of the manufacturing sector at the regional level; and the small-scale services sector (e.g., restaurants, housing, shopping, health care, etc.) and other service industries (e.g., local suppliers, parts and component sub-contractors, etc.) are integrated in domestic markets.

Indeed, many forms of regional cooperation take place on an ad hoc basis around specific projects or thematic issues. Such sectorial cooperation can have advantages such as: decreasing duplication of functions in different countries; enhancing efforts to deal with issues such as human, animal and plant diseases which know no borders; facilitating the sharing of regional resources and experience in activities such as research and training; or building a regional infrastructure (Matthews, 2002). Economic integration refers specifically to trade integration in the first place, though it may also be accompanied by various degrees of policy coordination and integration. Trade integration yields benefits by promoting a more efficient allocation of resources, by intensifying competition and by underpinning political credibility. It is now almost taken for granted that trade integration is one of the main benefits sought by countries either forming or joining a region. S. Page (2000) points out, however, that it is hard to explain the growth of interest in regionalism based on trade motives alone given that tariff levels in most regions have been falling and are now at relatively low levels. She concludes that all successful regions have objectives other than free trade, and this may be essential for their will to evolve: “Trade may well be secondary to political or security objectives or a tool rather than an objective: it is difficult to find any groups which have only a strictly trade agenda”.

Based on the above considerations, we suppose that economic security, which can also be treated as a sector of state policy, may also be (and in many cases actually is) a sector for inter-state cooperation, which stipulates regionalisation. However, as it appears from the theoretical discussion laid down in the first part of the article, it is complicated to define, what should be encompassed by economic security (answering question of what threatens the region) or, putting it into the very recent approach, whose security should be of concern (the question “whose security?” as the central question for human security was discussed by A. Acharya (2001)).

Having its formal genesis in the 1994 Human Development Report of the United Nations Development Programme (UNDP, 1994), the idea of human security emphasises the individual as the referent of security. The individual is to be made secure from two basic kinds of threats: freedom from fear and freedom from want. In the UNDP definition, human security comprises seven sub-components: economic security, food security, health security, environmental security, personal security, community security and political security. Human security, more precisely, encompasses “protection from sudden and hurtful disruptions in the patterns of daily life – whether in homes, jobs or in communities” and “safety from chronic threats such as hunger, disease and repression” (UNDP, 1994).
Trans-regional cooperation in the fields of the abovementioned problem-solving lead to economic cooperation among them, sectorial integration and the subsequent regionalisation, which in turn may involve more members in the regional arrangement (the so called “horizontal integration”) and/or develop towards deeper integration levels (“vertical integration”). If at some point political and/or economical interests of the members fall apart, the case may turn to disintegration stage, which again causes needs of the utmost importance – political and economical security, inducing the conflict settlement. Thus the sequence of the cause and effect events would close up into a cycle (see figure 4).

In the context separate issues of economic security as well as the economic security itself can be viewed as regional public goods which should be available to all the members of a region. Therefore we suggest that economic security, being a public good, fosters regionalisation, as well as regional arrangements precondition further enhancement of economic security aspects.

From the point of view of policy making, the different scale approaches to economic security (ranging from supra-state to the personal concerns) should be addressed on corresponding regional levels of decision-making. Therefore even though that the economic security issues can be addressed from the perspective of sector-specific approach, the range of issues concerned may vary significantly and can be slightly different from region to region. In practice, the main issues of economic security, according to C. Mesjasz (2004) could be identified under several circumstances: Identification of areas of economic security:

- local disruptions of economic and financial systems, plausibility of overall
economic and financial crisis;
• success of market-oriented reforms as a precondition for political stability and security in other sectors;
• standards of living as indicators of economic security overlaps with human security;
• corruption and other illicit economic activities as a security threats;
• negative consequences of economic growth (e.g. demography and security);
• environmental consequences of economic growth;
• preconditions of sustainable economic growth.

Summarizing this short discussion it is important to remember the so called “hierarchy of needs” by Abraham Maslow (1908) where along with the so called “deficiency needs” the need for safety take the first place after the physiological needs (such as air, water, food, etc). Therefore a person would not consider striving for the higher level needs until he or she is constantly concerned for his/her safety. The same applies for the state and regional sectors: ecological and cultural issues can hardly be expected to be of much concern to the policy makers unless security needs (economic growth and public welfare) are achieved up till a certain level. For this reason integration and regionalisation processes, fostering interregional trade and increase in incomes, can be viewed as leading to the interregional security.

Similarly from the perspective of different levels of security personal security could hardly be achieved while there is no certainty on the sub-state regional level or state security in insecure international environment, and the vice versa – a notion of regional economic security that does not take into account the prevailing structural condition of economic globalisation may be far removed from the realities of contemporary life (see Figure 5). Many scholars of globalisation would agree that contemporary economic globalisation,
while bringing prosperity, appears also to be ushering in a period of economic volatility and uncertainty, with implications for how secure states, communities and individuals feel (Rodrik, 1997; Stiglitz, 2002). It is, therefore, not surprising that economic security concerns are now high on the national agendas of many states, including the United States.

Economic security is a very important integral part of national security, which is realised by the means of economic policies. Economic growth and common welfare are important compounds and prerequisites for a state seeking for the economic security goals, therefore integration and regionalisation processes formalised by Regional Economic Agreements are often associated with expectations of the participating states associated with higher economic security standards. Economic cooperation within such regions is mostly driven by the demand for regional public goods – trans-boundary public goods whose nonrivalry and nonexclusive properties extend beyond national borders, but are contained in a well defined set of states or a region; the latter further increase economic interaction, interconnectedness and subsequently openness of the economies upon becoming available to all the countries of the region.

As it was stated in the previous chapter, economic security studies should be carried out on sector or object-related complex basis, meaning a systemic approach to security via more rigorous studies of more manageable fragmented issues of economic security, based on regional goods approach, with respect of the wider and deeper issues of the human security. The latter analysis of different levels of security in the hierarchy of needs further specifies that the policy-making in the field of economic security should take into account recent state of satisfaction of public needs on different levels of security ranging from personal to global and the subsequent security policy is to comply with the policies of contiguous levels and aiming at satisfaction of higher than recent level of needs. Further studies could be made on structuring a hierarchy of security and economic security needs in particular.

Conclusions

- Perception of the concept of security has encountered significant transformations, starting from the very narrow sense of a state military security, widened in 1970’s – 1980’s to include a much wider range of issues and subsequently deepened shifting its focus from the level of international or global security, with regional and societal security as possible intermediate points down to the level of individual or human security. The concept of economic security, which might be considered a sectorial approach to the general concept, has also gone through the widening and deepening stages of development. Nowadays scholars working on economic security issues, assume security agenda to include multiple sources of threats, ranging from environmental hazards, migration or human rights and ending with economic recessions and poverty.

- Economic security studies, though being a very complex issue, needing a wide interdisciplinary approach, should be carried out on sector or object-related complex basis in order to maintain their analytical value and applicability of the research results. This does not mean ignoring “human security” approach, but
rather a proposal for a systemic approach to security via more rigorous studies of more manageable fragmented issues of economic security, based on regional goods approach, with respect of the wider and deeper issues of the human security.

- Economic security is a very important integral part of national security, which is realised by the means of economic policies. Economic growth and common welfare are important compounds and prerequisites for an entity seeking for the economic security goals, therefore integration and regionalisation processes formalised by Regional Economic Agreements are often associated with expectations of the participating states concerning higher economic security standards. Economic cooperation within such regions is mostly driven by the demand for regional public goods.

- The tendencies in regionalism are increasingly deep integration and involvement of the less developed countries into the regional trade associations; that is the process of external economic liberalisation. Regional economic integration may be a precondition for, rather than an obstacle to, integrating developing countries into the world economy by minimising the costs of market fragmentation. From the perspective of the latter countries, integration with industrialised countries may be desirable where it provides the policy credibility which is necessary to attract investment inflows.

- Separate issues of economic security as well as the economic security itself can be viewed as regional public goods which should be available to all the members of a region. Therefore authors suggest that economic security, being a public good, fosters regionalisation, as well as the globalising regionalisation processes further stipulate economic security.

- Policy-making in the field of economic security should take into account recent state of satisfaction of public needs on different levels of security ranging from personal to global and the subsequent security policy is to comply with the policies of contiguous levels and aiming at satisfaction of higher than recent level of needs. Further studies could be made on structuring a hierarchy of security needs and economic security needs in particular.

Footnotes

1 With reference to the narrow security concept the term “hard” security is often used. Respectively, the new aspects that the wide security concept has introduced can be titled “soft” security.

2 WTO members (as, previously, GATT contracting parties) are bound to notify the regional trade agreements (RTAs) in which they participate. Nearly all of the WTO’s Members have notified participation in one or more RTAs (some Members are party to twenty or more). Notifications may also refer to the accession of new parties to an agreement that already exists, e.g. the notification of the accession of Bulgaria to the CEFTA Agreement.

3 Regional public goods are trans-boundary public goods whose nonrivalry and nonexclusive properties extend beyond national borders, but are contained in a well defined set of states or a region (R. Devlin and A. Estevadeordal, 2002). Public good provides benefits to all members of a community as soon as it is made available to any person. Such good is collectively consumed by everyone in community, and it’s impossible to charge for its use.
References

Violeta PUKELIENĖ, Neringa ČEPAITIENĖ

EKONOMINIS SAUGUMAS: REGIONINIŲ VIEŠŲJŲ GĖRYBIŲ POŽIŪRIS

S a n t r a u k a

Palapinsiu intensyvėjantys ekonomikų ryšiai yra politikos formuotojų diskusijų saugumo klausimais objektas. Ši tyrimų sritis ypatingai aktuali santykinai mažiau išsivysčiusiose šalyse, kadangi ekonominė integracija sąlygoja taip pat ir politines pasekmes, pavyzdžiui, tuomet, kai pasirašomi politiniai susitarimai ar regioninių tikslų koordinuojant šalių-partnerių veiksmus.


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ЭКОНОМИЧЕСКАЯ БЕЗОПАСНОСТЬ: ПОДХОД РЕГИОНАЛЬНЫХ ОБЩЕСТВЕННЫХ БЛАГ

Резюме

В статье анализируются теоретические размышления в области экономической безопасности. Критикуются применение эклектичных подходов к концептуализации данной проблематики и высказывается позиция в поддержку применения сектор- или объектно - ориентированного подхода региональных общественных благ для соблюдения аналитической ценностности и применимости результатов исследований.

Ключевые слова: экономическая безопасность, регионализация, регионализм, новый регионализм, открытый регионализм, региональные общественные блага.