

ADAPTING THE THEORY TO REALITY. THE TRIAD GLOBALIZATION- PROTECTIONISM-ECONOMIC PATRIOTISM

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A science is adjusting and developing in time – on this trajectory the evolution of economic science is situated.

The emergence of new concepts, as well as re-theorizing of some traditional concepts comes to support this viewpoint. In order to demonstrate these statements I have relied on two theories, antagonistic at a first sight (protectionist and global), by comparing the manner in which they approach these well known concepts (national interest, labor productivity, international trade, inequity, ideological debates, state's role).

The conclusion is that, in the framework of globalization, the protectionist vision is not entirely disproved but reformulated, adjusted according to the dynamics and diversification of international flows.

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“Reality cannot be constrained to fit in the theory’s bed of Procust, therefore adapting the theories to reality is a must”. (Ivanciu Nicolae)

This is the trajectory on which the evolution of economic science is situated.

In order to prove the truthfulness of this statement, I shall analyze the evolution and correlations which can be established between the four antagonistic concepts, at least at first sight: protectionism, globalization, economic patriotism and country risk.

Taking into account the fact that protectionism represents an instrument of stimulating the domestic industry as major productive and defensive force against foreign competition, and the economic globalization, an irreversible and dynamic phenomenon is seen in the light of the free movement of capital, the viability of the protectionist theory in the new context is put into question.

I chose the theory of Mihail Manoilescu as a reference mark for the protectionist theory, as it offers solutions which are still applicable today. Manoilescu proposed a “re-theorizing” of protectionism based on the new realities, as he considered the 20th century to be “an era of transformation”.

Therefore, the protectionism promoted by Mihail Manoilescu is not autarchic; it does not build an obstacle in the path of globalization.

He supports the deepening of the international labor division, as well as the extension of international economic relations; still, he focuses on the nation, on the domestic productive forces and on the role of the state in the process of encouraging and protecting the national economy.

Under these circumstances, in order to harmonize the theory and the reality (also an objective to which Mihail Manoilescu subscribed), the intensification and diversification of the international economic flows, as well as the adaptation of the role of the state in this context has imposed the reformulation of the protectionist viewpoint.

Table 1. THEORIEI VERSUS REALITIES

Concept	Mihail MANOILESCU's approach	Present approach	
		The global level	The nation states' level
- <i>national interest</i>	<ul style="list-style-type: none"> ▶ obtaining the independence (<i>economic autonomy</i>) in an interdependent world ▶ the focus is on the <i>national economy</i> 	<ul style="list-style-type: none"> ▶ <i>integrating in the international economic flows</i> (highly diversified) ▶ the focus has transferred on the <i>regional and global level</i> (U.S.A., E.U., ASIA) 	<p>Integrating in the international economic flows, but in new perspective, based on the slogan “we shall not sell our country”, which influences the economic strategies of the nation states.</p> <p>The focus is on the economic patriotism of the global economic agents.</p>
- <i>international labor division</i>	<ul style="list-style-type: none"> ▶ an objective which ensures the improvement of the national economies' efficiency 	<ul style="list-style-type: none"> ▶ an objective accomplished and valid to this day 	<p>An irreversible process in the global economic circuit, whatever the political orientation, the economic system or the development stage of the nation states</p>
- <i>labor productivity</i>	<ul style="list-style-type: none"> ▶ it is considered that increasing labor productivity must represent the main objective of all the national economies, especially of the agriculture-based one. Attaining this goal, made possible through the industrialization of the agriculture, would ensure to the agrarian countries the conditions of efficient exportations and, implicitly, the premise to cover the necessary importations. ▶ the increase of the labor productivity must be achieved based on <i>internal resources</i> (national, domestic) 	<ul style="list-style-type: none"> ▶ the increase of labor productivity remains the main objective, both on the micro economic level and on the macroeconomic level, thus creating the premise to improve all the macroeconomic results. However, the importance of <i>international capital</i> is acknowledged, as a major factor in bringing the less developed countries to an efficient state. 	<p>The contribution of external capital to the dynamics of this indicator cannot be denied. However, it is considered that the internal resources must represent the “strong pillar” (the “engine”) of the national economies.</p>

<p><i>- international trade</i></p>	<p>► is perceived as the main form of globalization: the exportation ensures the foreign currency necessary to cover the importations.</p>	<p>► The international flows have grown and diversified: the international trade remains highly extended; still it is the direct foreign investments that become the most complex form of globalization, with positive effects to the economic growth of the receptive economies.</p>	<p>The participation to the international economic flows is beyond doubt but it mainly aims at the capital outlet; for inlets, tariff or non-tariff barriers were established in order to protect the domestic economic agents, especially in strategic fields (see the example of the U.S.A. France and Romania).</p>
<p><i>- inequity (polarization)</i></p>	<p>► The inequity of the exchanges between the industrialized and the agrarian countries. The industrialized countries were favored because they would export processed economic goods at high prices, while receiving in exchange raw products at small prices. It was considered that the production obtained by an employee in an industrialized country was the equivalent of the production of 10-20 workers in an agrarian country.</p>	<p>► The inequity of the international economic flows which mostly occur between the developed countries (see the Triad), the poor and developing countries being marginalized.</p>	<p>The discrimination generated by the strategy based on the “economic patriotism”, through the obstacles built in the path of free competition. The developed countries have a preferential position thus they are engaged in a double game: they are open to the economic globalization, mainly in the direction of the capital outlet and less open concerning the inlets. On the contrary, the poor and developing countries cannot afford this practice as their economic growth also depends on the foreign capital inlets.</p>
<p><i>- ideological debate</i></p>	<p>► the conflict between the protectionist theory and the theory of the free exchange</p>	<p>► the conflict between the pro-globalization and the anti-globalization parties</p>	<p>The conflict between free competition and economic patriotism.</p>

<p><i>- the state's role in protecting the national economic agents</i></p>	<p>▶ it supports the market economy, but considers the state must become a permanent presence in its mechanism, not only an interventionist force in case of dysfunctions</p> <p>▶ the protection of the economic agents against external competition is the state's responsibility</p>	<p>▶ the market economy is dominant again, the state's role is reformulated (the globalization has diminished, but not annulled the operation margins of governmental policies)</p> <p>▶ the protection of the economic agents against global competition is their own responsibility, in function of their access to information and their capacity to adapt. As a consequence, the country risk indicator has been established to offer the information necessary to adapt the globalization strategy to the specific of the recipient economies.</p>	<p>There is a general tendency to adopt a protectionist attitude (U.S.A., France, and Spain). On the European Union's level, the European Commission is trying to limit these practices. Thus, the protectionism, although blamed in the international business environment has become a fashionable attitude of the national governments, especially in the developed countries which tend to protect their domestic companies from external takeovers and from the powerful competition abroad. France is the best example in this respect. Spain was also accused of protectionism by the European Commission concerning the public utilities. The first matriculation tax introduced in Romania starting from January, 1st, 2007, can be included in the same category. Taking into account that progress is associated to competition, the slogan "We shall not sell our country" (well-known to the Romanian people) will have negative effects not only from an economic viewpoint, but also from the angle of the relations between the nation states.</p>
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In conclusion, in the context of open economies, the protectionist theory is not totally denied, but its objectives and applicability field must be adjusted to the new conditions.

As a result, in order to be harmonized with the real life, the traditional concepts have adapted, also leaving space for new concepts to emerge, expressing the present social and economic situation of the recipient economies, both on the quality and on the quantity level.

A good example in this respect is represented by the “economic patriotism” of the global economic agents, a notion that also derives from the protectionist practice.

Taking into account the theoretical and practical evolution of these well-known and highly-disputed concepts (protectionism, globalization, economic patriotism and country risk), once again we have proved the validity of the principle stating that an economic science adapts and develops in time.

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