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## THEORETICAL OVERVIEW OF THE INTERNATIONAL ECONOMIC RELATIONS: DEFINITIONS AND FORMS

*Stela CAZACU**Universitatea de Stat din Moldova*

This theoretical study focuses on the international economic relations concept. At first, it provides definitions of the investigated term of the national and international economists. Next, the article analyses the different classifications of the term and proposes its own classification. Further, the study defines and analyses all the proposed forms of international economic relations.

*Keywords: capital, currency relations, international economic relations, migration, technology transfer, trade.*

### ASPECTE TEORETICE REFERITOARE LA RELAȚIILE ECONOMICE INTERNAȚIONALE: DEFINIȚII ȘI FORME

Acest studiu teoretic se axează pe noțiunea de relații economice internaționale. La început, în articol sunt date definiții ale termenului investigat elaborate atât de economiștii autohtoni, cât și de cei din afara țării. În continuare, sunt analizate diferitele clasificări ale noțiunii și autorul propune propria clasificare. Apoi, sunt definite și analizate toate formele de relații economice internaționale propuse de autor.

*Cuvinte-cheie: capital, comerț, migrație, relații economice internaționale, relații valutare, transfer tehnologic.*

#### **Introduction**

Because the international economic activities have been continuously increasing and evolving, their influence on the national economies has grown as well [1-3]. Consequently, the world economies have become more and more interdependent [Ibidem]. Hence, the need for a better understanding of the international economic relations is a current matter.

Thus, this article has the purpose to undertake a theoretical overview of the international economic relations based on the specialized literature written both by the Moldovan economists and by the international economists. Initially, it will enumerate the various definitions; then it will analyze the different classifications given to the international economic relations forms. Finally, it will define and explain each of the form.

#### **Research Methodology**

This theoretical investigation utilizes classical methods of economic research. To be exact, using specialized literature in the field of international economy/economics, the author employs the following methods of investigation: analysis, synthesis, comparison and deduction.

#### **Actual Theoretical Overview of the International Economic Relations**

##### Definitions

The notion of international economic relations has been extensively discussed amid Moldovan and world economists. For instance, the Moldovan author Petru Roșca considers that the international economic relations are „the economic relations between the national economies of certain countries, certain economic subjects”, which are founded on the international division of labor [1, p.17]. Another economist from Republic of Moldova, i.e. Dumitru Moldovanu, believes that international economic relations and international economic movements are connected theoretical notions. Thus, he interprets the international economic movements as „concrete forms of maintaining economic relations among the countries of the world. They represent the movement of certain material, financial or spiritual values from one country to another” [2, p.388]. Additionally, this author believes that each world country is involved in international economic relations, even if with some distinctive features.

It can be observed that the notion of international economic relations utilized by the Moldovan authors is comparable to the notion of international economy, which is considerably utilized by the international economists. For example, Carbaugh defines the international economic relations as the “international

movements of goods and services, labor, business enterprise, investment funds, and technology" [3, p.1]. In addition, this economist asserts that currently no country can survive entirely cut off economically. Therefore, the countries get involved in at least some economic relations with other countries.

Another international economist, i.e. Cherunilam considers that "international economics deals with those international forces which influence the domestic economic conditions as well as those which shape the economic relationship between countries, world economic integration and transition" [4, p.3]. Hence, in the same way as what other authors consider, this economist puts accent on the economic interdependence amid countries as well, which is owing to the international economic relations.

Within the economic literature, one can find out also definitions of international economics as a science. For instance, international economics represents "the application of economic theory to situations in which countries are closely connected, through the exchange of goods and services, or through some other type of economic relationship, such as that between a creditor country and a debtor country" [5, p.1]. In view of that, the author considers that an ample understanding of international economics is the foundation in understanding a contemporary economy.

Like many disciplines, international economics includes two components: theoretical component and descriptive component. The theoretical international economics attempts to identify universal rules, models, abstractions and reliable frameworks which would operate as a guide to the understanding of existing events. The descriptive component tackles the interpretation of international economic issues and the institutional background in which they occur, such as international trade, international flows of financial resources, international organizations [4].

#### Forms

Using the theory provided above, we can spot few forms of international economic relations. For example, Dumitru Moldovanu considers that the international economic relations have six forms: international trade; international movement of capital; international movement of labour forces; international currency and financial relations; flows of technical and scientific knowledge; international tourism [2]. Kozak, Y. et al. believe that the international economic relations include the following forms: the international trade in goods and services; the international movement of capital; the international migration; the international transfer of technology; the currency and monetary relations; the global financial system and international financial markets [6]. Roșca considers that the international economic relations comprise the next forms: international trade of goods; international delivering of services; external movement of capital and other financial relations; international economic cooperation; monetary and currency flows and so on [1]. By evaluating the international economic relations forms proposed previously, one might observe considerable resemblance. *Thus, using the classifications enumerated above, the following forms of international economic relations are proposed: international trade of goods and services; international movement of capital and financial relations; international migration; international technology transfer; international monetary relations.*

Subsequently, this article will give a short explanation of all of the international economic relations forms. To begin with, concerning the *international trade*, it represents the idea of exchanging goods and services "between people or entities in different countries" [7, p.56]. The World Trade Organization believes that trade is "the most common form of internationalization chosen by firms, including SMEs" [8, p.5]. Nevertheless, the big companies lead international trade, attributable to their dimension, executive structure and superior technologies considered necessary to acquire foreign markets. According to the statistics given by the World Trade Organization, international trade has grown over the last thirty years by roughly 7% per annum, both relating to world goods and services [9].

The next type of international economic relations is the *international movement of capital and financial relations*. "Its nature consists in the partial removal of the national capital, after which it is included to the manufacturing process or other turnover in other countries" [6, p. 79]. Its mobility is to some extent high and it has more severe constraints in contrast with international trade. Meanwhile, international capital movements have the potential to substitute international trade, under the conditions that it is utilized competently. Overseas capital has had a considerable positive impact on the development of numerous countries [4]. For this reason, capital movements have boosted over the last dozens of years more than the international trade movements [Ibidem; 6].

International capital flows are categorized like this: direct and portfolio investments; government, institutional and private capital; short-term and long-term capital; home and foreign capital; foreign aid [4]. Based on the international balance of payments statistics, international capital movements are classified into four main groups: short-term investment, long-term investment, portfolio investment and direct investment [10]. Another classification is as follows: official and private capital, business and loan capital, direct investment and portfolio investment [6].

A third form of international economic relations, i.e. *international migration*, is explained as "large cross border movement of population due to economic, socio-cultural, geo-physical and political reasons" [4, p.588]. The international migration movements are of different forms – legal or illegal, voluntary or forced, temporary or permanent. The international flow of population obviously involves as well the international flow of labor forces, where "international labor migration is the mobility of labor from one country to another for a period more than one year" [6, p.92]. Migration movements of people are frequently more accentuated from economically poor areas to wealthy areas [4], which justify the fact that more than half of the international migrants originate from developing economies and countries with economies in transition [6]. Thus, the chief motivation for migration is the search of improved economic opportunities. We must mention that labour migration has and positive and negative impacts on the country receiving labour forces and on the one donating labour forces [4].

The fourth form of international economic relations is the *international technology transfer*, which is a major impulse of world socio-economic progress defined as "the process by which commercial technology is disseminated" among countries [Ibidem, p.546]. In addition, it is characterized as "the complex of the economic relations of different countries concerning the transfer of scientific and technological achievements" [6, p.99]. Technology transfer products include items of intellectual property, for instance a patent, a copyright, an industrial design, know-how, different technical, commercial and marketing documentation. One should notice that various forms of international technological exchange are non-commercial, e.g. scientific journals; databanks; international conferences; training of scientists in universities and organizations; education of students and so forth [Ibidem].

Lastly, *international monetary relations* embody one of the most vibrant forms of international economic relations, which emerge during the utilization of monetary means in the international economic relations [1]. Each country possesses its national currency. If it is utilized for international operations, the national currency should be typically exchanged into a foreign currency on a particular market named foreign exchange market [2]. One must remember that "currency provides communication and interaction of national and world economy" [6, p.105]. Moreover, "international monetary relations encompass the range of institutions, relationships, and habits that enable money to function in the international arena" [11]. Multifaceted issues exist at the center of international monetary relations, e.g. the regulation of exchange rates to put up with the discrepancies in trade and capital flows.

### Conclusions

This article performed a short theoretical overview of the international economic relations. Thus, it included definitions of national and international economists and came up with the conclusion that the international economic relations term is similar to the international economics term. Afterwards, the article analyzed several forms/types of international economic relations proposed by different authors and then it suggested its own forms. Therefore, based on the definitions provided, the international economic relations can be comprehensively defined as: *The economic relations among the world countries, expressed in the forms of international trade of goods and services, international movement of capital and financial relations, international migration, international technology transfer and international monetary relations*. Afterwards, this theoretical study defined and explained shortly each of the five forms of international economic relations. It appears that all these forms are rather dynamic, intense and influential, and they lead to economic interdependence among the world countries.

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