

PhD Sergey Sveshnikov,
Doctor of Science Viktor Bocharnikov,
PhD Viktor Pavlenko

The Signs of Changes in the International Relations and Security in Europe

In the article, the authors analyze the signs of possible changes that will affect the formation of a European security environment.

Key words: security environment, military-political relations, model of the world economy, security system, military policy.

Introduction

To determine the basics of military policy it's necessary to understand clearly the prospects and trends in world military and political processes. The analysis shows that primarily changes in global economic and financial relations affect the trends in the security environment and can generate crises. The dependence of security on economic processes and the manifestation of crisis phenomena are the major subjects of consideration in this article. Therefore, first we will consider the evolution of the world financial-economic model and the corresponding causes of possible military-political changes. Then we will analyze the key military and political events.

Evolution of the world financial and economic model

Starting from the 19th century, the development of states' economies was cyclical and depended on technological changes [1]. Manufacturers were applying new technologies. Due to this, they were improving product quality, minimizing costs, increasing profits and accumulating capital. At that time, industrial companies were influencing public policy. But the complication of production increased the need in investment funds for the introduction of technological innovations and in increasing high purchasing power of the population, since the cost of goods has steadily increased.

Excess production capacity and low consumer markets were the main causes of the Great Depression, which has led to an increase in the influence of large banking conglomerates, the internationalization of their interests and the intensification of competition. The main objective of the competition was the accumulation of assets, and gold was a universal instrument for measuring the size of capital. After the Second World War, the United States has accumulated the largest volume of gold reserves in the world. This allowed the US at the Bretton Woods Conference to suggest other countries using gold-backed dollar as the world's currency.

Until the 1970s, the US dollar ensured the stability of currency exchange rates and world trade. This eliminated many reasons for contradictions between countries. The Marshall Plan tied the economies of Europe and Japan to the US domestic market. European states and Japan were developing by exporting goods to the United States and were accumulating their gold and currency reserves. The US has significantly reduced gold reserves and had to abolish the gold standard for the dollar. The volatility of currency exchange rates has increased and states began to devalue their national currencies to ensure benefits in international trade.

In Jamaica in 1976 the United States convened a conference to restore trade stability and proposed the use of market mechanisms (currency exchanges) to determine the exchange rates of currencies. This allowed to increase the volumes of financial transactions, profits and potential of the financial sector, and also facilitated investment in developing countries. It was in the 1980s

that the United States began to move production to China and other countries. In 1989 the United States imposed the so-called "Washington Consensus" to ensure that these countries do not devalue the national currencies for export speculation. "Washington Consensus" provided that national currencies were to be denominated in US dollars and exchange rates of national currencies were to be calculated based on the size of the gold and foreign exchange reserves.

Investment processes have significantly intensified the movement of capital across national borders and required political control in developing countries. Investors wanted to minimize political risks from developing countries. This has led to widespread demands for transparency in domestic political processes, increased intervention in domestic affairs, and an increase in the number of instruments for interventions. This is system of education professionals, the media, NGOs, special services.

In addition, donor countries were supposed to ensure the security of the goods transportation (including energy) from the acceptor countries. For this purpose, the leading countries have deployed military bases at key geographic locations for the effective control of land and sea goods flows. Leading countries have formed several international organizations to reconcile interests, reduce contradictions and ensure stability in the new financial and economic system: the International Monetary Fund, the World Trade Organization (WTO), the Club of Rome, the Bilderberg Club, as well as several powerful military-political unions. Naturally, in the event of a change in the model of the financial-economic system, all these organizations will require restructuring.

The main causes of inevitable military-political changes

The modernization of the financial and economic system has intensified investment, but also has had several negative consequences.

1) The investment model requires constant expansion into new external markets. After the collapse of the USSR and the inclusion of its market in the global system, growth incentives have disappeared and globalization has stopped.

2) Elimination of restrictions on dollar emission led to the spread of speculative schemes and the possibility to "make money from the air." Derivatives are an illustrative example of it. Volume of derivatives today is several times higher than the volume of world assets.

3) Modernization of the world financial and economic system has detected an imbalance: the US dollar is simultaneously both **reserve** and national currency. The Federal Reserve has a purely national identity and is at the same time the emission center of the world currency. This makes US financial markets the most attractive. Non-residents always consider US financial markets as "quiet harbor" and return dollars to the US at the unfavorable time. In crises, it increases social and political instability in developing countries. In addition, it creates the temptation to solve the internal problems of the United States at the expense of other countries.

Today we see the hypertrophied development of these negative consequences of the modernization of the financial and economic system. Movement of industrial production outside the United States stimulated US trade deficit and debt growth. Today, the dollar emission does not stimulate economic growth. Therefore, the US stopped emission [2] and de facto rescind from the investment model.

Negative expectations for the global economy require a new financial and economic model. Experts offer a variety of models, but it's possible to say that consensus will be very difficult to achieve because it affects the fundamental interests of many influential players. In our opinion, harmonization of these interests is impossible and in the near future we should expect the financial and economic crisis to unfold. Leading analysts and well-known bankers confirm this conclusion. We believe that the expected financial and economic crisis will be overwhelming. The result of the crisis will be the transition to a new model of the world

economy and finance, but it will be unmanageable and will cover all spheres of life, including the security sphere. Next, we will look at signs of possible changes in this sphere.

Signs of possible changes in the world security environment

The analysis shows that today the process of financial-economic and military-political changes is at the end of the initial stage, when leading players (states and corporations) realize the need for change, formulate own interests and goals. This process is hidden, but some signals appear in the open information space and we can analyze them.

It should be noted that the first signals began to appear for a long time, but their insignificant number and inconsistency did not make it possible to make assumptions about the nature of possible changes. Signal flow has grown substantially since the election of a new US president, who frankly declared the change of economic priorities, in particular the priority of the development of industrial corporations and the reduction of trade deficits. Since the United States is the issuer of world currency and the world's most powerful state, changing the priorities of the United States inevitably has revealed signs of change in world financial-economic and military-political relations. Next, we will consider at these signs in groups that are conform to the objects of change.

Fundamentals of the world financial system

Today we see such signs of preparation leading powers to change the global financial system:

Russia, Iran, China reduce the share of the US dollar in their gold and foreign exchange reserves;

China and the EU are beginning to use national currencies in energy trade;

Germany and Turkey returned the gold previously stored in the United States;

EU countries, BRICS are trying to create new regional and world financial organizations outside the dollar zone;

countries of BRICS, Turkey, Iran partly trade in national currencies.

Analysis shows that the most possible is the creation of a system based on the use of several regional currencies and the gold standard for recalculation cross-rate. The United States has already tried to create a regional system - the North American Union between the United States, Canada and Mexico [3]. The preliminary arrangements for the creation of this Union envisaged the use of a common currency "amero". In this instance the United States was seriously considering the possibility of rescinding the modern financial system.

Trade arrangements

Free trade is an important element of the modern financial and economic system. The World Trade Organization (WTO) is the main organization that should ensure equality of trade terms, in particular the consistency of tariff and non-tariff restrictions, the prevention of dumping, etc. The leading countries have created many regional organizations: NAFTA (USA, Canada, Mexico); MERCOSUR (Mexico and South American countries), etc in order to take into account the peculiarities of the regions along with the WTO. After the financial and economic crisis in 2007-2008, the United States initiated the creation of two new trade arrangements: the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TTP). These arrangements were supposed to revive the movement of globalization processes.

However, the new US president unexpectedly questioned the expediency of US membership in the WTO, abolished the US participation in the TTP, stopped talks on the establishment of TTIP, and announced the new order of world trade based on economic nationalism.

As the US market is the largest in the world, such a turn has led to fundamental changes in the positions of other states and the growth of contradictions that are always the precursors of change. It should be noted that contradictions increase not only between traditional opponents (such as the US and Russia), but also between allies. For example, the President of the European Council, Donald Tusk, called the US actions unfriendly, and the Russian policy - aggressive [4]. After the G7 Summit in 2017, the German Chancellor urged Europe to no longer rely on the US [5], and the US President frankly called the EU, China and the Russian Federation as US competitors [6].

At the same time, the Eurasian Economic Union seeks to expand. Iran and Turkey intend to become members of this union. The entry of Turkey (a member of NATO) can only be understood by the assumption of radical changes in the world-wide alignment of forces. Moreover, the restructuring of trade unions continues on a global scale. This is evidenced by recent agreements between Britain and China [7], and also between the EU and Japan [8].

Infrastructure of goods transit

Today, China and the Russian Federation are the main engines of changes in the configuration of trade routes. China is promoting a New Silk Road project, which can theoretically be considered as a project of Eurasia's globalization, that is, as an attempt to combine the energy resources of the Russian Federation, the Middle East and the European technology and human resources of China. The project should make the Eurasian space self-sufficient and push China's economic growth. Naturally, new transit routes require security provision, therefore China supports the expansion of the Shanghai Cooperation Organization (SCO), and also build new military infrastructure.

Russia is also promoting its Northern Sea Route project, which is the shortest route between Europe and Southeast Asia. In case of project implementation, the Russian Federation will control a significant part of the transit of European goods. China is promoting the third global project - the construction of a channel through the territory of Nicaragua [9]. In case of project implementation, China will control the shortest transoceanic route.

The scale of changes in trade routes indicates the possibility of fundamental shifts in security systems and military-political alliances.

The EU structure

The analysis shows that the EU is undergoing a structural crisis, which appeared after the referendum in Britain concerning exit from the EU. Britain explained the exit by the unwillingness to reduce its sovereignty in favor of the bureaucratic structures of the EU. But Britain's decision is hard to understand from economic view-point, as 45% of the goods are exported to the EU by the UK and 53% are imported from the EU. That's why Britain risks losing key markets. Doubtful economic efficiency causes suspicion about the true causes of Britain's exit. It can be assumed that Britain seeks to leave the EU urgently and at any cost. Other signals indirectly explain this assumption.

For the first time, the G-7 Summit participants did not sign a joint declaration due to contradictions. The US offered the EU to abandon multilateral agreements and use bilateral agreements with individual EU countries. Some media using unofficial sources claimed that during a meeting in Washington in April 2018, US President allegedly suggested to the President of France to withdraw from the EU [10].

We can assume that the EU also feels the need for reorganization. In particular, Germany proposed the project Europe of «two speeds». EU clustering will inevitably lead to an imbalance of interests and create systemic contradictions between the countries of Western and Eastern Europe.

Germany and France plan to strengthen allied relations. In particular, Germany invited France to establish joint representations in the European Commission and international organizations. The parliaments of both countries have proposed to develop a new treaty about the basis of non-confrontational relations.

The convergence of Germany and France can be considered as a sign of future changes in the EU structure. These processes take place against the background of growing isolationist sentiments of European population and the popularity of Euro-skeptics.

The abovementioned signs indicate a great possibility of EU reorganization, which will inevitably entail radical changes in military-political processes.

International mechanisms of interests' harmonization

Leading States created international mechanisms for the interests' harmonization as a superstructure of the world financial and economic system. The analysis of information sources shows two main trends:

- deepening the crisis of existing mechanisms;
- attempts to create new international formats.

Obviously, the UN is the main international mechanism for harmonizing interests and securing peace. Analysts have long talked about the ineffectiveness of this organization. Recently, the United Nations has become a platform for information and psychological warfare, mainly between the United States and Russia. The United States is unhappy with the work of the United Nations, so the United States offered reform of the organization and even discussed the exit possibility. Today, the United States has reduced UN funding.

In 1994, the seven leading states accepted the Russian Federation and created the "G8". But in 2014, due to annexation of the Crimea the Russian Federation was excluded from the format. The last meeting of the leaders of the participating countries ended with the non-signing of the outcome document. This demonstrated the presence of antagonistic contradictions and raised the question of the existence of this international mechanism. The US president refused to meet with the prime minister of Britain against the background of negative personal relationships [11]. A similar situation arose in another format - the "G20". The last meeting of the heads of the diplomatic departments in this format took place without the representatives of key states: the USA, the Russian Federation, France and the EU, and at the summit in November 2018, not all states leaders greeted each other handshake.

The tendency towards the collapse of existing mechanisms for the interests' harmonization is primarily due to growth of contradictions in the fundamental interests of the leading states as a result of the global financial and economic system crisis. An illustrative example is the statements by EU politicians about the loss of the United States role as a world leader [12, 13] and the need to create new formats for international cooperation.

Security systems in Europe

NATO is the most important tool for providing of security in Europe. As the analysis shows, member countries are reviewing the alliance role. The Secretary General of NATO has openly stated that there are contradictions. The US president said that the United States does not want to defend the small states of the Alliance. The possibility of radical changes in the organization follows from an interview with the President of the Munich Conference [14].

Today, European states have expressed their desire to create defense forces independent from the United States and NATO:

Some representatives of the German Government expressed an opinion on the possibility of withdrawal of American nuclear weapons from the territory of Germany [15], and the US

Defense Forces (according to The Washington Post [16]) began to assess the value and consequences of this withdrawal;

In the German media for discussion, the topic was raised about the possibility for Germany to have its own nuclear weapons [17];

the EU has adopted the Permanent Structured Cooperation Program (PESCO) for the creation from NATO-independent armed forces and the EU defense complex [18];

the President of France does not consider the Russian as problem [19], and the President of Russia expressed his readiness to help Europe in security field [20].

Other signals can be considered, which indicate an increase in the possibility of fundamental changes in security systems in Europe and great scale of these changes.

On the other hand, the SCO continues to evolve. In 2017, two nuclear states joined the organization: India and Pakistan. Today, the SCO influence zone is spreading to the territory where about 3 billion people live, which produces 30% of the world's gross domestic product. It should be emphasized that the main transit route for providing the military operations of the NATO contingent in Afghanistan passes through Pakistan, which has good relations with the leader of the Arab world - Saudi Arabia. That is, expansion of the SCO should not be seen as an arithmetic increase of territories, the expansion will have synergistic effects.

Summary

Thus, today we are seeing many signs which indicate on the possibility of radical changes in the world military-political environment. These changes will affect all states. We expect:

- growth in isolationism;
- significant transformation of world security systems;
- the growth of EU military and political independence;
- reduction of US influence and increase in Chinese and Russian influence.

We can expect a deep financial and economic crisis that will have a decisive impact on the security and defense of Europe. Today, Europe must to resolve the urgent issue: either it will take part in military-political changes as a subject (player) and will be created new security structures, or it will be forced to carry out military-political decisions that will be made without taking into account its interests.

References

1. N. Kondratiev, The big cycles of economic conjuncture and the prediction theory

[The big cycles of economic conjuncture and the prediction theory], Moscow 2002, 767 p. [in russian]

2. N. Irwin, Quantitative Easing Is Ending. Here's What It Did, in Charts., "The New York Times", <https://www.nytimes.com/2014/10/30/upshot/quantitative-easing-is-about-to-end-heres-what-it-did-in-seven-charts.html> (accessed 4 December 2018).

3. A. Villareal, J. Lake, Security and Prosperity Partnership of North America : An Overview and Selected Issues / Report, Washington: Congressional Research Service, 2010, <http://www.dtic.mil/dtic/tr/fulltext/u2/a513873.pdf> (accessed 4 December 2018).

4. United we stand, divided we fall: letter by President Donald Tusk to the 27 EU heads of state or government on the future of the EU before the Malta summit, "European Council", <https://www.consilium.europa.eu/en/press/press-releases/2017/01/31/tusk-letter-future-europe/#> (accessed 4 December 2018).

5. Merkel says Europe 'must take our fate into our own hands' after tough G-7, NATO meetings, " CNBC ", <https://www.cnbc.com/2017/05/28/merkel-says-europe-must-take-our-fate-into-our-own-hands-after-tough-g-7-nato-meetings.html> (accessed 4 December 2018).

6. Trump: EU is one of United States' biggest foes, "Politico", <https://www.politico.eu/article/donald-trump-putin-russia-europe-one-of-united-states-biggest-foes/> (accessed 4 December 2018).

7. Xi Jinping UK visit roundup: red flags, red carpets and Greene King, "The Guardian", <https://www.theguardian.com/world/2015/oct/23/chinese-president-xi-jinping-uk-visit-roundup> (accessed 4 December 2018).

8. EU and Japan sign Economic Partnership Agreement, "European Commission", <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1891> (accessed 4 December 2018).

9. D. Runde, Should the U.S. Worry About China's Canal in Nicaragua?, "Foreign Policy", <https://foreignpolicy.com/2015/05/26/should-the-us-worry-about-chinas-canal-in-nicaragua/> (accessed 4 December 2018).

10. j. Rogin, Trump is trying to destabilize the European Union, "The Washington Post", https://www.washingtonpost.com/opinions/global-opinions/trump-is-trying-to-destabilize-the-european-union/2018/06/28/729cb066-7b10-11e8-ae4d-4d04c8ac6158_story.html?noredirect=on&utm_term=.f6389fe54307 (accessed 4 December 2018).

11. B. Riley-Smith, Donald Trump 'tired of Theresa May's school mistress tone' and will not hold talks with her at G7, "The Telegraph", <https://www.telegraph.co.uk/news/2018/06/07/donald-trump-tired-theresa-mays-school-mistress-tone-may-turn/> (accessed 4 December 2018).

12. Mogherini concerned over possible loss of global leadership by U.S., "UNIAN", <https://www.unian.info/world/1778346-mogherini-concerned-over-possible-loss-of-global-leadership-by-us.html> (accessed 4 December 2018).

13. Germany steps up attack on Trump for 'weakening' the west, "The Guardian", <https://www.theguardian.com/us-news/2017/may/30/germany-steps-up-attack-on-trump-for-weakening-the-west> (accessed 4 December 2018).

14. Wolfgang Ischinger im SPIEGEL-Gespräch "Wir erleben einen Epochenbruch", "Spiegel", <http://www.spiegel.de/plus/wolfgang-ischinger-im-spiegel-wir-erleben-einen-epochenbruch-a-00000000-0002-0001-0000-000159189638> (accessed 4 December 2018).

15. Foreign Minister joins call to withdraw US nukes from Germany, "The Local", <https://www.thelocal.de/20170830/foreign-minister-joins-call-to-withdraw-us-nukes-from-germany> (accessed 4 December 2018).

16. K. Rempfer, Pentagon reportedly assessing cost of withdrawing troops from Germany, "Military Times", <https://www.militarytimes.com/news/2018/07/02/pentagon-reportedly-assessing-cost-of-withdrawing-troops-from-germany/> (accessed 4 December 2018).

17. M. Świerczyński, Dlaczego Niemcy coraz głośniej wspominają o bombie?, "POLYTICA", <https://www.polityka.pl/tygodnikpolityka/swiat/1758800,1,dlaczego-niemcy-coraz-glosniej-wspominaja-o-bombie.read> (accessed 4 December 2018).

18. EU states sign military cooperation pact, "EUobserver", <https://euobserver.com/tickers/139848> (accessed 4 December 2018).

19. N. Koenig, M. Walter-Franke, France and Germany: spearheading a european security and defence union? / Policy Paper, Berlin: Jacques Delors Institut, 19 July 2017, [http://www.institutdelors.eu/wp-](http://www.institutdelors.eu/wp-content/uploads/2018/01/franceandgermanyspearheadingaeuropeansecurityanddefenceunion-koenigwalter-jdib-july2017.pdf?pdf=ok)

[content/uploads/2018/01/franceandgermanyspearheadingaeuropeansecurityanddefenceunion-koenigwalter-jdib-july2017.pdf?pdf=ok](http://www.institutdelors.eu/wp-content/uploads/2018/01/franceandgermanyspearheadingaeuropeansecurityanddefenceunion-koenigwalter-jdib-july2017.pdf?pdf=ok) (accessed 4 December 2018).

20. Putin: 'We can offer Europe security', "Geotrendlines", <https://geotrendlines.com/putin-we-can-offer-europe-security/> (accessed 4 December 2018).

Candidate of Technical Sciences, Senior Researcher, Leading Researcher at the National Defense University of Ukraine

3-270, Puluja str., Kyiv, 03048, Ukraine

Email: sveshnikovsv@yandex.ua

ORCID ID [0000-0001-8924-4535](https://orcid.org/0000-0001-8924-4535)

Viktor Bocharnikov

Doctor of Technical Sciences, Professor, Main Researcher at the National Defense University of Ukraine

2/32-4a-91, Antonov str., Kyiv, 03186, Ukraine

Email: bocharnikovvp@yandex.ua

ORCID ID [0000-0003-4398-5551](https://orcid.org/0000-0003-4398-5551)

Viktor Pavlenko

Candidate of Military Sciences, The National Institute for strategic studies 16, Azerbadjanska St., Kyiv, 02090, Ukraine;

Email: vipmod@ukr.net

ORCID ID [0000-0002-1963-0913](https://orcid.org/0000-0002-1963-0913)