

THEORETICAL BACKGROUND OF APPLYING ECONOMIC TOOLS WITHIN THE GLOBAL SECURITY POLICY

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Abstract

The paper deals with causality between economic tools using in the formation of security policies and moral values context in the global commonwealth of independent states, where these instruments are constituted. The first part is devoted to ethics of peace, its bases, specifically to the issues and problems of objective assessment of economic and military instruments use when solving current conflicts arising in the global security environment. The evaluation criteria here are the just war theory and the just peace theory. The second part of this paper demonstrates the use of economic tools in the reality when the sanctions against the Russian Federation were chosen as an example. This part points out mainly the possibilities and limits of economic tools during solving problems of security policy in the context of the global constitutionalism. The following text will outline how economic instruments act as a two-sided weapon in fulfilling a superior goal.

Key words: economic tools, security policy, ethic of peace, just war theory, just peace theory

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Introduction

Global issues, related to the current problematic international security situation and to all efforts to address them, bring new challenges to the world community. One of them, based on the Kant's perpetual peace of Kant, based on peaceful coexistence between states when war ceases to be a valid instrument of international relations and international politics, is the attempt to create a global commonwealth of independent states.

The concept of the so-called world peace federation, based on global constitutionalism, global governance in individual states, and the global commonwealth of states, must accept the assumption that global politics can never come to order that would be an absolute and lasting guarantee of peaceful coexistence. This instability brings a number of questions related to the application of ethics of peace to legal, political, military and economic issues related to the creation of the world peace federation.

During the twentieth century, approximately 40 million civilians were killed during inter-state armed conflicts and 170 million civilians were killed in national conflicts by their own political-military representations (Rengger, 2006). The fact of a sharp increase in violence against its own people has led to the need to find answers to new questions arising from the attempt to counter the issue of violence against citizens through their more legitimate government, as well as issues related to the Genocide Prevention and Responsibility to Protect, 2004.

In the context of moral and political philosophy and their application in the form of ethics of peace, one of the four basic approaches can be taken in the war and armed conflict (Rengger, 2006). The first is realism that allows different rules for armed contacts between operators (states, peoples, ethnic groups, groups, social strata, etc.) in comparison with usual rules for interpersonal, social or political contact. Realism resigns for the application of moral principles and hence from the ethics of peace.

The second possible approach is militarism. His attitude to war is to be permissive. The claim to apply moral principles in the context of war and armed conflict management is perceived as relevant if this significantly increases the probability of achieving the goal. Thus, war is perceived as a phenomenon from the point of view of militarism that brings more moral positives than negatives (Dalacoura, 2003).

The third thought approach is pacifism. Its basic starting point is that the war conflict is always bad from a moral point of view, and therefore it must be definitively eliminated. This thesis meant the foundation of the League of Nations and later of the United Nations. The most notable pacifist thought stream is based on the theological and ethical attitudes that had roots in Christianity and its outcome is just peace theory. The last approach – the just war theory is characterized by the search for a possible middle way between absolute rejection of war as a legitimate means of international politics (pacifism) and willingness to tolerate it (realism) or to prefer and use it (militarism). The starting point of the concept of a just war is the distinction between morally just and morally unfair wars.

An objective assessment of the armed conflict arising in the global environment is one of the key themes of the ethics of peace. Its content means an evaluation of the available preventive political-economic and security tools that can be used to avert the armed confrontation itself, and in the event of a failure of all peaceful means and the necessity of this confrontation to establish rules for the legitimate use of military/armed forces.

That is why authors decided to draw up this contribution like an overview study. This study is focused on the identification of important content and procedural aspects, uses economic instruments for dealing with questions of global security. Specifically use of economic sanction for the prevention of armed conflict in accordance with the just war theory. The authors used the method of content analysis of articles, documents, expert studies and research reports for the issue and then the synthesis of the acquired knowledge.

1 Ethical Framework for Assessing Economic and Military Instruments when Solving Armed Conflicts in Global Security Environment)

The ethical framework for assessing the economic and military instruments applicable to the resolution of current armed conflicts in the global security environment, which is the theoretical basis for the ethics of peace, consists of two fundamental theoretical bases, among them there is an ambivalent relationship. The first theoretical basis is just peace theory and the other is just war theory (“bellum iustum”).

Just peace theory attempts to answer the question of how to deal with the problem of war on a qualitatively higher level (Hoppe, 2005). It is based on the premise that both international and national institutions, organizations and associations are actively joining the joint task of the political elite and civil society to seek appropriate methods and tools for the prevention of violence so as to be able to achieve the greatest possible effect with these methods and tools within existing political-economic structures.

According to just peace theory, causes that re-create war and violence and threaten the protection of human rights and freedoms must be removed.

The fulfillment of just peace theory means:

- promote the thesis that incentives to use violence disappear where the rights of individuals are protected reliably, and the assurance of these rights is not dependent on the liberty of the political elite;
- advocate actively human rights by defining minimal conditions for dignified human life and rejecting attempts to relativize them due to cultural, political and geographical differences as unjustified and unacceptable;
- consider the relationship to political / power structures according to the extent to which the protection and the real possibility of enjoying human rights are guaranteed for everyone;

- participate in efforts to change the existing concept of promoting the interests of individual nation states to the concept of global general well-being;
- promote, at the ethical and social level, the linking of development efforts and progress with comprehensive peace and economic policy issues in the global system;
- support strongly and increase the credibility and hence the political weight at the national and international level of those institutions and organizations primarily aiming at the promotion of human rights.

“Bellum iustum” offers on the theoretical and application level the possibility of judging the morally justified use of the armed force (*ius ad bellum*), finding a morally legitimate way of dealing in armed conflict and conducting military action (*ius in bellum*), a morally justifiable way to end military use (*ius post bellum*), that in accordance with the principles of the coexistence ethics, will create the conditions for achieving a just peace and striving for the fulfillment of just peace theory.

“*Ius ad bellum*” contains six criteria to be applied when assessing the morally justified use of military power (Davis, 2009). As part of the debates on the correctness of military action in Iraq and Afghanistan, both sides of the dispute successfully relied in their claims on the criteria of a just war (Geddert, 2014). This raises the need to assess and re-interpret these criteria.

According to the first criterion, there is a need for just cause. It is usually considered to be defense against aggression (including ally defenses), extensive aggression of another state against its own people, an effort to avert a permanent threat to peace, or the promotion of universal human rights.

The second criterion is the assessment of legitimate authority, or the factor determining the use of military force. In addition to the competent authorities of the sovereign states, in the case of defense against aggression, the UN Security Council (in the circumstances defined by the UN Charter) and, in certain circumstances, the national liberation movements are considered to be legitimate. There is no general agreement on other potential legitimate authorities (Geddert, 2014).

The third criterion is the right intention criterion. According to it, it is legitimate to decide on the use of military force if there is a fair cause (Starkey, 2002) that can be understood as a legitimate UN mandate, or such behavior by another state that, if it became a general rule, would make it impossible for the world peacekeeping (aggression, gross violation of human rights). The fourth criterion is probability of success. According to this

criterion, the state does not enter into armed conflict unless there is a well-founded assumption that this step would lead to the prevention or correction of serious injustices (Geddert, 2014), thus restoring the direction towards a lasting peace settlement.

The fifth criterion is proportionality. Its application in practice means that the expected evil or moral loss that arises from any armed conflict should not outweigh the expected good or moral gains (Dalacoura, 2003). M. Walzer considers the proportionality criterion to be fulfilled if the moral benefit of the conflict is the same or greater than the moral loss caused by it. The question is how to measure this fact.

The last and sixth criterion is the last resort criterion (Rengger, 2006) including the exhaustion of the so-called peace agenda, seeking to bring the antagonistic parties to the agreement using peaceful means (mediation, negotiation), peacekeeping (UN Peacekeeping Force), and non-violent sanctions (traffic and economic blockade, economic sanctions).

2 The Use of Economic Instruments when Solving Armed Conflicts in Global Security Environment

The use of economic sanctions means generally the use of macroeconomic policy instruments. These instruments can be implemented on the national as well as international level. Foreign-trade policy instruments play a major role. These tools are used a priori to meet the economic objectives of macroeconomic policy, i.e. to influence the real product and the price level in the domestic economy. However, there may be another aspect of the use of these instruments to monitor the overarching objectives, e.g. arising from the law of transnational economic entities, such as the European Union or from the international law where there is an effort to build a global commonwealth of independent states.

The main direct foreign trade policy tools include tariffs, quotas, export subsidies, export pricing, export and import licenses, invisible import barriers or embargoes. Economic theory works with various arguments for the application of economic protectionist tools. However, the state may also fulfill other objectives of applying the above-mentioned trade policy instruments. Other types of objectives can be so-called military-political goals and the term “economic sanction” has become a very widespread term in economic reality.

Frequently used “sanction” means a general term emphasizing country-specific sanction using one of the listed direct instruments of foreign-trade policy. Because this sanction has economic nature and its use is influenced by the equilibrium of both foreign and domestic production markets and consequently macroeconomic variables, they are referred to

as “economic sanction”. But what is important in their use is the fact that these foreign-trade policy instruments act as a two-sided weapon, which means that they do not only affect the affected countries but also affect the economies of the states that have chosen to use these tools (Early, B. R., Jadoon, A., 2016).

An example of the application of economic sanction on international level can be used the use of economic sanctions against the Russian Federation. Economic sanctions against Russia were imposed as a restrictive measure in view of the destabilizing activity of Russia in Ukraine (due to violation or threats to the territorial integrity, sovereignty and independence of Ukraine) that can be viewed as a violation of the principles and rules of ethics of peaceful coexistence.

Their content meant the ban on the export of dual-use goods and technology for military use or for military end-users, the ban on providing technical or financial assistance with these goods, the ban on the export of arms and related material for military purposes. Exporters to Russia had to obtain a permit to export technologies to the oil industry, including technical or financial assistance related to technologies for use in exploration and extraction. All these measures were aimed at weakening the Russian military-political potential. In addition, a ban on the trading of transferable securities and money market instruments issued by designated institutions has been issued.

If we designate all goods or services for military purposes as military production, then these sanctions act a two-sided weapon. On the one hand, they fulfill their purpose on the part of the regulating institution, but on the other hand they affect the exporters of this production, and exports (military and civil) are part of the domestic product, ultimately these sanctions also affect the size of national income, employment and the price level.

Russia’s subsequent reaction since August 2014 has begun to affect the real sector in the European Union and other countries when Russia had banned imports of important foodstuffs from the EU, US, Australia, Canada and Norway. The detailed list of prohibited imported goods contained selected food items. Thus, the import bans or trade embargos on military production were extended to the civilian real sector.

Countries that had exported previously the foodstuffs to Russia were forced to look for new markets. However, there was an increase in the aggregate supply that put pressure on price declines with other consequences related to the deteriorated profitable situation of domestic producers. In particular, an important sector of the economy – agriculture sector has been affected. In this sector, a downward pressure on output could occur due to excess supply

and falling demand for labor. Russia, despite the embargo on importing basic food, has reduced the consumer surplus for its own households due to excess demand.

Moreover, changes occurred in the trade balance of interested states and the decline in foreign trade of western countries with Russia. However, EU economies are intertwined with international trade, where the decline in foreign trade with Russia is shifting to a decline in foreign trade with other EU countries. On the other hand, some states outside the commonwealth and their firms may see an investment opportunity in the large Russian market and offer their capital to be valued in times of renewal of the Russian economy when foreign trade is released. For demonstration, Figure 1 shows the development of the foreign trade between Russian Federation and other countries after imposing the embargos in August 2014, where the decreasing trend of Russia's exports, imports and net export (the trade balance) can be seen. The trades contain all commodities, the agriculture goods included. The net export is an important component of GDP and next related variable is the employment. When net exports decreases, the GDP and employment decline too.

Fig. 1: Foreign trade between Russian Federation and the world of aggregate commodities during the period July 2014 – July 2016 (in billions of US dollars)



Source of data: UN Comtrade Database.

It is obvious that the economic sanctions and next imposed embargos have caused a considerable negative impact on economies. It takes a time to find new business partners and the restore the previous production and employment.

The use of the instruments of each economic policy always pursues a certain objective. The effectiveness of these instruments will only be assessed once they have expired, in line with the specific objectives of a common EU security and defense policy implemented in accordance with the principles of ethical coexistence (Coulomb, F., Bellais, R., 2008). According to the main objective, this means assessing the extent to which the effect of the instruments of the common economic policy has averted the distortion or threatening of Ukraine's territorial integrity, sovereignty and independence without the need for an "ius ad bellum" decision on the morally justified use of the armed forces in the form of humanitarian intervention.

As part of this primary objective, the states are faced with further secondary consequences as the use of embargoes and restrictive instruments operating on the financial and real-world markets influences the allocation of resources from the economic point of view, intervenes in the market mechanism, creates new market equilibria and changes offered and demanded quantities. Changes in allocation of inputs and outputs further affect the profitability of domestic and foreign firms. Households alter the distribution of their disposable income to purchasing individual goods, which leads to a change in their economic situation (total benefit).

An advantage can come to one economic operator when imposing economic sanctions, but another must receive a loss (Sánchez, Méndez, 2012). This is the case with the use of retaliatory embargos from the Russia's side. Households in the EU can buy cheaper food as a result of the rising supply of imported goods that would otherwise go from EU countries to Russia, but because of retaliatory embargos it does not have sales and must be offered in other countries. Where the supply has increased, it means that elsewhere it has declined. Therefore, the Russian side is experiencing rising food prices and a fall in consumer surplus.

The firms in the EU countries experience a drop in profitability because of a rising supply, or they may suffer a loss as inflows of imported food will decrease prices for total output, and markets may face ups and downs. This situation is perceived by state authorities and they are asked how to resolve this situation (changes in state microeconomic policy (Hoffman, Rosenthal, 1997). If the instruments of foreign trade policy in the form of economic sanctions (embargoes) are temporary, the question of whether the broken foreign-trade ties between operators (the EU and Russia) will reunite. It should be noted that bindings may be unrecoverable permanently due to adaptation to new economic situation and the search for other business partners (Elbadawi, Soto, 2015). Moreover, negative experience and

unreliability play a role in deciding on the acceptance of original suppliers when exploring the EU exports to Russia. This chapter has highlighted the impacts of the use of economic instruments due to overarching objectives at the level of the global community of states in the field of security.

Conclusion

The effort to build a global commonwealth of independent states and therefore global security on the principles of ethics of peace is accompanied constantly by deep skepticism and unwavering hope. Skepticism has been seen in repeated and repeated scenarios of individual armed conflicts the confirmation that any attempt to introduce ethical rules into decision-making on the use of the armed forces to resolve conflicts in the global security environment is an attempt entirely naive. But hard skepticism and consistent political realism cannot deny and disprove the fact that the entire history of mankind associated with the use of the armed forces goes hand in hand and hope in the meaningfulness of peaceful coexistence and the effort to prove that good relations between different groups or peoples are always more pragmatic than armed conflicts.

The aim of the text was to point out that the above-mentioned pragmatism of the advantage of good relations is not based only on the personal attitude of man but that the global human community has already succeeded in creating a functional model of the ethics of peace that pragmatically links the moral-philosophical points of view with ethical rules and functional tools, including the economical tools, to achieve the desired peaceful coexistence.

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