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**ECONOMIC AND FINANCIAL DIMENSION OF THE EU
DEFENCE AND SECURITY**

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Abstract:

The Union has today set a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth to provide jobs to more and better jobs and greater social cohesion .

Keywords: gross domestic product, budget, national defence, financial resources, defence planning

1. Introduction

In this article entitled: *Economic and financial dimension of the EU defence and security* - intend to analyze the European Union economy with the current financial crisis, progress in the development of common foreign and security policy, the involvement and selected solutions of the international and European organisations in solving the difficult situations on the continent. All these show that Europe is preparing to play an important role in its own security architecture, including the defence architecture, and to provide settlement patterns, on rational, equitable basis, of the relations between nations and states, through the harmonization of their interests. The security interests and objectives of the European countries do not generate conflicts, the security environment is positively influenced by European and Euro-Atlantic integration processes, the expanding community of states that share and promote the values of democracy and market economy, the deepening of regional cooperation.

2. Economic and Financial Dimension of the EU

The risks of an emergence of a traditional military confrontation on the European continent have been significantly diminished. „However, there are still occurrences of instability and crisis at sub-regional level and trends of fragmentation, marginalization or isolation of some states. Countries in Central, Western and South-East Europe are facing economic, social and political difficulties associated with the transition process to a society based on principles of democracy and market economy that can generate enough risks to the security of states in the region”¹.

Thus, the European Union was caught by this crisis without having created powerful tools for a coherent response, which, unfortunately, it rarely managed to provide, whether it was about the economy or the geopolitical field. Under these conditions, each head of state, every minister of finance, each national government has responded individually, fact that will make extremely difficult the proper

¹ <http://www.mapn.ro/strategiasecuritate/index.html> accessed on 12.01.2012

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functioning of the Union on a long term. The strong fragmentation of markets and this regionalization involves a high risk of economic disorder. The current owners of the world power will hardly allow the emergent economies to become world powers as well. Therefore, the struggle for power will not only be held on the realm of economy, but also it is expected that other mechanisms be involved. This perspective emphasizes the difficulty of estimating the E.U. progress towards a top place in the balance of world power. Through its economic, financial and commercial European Union occupies an important position on the world stage. As the largest trading power in the world with a coin which ranks second power level monetary, E.U. devotes more than 7 billion a year in aid to developing countries. Thus, the E.U. trade and association agreements with most countries and in most regions of the world. Comparable economic engine fueled by a population numbering about half a billion, E.U. plays an important role in international affairs. She begins to have a say, as you increase the number of decisions taken jointly by the Member States in terms of foreign policy. The E.U. was founded on the principles of liberty, democracy, rule of law and respect for human rights, it is with the U.S. and Japan, one of the three pillars on which the world system of pluralist democracy and market economy².

The European Union is the first world economic power combining economies of the 27 member states, with a gross domestic product (GDP) of U.S. \$ 16.748 billion in nominal parity. Thus, fourteen Member States have adopted a common currency, the Euro, the European Central Bank regulated. EU economy EU is a single market and is represented as a single entity in the WTO (World Trade Organization). Created as a zone of peace and prosperity, the European Union seems to fall prey to the debt crisis, which revealed a series of misunderstandings between the 27 Member States and ultimately could not find solution. The decision to link the richer by a monetary union but at the same time allowing them to retain control over national budgets and tax system has led today to a critical point. Further political and economic integration, such as the establishment of a central government could save the euro, and some international economists say that now is the best time to act. The latest economic forecasts of the European Commission, in 2010-2011, the E.U. has increased by about 1 ¾%, rising to 2% in 2012, as they increase investment and consumer spending. This will have slight positive effects on the labor market. The average E.U. unemployment rate is 8.9%. This is high compared with the U.S. and Japan. The unemployment rate varies between Member States, the lowest being in Ireland, 4.3%, while the highest is in Poland, 18.1%. Average for the 12 Member States of the euro area is also 8.9%. Unemployment varies significantly within the same Member State. The lowest unemployment rates were recorded in July 2009, the Netherlands (3.4%), Austria (4.4%) and Cyprus (5.5%) and highest in Estonia (18.5%), Latvia (17.4%) and Lithuania (16.7%). The main causes of worsening unemployment "are many and varied from one country to another, they ranged from economic slowdown, and hence, investment in productive apparatus structural crisis, following the introduction of technical progress and the need to restructure its³".

The E.U. is the world's largest exporter and second largest importer. Internal trade between its Member States are facilitated by suspending barriers such as tariffs and border controls. Euro area trade is facilitated by the common currency is the euro. E.U. represents its members at the World Trade Organization (WTO) and speaks on

² Felicia Dumitru, *European construction*, Library Publishing, Târgoviște, 2004, p. 69.

³ Iulia Tanase Frasina, *Logistical support effects-based operations in the globalization era*, Publisher National Defense University "Carol I", Bucharest, 2010, p. 18.

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behalf of its members in case of conflict with countries outside the E.U. *Tertiary sector (services)* is by far the most important in the EU, accounting for 69.4% of GDP, compared with the secondary sector (manufacturing industries) that are therefore, \approx 28.4% target of GDP and agriculture with only 2.3% of GDP. Therefore, domestic demand is expected to play an important role, as they increase investment and consumer spending. *The agricultural sector* is supported by grants from the EU through the Common Agricultural Policy (CAP). It is currently 40-50% of total expenditure in the E.U. It sets a minimum price for farmers in the EU, which is criticized as a form of protectionism that inhibit trade and cause damage to developing countries, one of the leading opponents of the CAP is the United Kingdom's second largest economy in the E.U. which has constantly refused to abandon the British rebate. France, the biggest beneficiary of the CAP and the third largest economy in the E.U., is one of the supporters of the CAP.

Whatever reforms, the CAP is the most integrated of all E.U. policies. Therefore absorbs a large share of funds. However, the European budget that is allocated decreased from 70% (in 1970) to 34% (during 2007-2013). Reduce budgetary resources allocated CAP indicate that the E.U. focuses on other aspects such as cost reduction and reform orientation rural development, which will be allocated 11% of the budget for the same period.

Conclusion

It is well known that the economic and financial dimension plays a decisive role in achieving national security. More so in a new phase of globalization dominated by partnerships and alliances, a strong economy and competitive performance, and dynamic is an important pillar of national security by ensuring conditions for social security. The economy has been and will always be one of the cornerstones of building a credible military power and achieve a sufficient level of security at national, regional or international. Only insofar as economic factors could be converted to defense and security resources differ from one period to another.

“The economic dimension of states is given access to resources, finance and markets, in order to maintain an acceptable level of welfare and state power”⁴. Despite the fact that all states pursue objectives to ensure the security and hence the safety of their citizens, “not all states have physical power or authority to carry out the functions of ensuring internal and external security that have been formally assigned”⁵.

Thus, I believe that the economic and financial dimension of states and other international actors is therefore of particular importance in terms of their place in the international system.

Throughout history, great powers were defined in relation to their own capabilities. Although times have changed, financial and economic dimension remains as important. State "special economic performance", which is able to ensure security, "will be seen as a threat to the security of other states, and the state with a

⁴ Sorin Moise, *Facets of the concept of security*, Strategic Colloquium, National Defence University "Carol I", Centre for Defence and Security Strategic Studies, nr. 5 (LII) April 2006, http://cssas.unap.ro/ro/pdf_publicatii/cs05-06, p. 5. accessed on 29.01.2012

⁵ Edward A. Kolodziev, *Security and international relations*, Publisher Polirom, Iași, 2007, p. 163.

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underperforming economy, and national security issues have become vulnerable in their relations with other states ".⁶

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