

# THE SIZE OF ARMED CONFLICTS: ECONOMIC AND MILITARY IMPLICATIONS IN THE 21ST CENTURY

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*In the context of the current military conflicts, a series of consequences can be distinguished which, if a century ago they were exerted on the involved states and their neighbors, nowadays they develop over a much wider geographical area, sometimes even managing to encompass the global sphere. These economic-military implications of an armed conflict are accentuated in their speed of propagation in time and space, especially by the phenomenon of globalization which benefits from an ever wider development, in the context of technological advance from one day to the next. Under these conditions, any military action exercised on the territory of a state has a series of consequences, which are immediately manifested, from an economic point of view, here referring to the stock exchange, to the possibilities of investment at the local level, but also to imports and the exports of the respective state in correlation with the effects of the military conflict. Discussing the medium and long-term effects, these can vary depending on the geographical region where the conflicts take place and the relations that state has with its neighbors and what kind of global actor it is.*

***Key words:** military conflicts, economic repercussions, immediate impact, Euro-Atlantic space, globalization phenomenon.*

## **1. INTRODUCTION**

The size of armed conflicts in the contemporary era, compared to those before it, has been drastically affected, taking into account, first of all, the technological advance and the industrial revolution that have led to a much more complex phenomenon of war, from all points of view. Thus, a modern armed conflict has

many more implications of different orders, compared to those before the 18th century, which not only affect the respective region, but also the external partners of the state in question, with which it conducts its relations.

Taking the Byzantine-Arab wars as an example, it can be observed that apart from the two regional actors involved in this war,

other essential factors were not included. Such a type of war in the Middle Ages is characterized mainly by the objectives set and the means used, the main goal being territorial conquest, having at hand armed forces and tools of war, standard at the time, with a short range.

In such a conflict situation, the only effects of the two participating states were manifested in economic, military and social terms, but without affecting the geographical regions around them.

In the 21st century, taking into account the phenomenon of globalization and the economic interdependence of states, the effects of a large-scale armed conflict are felt in the first instance among the countries with a direct relationship with the actors directly involved in the conflict, and then they expand indirectly and to most countries around the globe.

Currently, we are witnessing such a situation, in which two states are in full conflict, namely the war waged by Russian Federation in Ukraine. This extensive conflict led to a series of crises that affected and continues, mainly on the European continent, then expanding, on the Asian and American continents.

## **2. THE IMMEDIATE ECONOMIC CONSEQUENCES OF THE WAR IN UKRAINE**

On February 24, 2022, Russian military structures, deployed on the border with Ukraine, proceeded

to invade it, under the pretext of freeing Russian citizens, who were on Ukrainian territory and who were considered by the Kremlin leadership as citizens abused by the Ukrainian authorities. Under this pretext, Russian Federation hid the name of this armed conflict, which is a war in every sense of the word, reporting the fact that it is a “Special Military Operation” of liberation, this fact is further supported.

In the first hours after the outbreak of the conflict, most media channels reported on the actions taken by the Russian army on Ukrainian territory, and the stock market was affected almost instantly. Thus, one can observe the first effects of an armed conflict, which in the first instance affects the two actors. In the immediately following period, a series of economic effects followed, which initially manifested itself on the Euro-Atlantic area. Among them are the accelerated growth of inflation in all states, which led to the increase in the cost of citizen’s lifestyles, the increase in the price of oil and gas, the decrease of the gross domestic product, etc. [1]

These economic consequences manifested themselves at an alert pace, also caused by the phenomenon of globalization that amplifies and accelerates the negative effects of any war, unlike those before the contemporary era.

At the same time, another immediate effect manifested in the first days after the start of the conflict is that of a social nature and the resulting crises, namely the massive migration of Ukrainian citizens to neighboring states and Western Europe. The first wave of citizens who left the country was the one before the establishment of martial law, because after it, men who met the conditions to be enlisted in the army, were forbidden to leave the state.

After the progress of the conflict, women, children, the elderly and other categories of people who are not subject to enlistment and conducting military actions have left and continue to leave, a fact that prompts other states to take measures for the permanent integration of refugees. Romania played an important role in these actions, as many Ukrainian citizens with low incomes settled in our country, and the authorities took measures to facilitate a suitable living environment for them.

According to the decisions of the Romanian government, refugees from Ukraine benefit from certain facilities, among which the most important are the following: [2]

- the request and the right to be integrated into the labor field, without an employment permit;

- protection of refugee minors from Ukraine who are unaccompanied;

- ensuring a number of approximately 400.000 places for accommodation;

- ensuring each refugee in the special places for accommodation, material resources necessary for living, namely subsistence products, clothing and hygiene;

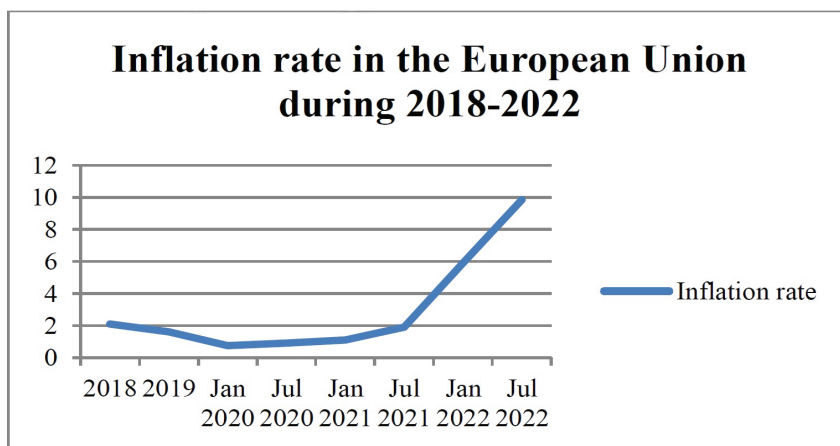
- free medical assistance and specialized treatment;

- protection from public order authorities;

- integration of refugee children and students from Ukraine in schools and universities in Romania.

Most of the measures taken by the Romanian government, in support of the refugees from Ukraine, were also adopted by the other states of the European bloc, with certain differences. However, facilities for war-affected people are economic in nature, which to some extent influences the financial effort for a state.

According to the measures listed above, the financial effort that a country makes, in order to help the victim state, can be observed. However, the decisions taken in this regard indirectly led to the increase in inflation throughout the European bloc, so that each state faced and still faces increases in inflation, which lead to the cost of living.



**Fig.1** The graph of increasing inflation rate in the European Union

In the previously presented graph, you can see the evolution of inflation in the European Union, over the years in different political, economic and social situations, including the health crisis caused by the SARS COV 2 virus. [3]

Comparing the two crises, it can be seen that the effect of the pandemic on inflation began to be felt on the economy of the member states in the last quarter of 2021. Thus, starting from February 2022, against the background of the start of the war in Ukraine, the inflation growth graph averages in the European Union, has changed from a progressive increase during the pandemic to an exponential increase.

By correlating the above data, it is demonstrated that in a union and not only, there is a relationship of interdependence of a socio-economic nature that has an effect on the entire community. It refers to the fact

that in a crisis of any nature, which affects a member state of an alliance or a union, the negative effects felt at the economic level are felt indirectly, not only on the respective state, but also in a collective framework to all other members.

In the case of inflation presented earlier, if its increase leads to the increase of most goods and services in a state, in the case of the current war, a special problem is noted. Due to local fighting in Ukraine and the supremacy of Russian forces in Black Sea, grain exports were completely blocked.

Until the outbreak of the conflict, this aspect related to the importance of exports from Ukraine was neglected, but these grains stuck in ports represent 12% of wheat production globally.[4] In this context, to the detriment of the citizens of the European space and beyond, food prices have once again

increased, correlated, however, with the already rising inflation rate.

The situation generated in May of the current year, found its solution in August with an effort of the international community, but the effects caused by this blockage are still felt today in the food of most countries. This relatively short-lived crisis put pressure on the authorities in Romania, as the ports were overcrowded, slowing down the whole process, both for the Ukrainian and the Romanian side. It is also noted that a blockade in a country whose exports are intended for a world market, affects not only the countries of destination, but also affects the neighboring states, not only by the nature of the exports, but also by the entire transport process.

All these aspects regarding the role that Ukraine had as an economic actor on the world market, prove how much the international society can be influenced by a war. Despite the fact that Ukraine's economy is on the 130th place in 2022, the consequences suffered not only by the country affected by the war, but also by the rest of the international community, show us the interdependence of states simultaneously with the phenomenon of globalization.[5]

In addition to all these crises, one of the most serious crises of the last century emerged, which the European continent has never faced on such a scale. It is the issue of

electricity and natural gas. Since the Russian Federation was the main supplier of natural gas, and their delivery to member states of the European Union was stopped, their price increased by 150%. This upward trend has been visible since the end of 2021, against the background of the recovery of the economies of European states, a trend that was manifested by the 170% increase in the price of natural gas.

These increases, which reached a level never before seen in history, almost automatically generated an increase in electricity throughout the continent. Although the policy of the European Union was pro-green energy and opted for environmentally friendly methods in order to obtain electricity, the current circumstances forced the community to provide energy, from any sources. Thus, if before the Russian invasion, green energy sources, such as photovoltaic panel parks, wind turbines, hydropower plants, etc., were encouraged both from a legislative point of view and from an economic point of view, today, taking considering the high price of electricity, the ongoing crisis, but also the uncertainty about the short-term future, coal-fired power plants were reopened and anti-pollution measures were put on the back burner.

In response to the natural gas problem, the European Council

ordered a series of measures to counteract the phenomenon, as follows:[6]

- reducing gas consumption, at least for this year;
- assistance agreements between member states;
- strengthening the stock of natural gas, existing at the level of the European community, by 90%.

Currently, the first two measures are in the process of implementation, and regarding the supply of reserves, at the end of September of the current year, the member states managed to obtain an average of 88% in the gas reservoirs.

Although solutions are currently being sought and found to most of the problems generated by the present war, all these measures represent great financial efforts on the part of the member states of the European Union and, at the same time, slow down the development processes already undertaken, with a view to well beyond current crises.

### **3. THE SCOPE OF INVASION OF THE RUSSIAN FEDERATION IN UKRAINE**

Before the invasion of Ukraine on February 24, 2022, starting in the second half of January, significant Russian forces were deployed on

the border. The number of soldiers engaged in that operation was estimated at around 190.000. [7]

At the same time, the Ukrainian forces prepared the defense, being always on the alert. In this situation, an invasion of Russian Federation was inevitable, as the costs of such massive mobility could not have been thoroughly justified.

Although the actual fight is taking place on the territory of Ukraine, since the beginning of the invasion elements of the hybrid war have been noted, including cyber attacks on critical infrastructures, computer propaganda. A first example was in the very first hours after the start of the conflict, when sources from the Russian mass media reported the defeat or surrender of the Ukrainian army. Also, portraying the Ukrainian military in an unfavorable light or even demonizing it by portraying it as a Nazi army attacking its own population played a role in reducing Ukrainian citizen's trust in the ruling authorities and lowering the morale of the fighting forces.

As countermeasures, the European Union ordered the ban on the activity of the publication Sputnik throughout the Union. This fact came only a few days after the start of the conflict, being established as one to

prevent disinformation, manipulation of the population in favor of Russian Federation and distortion of the real situation on the ground.[8]

In the same sense, since the start of the conflict, the European Union has taken numerous measures to weaken the Russian Federation's ability to support the war, most of them being economic measures. Among the most important, there are the exclusion of the most important Russian banks from the SWIFT system, the ban on European airspace of Russian aircraft, the freezing of financial assets in European banks, influential figures at the top of the Russian Federation leadership and other packages of measures aimed at weakening its economy. At the same time, the European community offered support for the population of Ukraine through non-refundable funds of billions of euros for the affected civil society, medical support and evacuation of victims of war actions.[9]

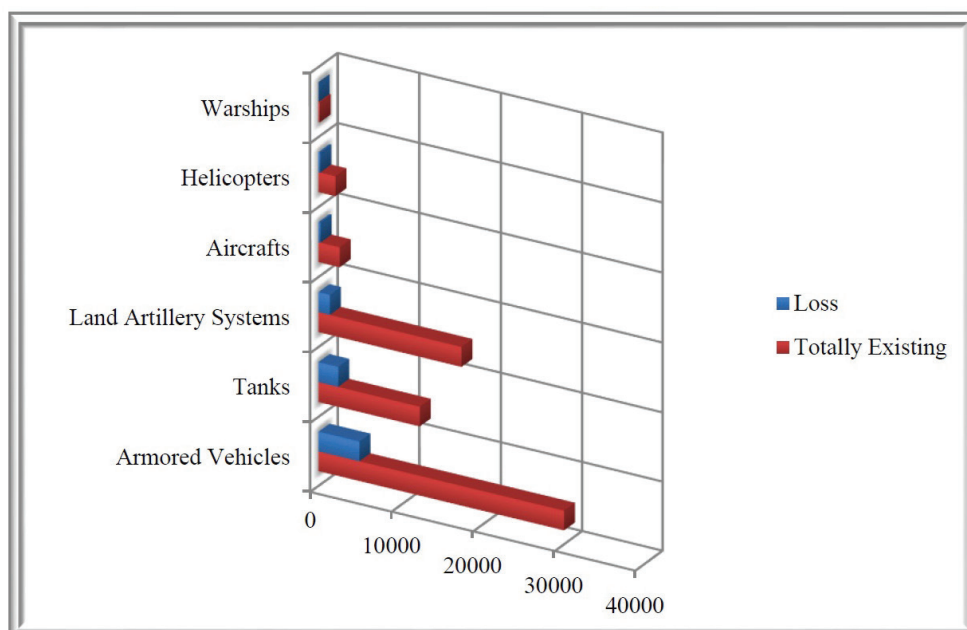
Although the nature of the conflict is destructive, the union's response to the aggressor state is one that comes in support of Ukraine and may have the effect of ending the war earlier, given the economic weakening of the Russian Federation.

From the point of view of military capabilities, in a ranking of 142 countries, Russian Federation is

in 2nd place, compared to Ukraine, which is in 22nd place. In making the ranking, the following are taken into account: [10]

- the population - active military personnel, in reserve, fit for military service;
- financial strength - the budget allocated to defense, the gross domestic product and the external debt;
- air forces - special, transport and attack planes, helicopters;
- land forces - tanks, armored vehicles, artillery and land missiles;
- naval forces - aircraft carriers, frigates, corvettes, submarines, destroyers, patrol ships;
- national resources and reserves;
- geographical environment;
- infrastructure – roads, railways and bridges.

Although from the position of the aggressor, the Russian Federation is clearly superior, having ratios of forces and means much greater than those of Ukraine, sometimes even 10 to 1, Ukraine has managed and continues to do so, to resist, having the advantage of its own land and being supported with equipment and military technique from the member countries of North Atlantic Treaty Organization.



**Fig.2** The situation of losses of Russian military equipment from its totally existing [12] [11]

In the attached figure, the total losses are presented in comparison with the total combat technique existing at the level of the Russian Federation. On the side of the forces, out of a total of approximately 900.000 active military personnel, approximately 60.000 soldiers died, 182,000 were wounded. In order to preserve the morale of its own troops and maintain an image of a professional army in front of the international community, the Russian Federation continues to deny the figures announced by the authorities in Kyiv, the reported ones being much lower.

Given that in this conflict, a wide variety of combat techniques are used, in open terrain, the Russian army has an advantage, due to numerical superiority. However, in the conquest of the main objectives, namely the big cities, a series of urban battles are taking place, which put the Russian forces in difficulty. The destructive nature of the conflict is also reflected in the use of ground artillery which is ideal for besieging a city from a distance, as its range is not interfered with by contact forces such as infantry and armored vehicles. In support of the artillery, the bombing aviation in turn causes great damage to the cities, destroying a large part



of the infrastructure, but especially the transport routes, railways or roads.[13] Although Russian Federation had air supremacy over Russian airspace at the beginning of the invasion, it was regained by the Ukrainian camp only a few weeks later. This fact has drastically slowed down the advance of Russian offensive, and in the context of today, it facilitates the transition of the Ukrainian forces from the defensive position to the counter-offensive one and the recovery of the lost territories, towards the eastern direction, and currently this is concentrating on the southern regions.

All the losses represented in the previous graph were caused by a multitude of factors, despite the numerical superiority on the Russian side. One of the main factors is represented by the territorial advantage of the Ukrainians, since they are fighting on their own soil. Another aspect is related to the morale of the troops, so that throughout the last six months of the war, there have been numerous actions of desertions among Russians or those who refused to fight, even though they were in the middle of the battlefields. In antithesis to them is the Ukrainian side whose morale has every reason to be at a high level, as territorial integrity is at risk. The Ukrainian resistance was also stimulated by

the humanitarian aid, coming from certain N.A.T.O. member countries, aid in the form of equipment and means of combat. In addition to those listed and despite the military effects on the Ukrainian state, it benefits from the formal support of the international society, here referring to the International Court of Justice in The Hague which asked Russian Federation to immediately stop the aggressions in Ukraine according to the communication from March 16, this year, accusing the attacker of genocide and crimes against humanity. Also in support of the victim country, United Nations Organization, in a voting session of 193 member states, 141 voted in favor of the immediate cessation of offensive actions in Ukraine and its full territorial recognition. [14]

With such support from the largest part of the international community, Ukraine is encouraged to continue the struggle for its integrity, not just territorial, and to overcome the social and material damage caused by the war.

At the same time, there is a connection between the duration, the extent of the conflict and the global economy, affecting not only the two state actors directly involved, but also the international community, including here the smooth running of trade and its relations, the investment

exchange as well as the ability to import/export of the states indirectly dependent on the two parties involved in the conflict. [15] [17]

#### 4. CONCLUSIONS

Following what has been presented, some conclusions can be drawn regarding the economic-military implications of an armed conflict in the 21st century. The consequences of a war are limited not only to the states directly involved, but also to the regions around them, and then they are felt by the rest of the international community.

Ever since the outbreak of the conflict, the economic effects began to be felt on the entire European bloc, and Ukraine's European neighbors undertook additional measures to reduce the effects of the war, here referring to the previously mentioned, respectively collective support measures for the affected Ukrainian civilian population.

In the current context, the action as a unitary whole of the states of the international community represents an instrument that has proven its effectiveness against Russian Federation, through the measures imposed against the aggressor state and the support of Ukraine on all levels.

Moreover, the awareness of

the military threat from the eastern part of Europe has prompted states like Sweden and Finland to join North Atlantic Treaty Organization, which will contribute to a stronger defensive alliance. At the same time, considering that Ukraine is not a member of N.A.T.O. and neither of the European Union, facilitated the annexation of the Crimean peninsula in 2014, and in 2022 the invasion of the entire state. This year, Ukraine officially submitted its intention to be a member of the European Union, and on September 30 of this year, it declared that it will apply to become a full member of N.A.T.O., a fact considered from the beginning a cause for concern for the Russian Federation.

Given that throughout history it has been proven that the union between states means mutual development, common security and prosperity, a possible solution to the crisis in Ukraine would be represented by integration into North Atlantic Alliance and the European Union.

I believe that if Ukraine will be accepted as a full member of the two international formations, the process of ending the war would be much accelerated, taking into account the solidarity of the states so far, and such a future conflict will no longer be possible in the context belonging to the two formations.

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