

CHARACTERISTIC FEATURES OF INTERNATIONAL RELATIONS AND THEIR OUTPUT ON THE WORLD ARENA

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Formulation of the problem. One of the distinctive features of the world economy in the second half of the 20th century is the intensive development of international relations. There is an expansion and deepening of economic relations between countries, groups of countries, economic groupings, individual firms and organizations. The mechanism for implementing international relations is being improved and rebuilt. *The purpose of the article* is conducting an analysis of the characteristic features of international relations and the prospects of their entering the world arena. *The methodological basis of the research* in the article is the scientific work of the authors in the field of economics of culture, innovation management, management in the field of culture, as well as social partnership. The research was carried out on the basis of general scientific methods of research - a systematic approach, analysis and synthesis, methods of typological and comparative analysis, empirical methods. *The object of the study* is the sphere of culture, which needs conditions in which organizational and financial reforms are carried out, as well as the development and application of innovative management methods. *The hypothesis of the study.* Thanks to foreign trade, an international division of labor is formed, which deepens and improves along with the development of foreign trade and other international economic operations. Foreign exchange reserves are official foreign exchange reserves in the central bank, in the financial authorities of the country or in international monetary and credit organizations. *Presentation of the main material.* These processes are manifested in the deepening of the international division of labor, the internationalization of financial and economic ties, the globalization of the world economy, the increasing openness of national economies, their mutual complementarity and rapprochement, the development and strengthening of regional international structures. It is characteristic that all these processes of interaction, rapprochement, and cooperation are contradictory and dialectical in nature. *The originality and practical significance of the study.* The dialectic of international relations consists in the fact that the desire for economic independence and strengthening of the national economies of individual countries ultimately leads to an ever greater internationalization of the world economy, the openness of national economies, and the deepening of the international division of labor. *Conclusions.* Thus, international relations include a multi-level complex of economic relations between individual countries, their regional associations, and individual enterprises in the world economic system.

Key words:

international relations, gold and foreign exchange reserves, financial and credit organizations, globalization process, international monetary systems.

ХАРАКТЕРНІ ОСОБЛИВОСТІ МІЖНАРОДНИХ ВІДНОСИН НА СВІТОВІЙ АРЕНІ

Постановка проблеми. Однією з характерних рис світового господарства другої половини 20 століття є інтенсивний розвиток міжнародних відносин. Відбувається розширення і поглиблення економічних зв'язків між країнами, групами країн, економічними угрупованнями, окремими фірмами та організаціями. Удосконалюється і перебудовується механізм реалізації міжнародних відносин. *Метою статті* є проведення аналізу характерних особливостей міжнародних відносин та перспектив їх виходу на світову арену. *Методологічною основою дослідження* в статті є наукова діяльність авторів у галузі економіки культури, інноваційного менеджменту, менеджменту у сфері культури, а також соціального партнерства. Дослідження виконано на основі загальнонаукових методів дослідження – системного підходу, аналізу та синтезу, методів типологічного та порівняльного аналізу, емпіричних методів. *Об'єктом дослідження* є сфера культури, яка потребує умов, у яких

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здійснюються організаційні та фінансові реформи, а також розробка та застосування інноваційних методів управління. *Гіпотеза дослідження.* Завдяки зовнішній торгівлі формується міжнародний поділ праці, який поглиблюється і вдосконалюється разом з розвитком зовнішньої торгівлі та інших міжнародних економічних операцій. Валютні резерви — офіційні валютні резерви в центральному банку, у фінансових органах країни або в міжнародних валютно-кредитних організаціях. *Виклад основного матеріалу.* Ці процеси проявляються в поглибленні міжнародного поділу праці, інтернаціоналізації фінансово-економічних зв'язків, глобалізації світового господарства, зростанні відкритості національних економік, їх взаємодоповненні та зближенні, розвитку та зміцненні регіональних міжнародних структур, розвитку і зміцненні регіональних міжнародних структур. Характерно, що всі ці процеси взаємодії, зближення, співробітництва мають суперечливий і діалектичний характер. *Оригінальність і практична значущість дослідження.* Діалектика міжнародних відносин полягає в тому, що прагнення до економічної незалежності і зміцнення національних економік окремих країн в кінцевому підсумку призводить до все більшої інтернаціоналізації світового господарства, відкритості національних економік і поглиблення міжнародного розмежування між країнами. *Висновки.* Таким чином, міжнародні відносини охоплюють багаторівневий комплекс економічних зв'язків між окремими країнами, їх регіональними об'єднаннями, окремими підприємствами світової економічної системи.

Ключові слова:

міжнародні відносини, золотовалютні резерви, фінансово-кредитні організації, процес глобалізації, міжнародні валютні системи.

Formulation of the problem. There are about two hundred scientific institutes, research centers, and groups in the United States that constantly and thoroughly analyze the situation in the Middle East, make forecasts, and propose measures to influence the development of events. The arsenal of tools used by Washington is quite diverse. In general, the measures used by the United States against countries that the Americans seek to influence can be classified into two groups: containment and involvement. Containment means international isolation of a country by creating political coalitions, imposing sanctions, using military methods in order, firstly, to prevent unwanted actions on the part of the country or reduce their effectiveness, and, secondly, to force it to change its policy. As scientist M.V. Bratersky writes, an extreme version of containment can be the “rollback strategy,” when the goal is to change the nature of the ruling regime by supporting the opposition and even direct military intervention [1].

Analysis of the research results. Containment tools have been analyzed in detail in the materials and developments of major American researchers and statesmen. The theoretical foundations of the containment policy were formulated back in 1947 by the diplomat and Sovietologist George Kennan in his article “The Origins of Soviet Conduct,” published in the journal *Foreign Affairs* [2]. The containment doctrine for the post-Cold War era was formulated and described in the same journal in a 1994 policy article by Assistant to the President of the United States for National Security Affairs Andrew

Lake, “Confronting Reactionary States” [3]. In addition, in this material he listed the criteria by which a country can be classified as a “rogue state.” In the National Security Strategy of the United States adopted in 2002, the country’s leadership was proposed to move from a policy of reaction (through containment and engagement) to a policy of preventive action [4]. In this interpretation, these actions are singled out separately and can be considered a third group of measures, along with containment and engagement. However, many analysts include preventive actions in the category of containment, since the latter also includes military measures. It is also interesting to mention that the current Syrian Ambassador Riyadh Haddad’s PhD dissertation, defended in 2008, is entitled “Preventive War in the US Military-Political Strategy in the Middle East” [5].

The countries of this region pay close attention to the applied strategic developments of Washington. Among the materials that have been published recently, it is worth noting the article by the American scholar Paul Sanders, “Choice in the absence of a choice. Obama’s confusion over Syria,” published in January 2016 in the magazine “The National Interest,” which describes six different methods that the United States can use against hostile states in the Middle East. These are war, diplomatic methods, disengagement, regional coalition, containment, and the so-called proxy war [6]. It is necessary to explain some of the methods listed above, the meaning of which may not be so obvious. Disengagement is understood as non-interference in





the problem. Regional coalition is an association of several countries of a geographic region with the coordination or participation of the United States with the aim of solving the problem. A proxy war (from the English proxy - power of attorney, authority, representative) is a war in which a country practically does not use its army, but fights "with the help of others" (with the help of terrorist groups, rebel units, etc.). As a rule, a proxy war takes the form of a conflict in which forces and countries fight on a certain territory, behind which, in reality, there are more influential countries. Involvement has the same goals as containment - influencing the policies of countries. But when using the strategy of involvement, these goals are achieved through the use of a fundamentally different range of measures - the beneficial inclusion of the country in international trade, the development of cultural ties and tourism, the integration of the country into the network of international organizations and treaties. It is assumed that in order to preserve the opportunities provided, the country will make certain concessions, abandon the most odious plans and gradually change its foreign policy towards Western countries. These tools correspond to the concept of "soft power" outlined in the works of the American author Joseph Nye. He divides the power of the state into two components: the so-called "hard power" and "soft power". "Hard power" refers to the combined political, economic and financial power, while "soft power" is characterized by the cultural sphere, values and ideology [7].

The purpose of the article is conducting an analysis of the characteristic features of international relations and the prospects of their entering the world arena.

Presentation of the main material. Improving the concept of "soft power", in 2006 D. Nye and R. Armitage introduced another term "smart power"⁸. This term is usually translated into Russian as "smart power", but a more accurate translation would be "smart power" - since it, like the terms "hard power" and "soft power", contains the word "power" in English. The transition from the term "soft power" to the more precise term "smart power" shows that the US, when pursuing the relevant policy, does not mean indirect, cautious influence on other countries (which is closer to the word "soft"), but rather consciously and purposefully uses unnoticeable, but extremely effective measures (called the term "smart" - clever, elegant). It is important to note that in many cases these

measures may be less noticeable and costly, but at the same time be more effective than armed intervention. At the same time, the most effective and dangerous is a combination of both "hard" (or even just the threat of their use) and "smart" measures. In general, based on a comparison of materials from various American analysts, up to 20 measures can be identified that the US uses in practice against unfriendly states. As part of "containment": 1) physical elimination of the leadership; 2) revolutions and coups d'état; 3) promotion of various programs for the development of democracy or 4) support of the opposition; 5) democratic change of power; 6) war; 7) special operations; 8) regional coalition; 9) proxy war; 10) diplomatic methods; 11) economic and other sanctions; 12) disengagement; 13) promotion of the economic development of the country; 14) beneficial inclusion of the country in international trade; 15) creation of non-inclusive trade blocs; 16) bringing to power their "agents"; 17) inclusion of the country in the network of international organizations and treaties; 18) development of tourism; 19) educational contacts; 20) development of cultural ties, including in the sphere of mass so-called popular culture.

Based on this, we will consider the history of the benefits of countries in international trade, taking into account the inclusion of countries in the network of international organizations and agreements.

Since the early 1960s, a large group of states liberated from colonial dependence have become important subjects of international relations. These developing, so-called "third world" countries play an increasingly important role in international economic relations, especially their vanguard - the "new industrial countries". Other subjects, without which it is impossible to characterize modern international economic relations, are large and major international corporations. The significant subjects of international relations also include international economic organizations (the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO), etc.). The world economy (WTO) has come a long and difficult way in its formation and development. Some researchers date its origin back to the time of the Roman Empire, which was the world economic system of that time. Other scientists count the functioning of the world economy from the time of the great geographical discoveries of the 15th-16th centuries. It was these discoveries that led to the ac-

celerated development of international trade. The modern world economy arose after the industrial revolution, during the development of capitalism into its monopoly stage. The world economy of the late 19th - early 20th centuries differs significantly from the world economy of the 1960s-1990s. The world economy of the early 20th century was based to a greater extent on military force, non-economic coercion, than on the "power of capital". In the world economy of this period, there were acute contradictions that made it unstable. These are contradictions between the imperialist countries themselves (which led to two world wars), as well as between industrially developed and developing countries. By the middle of the 20th century, the world economy was split into two parts: the world capitalist and the world socialist. While retaining many contradictions and diverse trends, the world economy at the turn of the 21st century is incomparably more integral, integrated, and dynamic than it was in the middle of the 20th century [8].

Thus, the world economy at the turn of the 21st century is a global process in its scale; it is based entirely on the principles of a market economy, objective laws of the international division of labor, and the internationalization of production and capital.

The process of internationalization appears as a result, first of all, of international cooperation in production, the development of the international division of labor, and the development of the social character of production on an international scale. The process of globalization in the world economy is a natural result of the internationalization of production and capital. Globalization appears to a large extent as a quantitative process of increasing scale and expanding the framework of world economic relations. The process of globalization of the world economy, meaning the ever-increasing interdependence of the economies of individual countries, accelerates the exchange of goods, services, capital, information, and is by no means problem-free. Globalization strengthens the positions of, first of all, industrially developed countries, giving them additional advantages. Of course, the globalization of the world economy and international relations creates certain prerequisites, gives a chance for those countries that have lagged behind in their development, but are full of desire to improve their position, to join the achievements of civilization. However, the process of globalization also has negative conse-

quences. These include the following problems: demographic; environmental; regional.

Today, the environmental problem is the most important problem for all of humanity. Urgent joint action is needed to address the problem of climate change. The events in the world caused by this problem remind us of the urgent need for collective action in the fight against climate change. Together, we can increase interest in sustainable solutions and create a healthier world for future generations.

Millions of people are suffering from extreme heat in Asia. There is already an emergency situation there, that climate change leads to the rapid spread of diseases such as plague and malaria, which, in turn, becomes one of the strongest arguments in favor of taking urgent measures.

The primary criterion that ensures the attractiveness of a country for the world community is its international image. Based on this context, international organizations take into account the capabilities and resources of the country, as well as its position on a global scale, when holding their events. So far, a large number of events of international organizations on political, economic and humanitarian topics have been held in Azerbaijan. This series also includes international sports competitions, forums, conferences, competitions on various topics. Taking this into account, it is safe to say that Azerbaijan is a unique venue for international events. Having become the most prestigious venue for organizing numerous events, our republic has held them all with dignity. This year, Azerbaijan is organizing the largest international event - the 29th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP29). Azerbaijan, known as a reliable partner in the system of modern international relations, is the leading state of the South Caucasus and acts as the economic, political and humanitarian center of the region. Our country already has sufficient experience in holding international events. Examples include the Formula 1 Azerbaijan Grand Prix, the Eurovision Song Contest, the 1st European Games and the 4th Islamic Solidarity Games, the Baku International Humanitarian Forum, the World Forum on Intercultural Dialogue, the Global Baku Forum and the Global Media Forum, the Religious Leaders Summit, the Non-Aligned Movement Ministerial Meeting, etc. Having worthily hosted such important international events, Azerbaijan will also organize COP29, the





19th Meeting of the Parties to the Kyoto Protocol and the 6th Meeting of the Parties to the Paris Agreement at the highest level. This event will make a significant contribution to further enhancing the international authority of Azerbaijan, once again demonstrating that our country is characterized by universal human values as an integral part of the civilized world. Hosting COP29 in Azerbaijan can be considered the most important event of 2024 and a logical continuation of the country's strategy for the transition to a green economy. The declaration of 2024 as the Year of Solidarity for a Green World in our country by the Decree of the President of Azerbaijan is a confirmation of the importance attached to this mission. This initiative is not just symbolic, it is Azerbaijan's desire to become a model for countries seeking to achieve positive environmental changes, and at the same time, it is a step that reflects its strong commitment, strategic goals and active measures to build a greener and healthier future for future generations. Thus, Azerbaijan has set itself the task of reducing greenhouse gases by 35 percent by 2030 and by 40 percent by 2050 compared to 1990. Azerbaijan is one of the countries with high potential for renewable energy sources. According to estimates, the technical potential of renewable energy sources in our country is 135 gigawatts on land and 157 gigawatts at sea. The economic potential of renewable energy sources is 27 gigawatts, including 3 thousand megawatts of wind energy, 23 thousand megawatts of solar energy and 380 megawatts of bioenergy. The potential of mountain rivers is estimated at 520 megawatts. The energy sector plays an important role in the economy of Azerbaijan on today's agenda. Thus, at present, in order to develop an energy concept and promote the General Plan of the "green energy zone", Azerbaijan has signed a number of agreements in the liberated territories, one of which is an agreement with the Japanese company TEPCO, which specializes in this area. Work is currently underway in this direction. It should be noted that the adoption of this document clearly demonstrates the focus of the head of state on further improvement and progress, on dynamic development in all areas, taking into account adaptation to modern realities.

The pandemic has shown a breakdown in the supply chain of products in global markets, which has affected the mismatch between supply and demand. Geopolitical changes in the world, climate change have caused a jump in prices for many food products. Azerbaijan has paid a lot of

attention to climate change. A striking example is the signing of the Paris Climate Agreement by Azerbaijan in 2016, which stated that measures would be taken to reduce emissions into the atmosphere by 35% by 2030. It should also be noted that in December 2023, Azerbaijan was selected as a country that will host COP 29 (Conference of Parties) this year. Azerbaijan has already done a gigantic job at its own expense. A lot of work is envisaged in terms of water supply and gasification. Thus, by 2025, the State Oil Company of Azerbaijan (SOCAR) must ensure the construction of the Agdam-Khankendi gas pipeline and its branches, installing gas control points on it. A reservoir will be built in Zabukha by 2026.

One of the most complex and demanded tasks is the process of digitalization of the economy of Azerbaijan, which the government of the republic will have to implement in the coming years. Based on the basic network infrastructure in the country, it is necessary to accelerate the development of the digital economy, expand innovative production and the service sector, create prerequisites for accelerating the development of human capital, including in business. Azerbaijan is taking a course on introducing a new socio-economic development model.

Thus, the priority direction for the country will be the cooperation of industrial and manufacturing industries, the growth of the non-oil sector in the economy based on the agricultural and tourism sectors of Azerbaijan. Consequently, the export of the non-oil and non-raw materials sector will increase, and this, in turn, will become another priority for the diversification of the national economy.

No one doubts that Azerbaijan will fulfill the task assigned to it and hold COP29 at the highest level. A team has been formed and all institutions have been mobilized to properly carry out the preparatory work. The relevant Order of the President of Azerbaijan established the Organizing Committee in connection with the holding of the 29th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), the 19th session of the Meeting of the Parties to the Kyoto Protocol and the 6th session of the Meeting of the Parties to the Paris Agreement in Baku.

Unlike the linear economic model, the Azerbaijani model provides for long-term benefits from natural resources and products through reuse or recycling. This closed-loop economy model will allow Azerbaijan to combat pollution,

resource depletion, loss of biodiversity, which are decisive factors affecting the environment, as well as create sustainable production and consumption patterns, implement the UN sustainable development indicators in the field of combating climate change, stimulate innovation and new business activity. The proposed model can be successfully applied in the liberated territories. Testing the Azerbaijani model in the territories liberated from occupation can be an important stage in the fight against climate change.

COP29, which will be held in our country, will create new approaches to climate change and promote cooperation between various stakeholders. All other countries, as well as Azerbaijan, must contribute to solving this problem. The importance of financing in the fight against climate change is growing every year. It can be said that during long-term negotiations, countries are asking for financial support in various areas, such as climate change mitigation, adaptation and climate strengthening. Developed and developing countries say they will create a fund of 100 billion dollars to solve this problem. But this issue exists only in words. COP29 can encourage developed countries to fulfill their promises of financial support.

As we see, a characteristic feature of the global economy is the openness of the economy. One of the leading trends in the world economic development of the post-war decades was the consistent transition of many countries from

closed national economies to an open economy, facing the external market. Beginning with the period of post-war economic recovery and in subsequent years, the governments of the leading Western countries increasingly freed themselves from the autarkic legacy of the past. The United States came forward with theses of "free trade", "openness of the economy", primarily to impose their norms of behavior on other countries in the international market. From the position of the world's leading trading power, which emerged from the Second World War as a winner and even richer, recipes for a new economic order were proposed. Such "free trade", "openness of the economy" was a tool of the dominant economy against less developed countries, a desire for unrestrained expansion of American corporations. In this regard, the French economist Michel Pebro gives a very frank definition of "openness" of the economy. In his opinion, "openness, freedom of trade - this is the most favorable rule of the game for a leading economy." The Azerbaijani state played a significant role in the formation of an open economy. It took on the functions of stimulating export production, encouraging the export of goods and services, promoting cooperation with foreign firms, and the development of foreign economic relations (Table 1). A solid legal basis was created that facilitated the influx of investments, technologies, labor, and information from abroad.

Table 1 – Main countries in trade turnover in 2023

Country name	Million US Dollars	As a percentage, %
Total:	39,103,374.05	100,0
Italy	12,051,969.72	30,82
Turkey	6,255,964.83	16,0
Russia	3,133,541.92	8,01
China	2,282,165.31	5,84
Germany	1,259,473.65	3,22
Israel	1,235,123.99	3,16
Greece	1,216,447.90	3,11
India	902,700.86	2,31
Spain	793,564.08	2,03
Turkmenistan	678,373.39	1,73
Georgia	675,162.86	1,79
United Kingdom	634,855.19	1,62
Czech Republic	592,586.87	1,52
Romania	526,252.76	1,35
France	482,254.64	1,23

Source: [12]

As Table 1 shows, Italy, which has been a country with strong strategic goals with Azerbai-

jan for many years, is increasingly important in the export position of trade turnover [12].



The direction of the desired capital movement depends on the priority of the central bank's policy in a given economic situation, which can be expressed either in stimulating

commodity exports (dumping policy) or in maintaining the exchange rate of the national currency in relation to the foreign currency.

Table 2 – Major importing countries

Country name	Million US dollars	As a percentage, %
Total:	12 269 541,99	100,0
Russia	2 269 541,46	17,99
China	2 210 528,33	17,52
Turkey	1 696 760,12	13,45
Germany	705 583,83	5,59
Turkmenistan	614 185,35	4,87
USA	386 822,77	3,07
France	354 329,31	2,81
Iran	340 860,30	2,70
Korea	317 458,98	2,52
Italy	312 314,54	2,48
Japan	307 315,95	2,44
United Kingdom	249 969,77	1,98

Source: [12]

As Table 2 shows, it is clear that China, Turkey, Germany, the USA and other countries are of no small importance in the top ten importing countries for Azerbaijan [12].

The transition of countries in the international arena to an increasingly open economy was accelerated by the actions of transnational corporations. In an effort to develop new markets, creating numerous branches and subsidiaries in different countries, they bypassed the protectionist barriers of other countries, internationalizing international economic exchange. Noticeable progress in the second half of the 20th century in transport, information and communication facilities also played a huge stimulating role in the development of openness of national economies and increased population mobility. Gradually, step by step, trade, economic, currency and financial barriers, due to which countries had been fenced off from each other for a long time, were destroyed. Liberalization of international exchange facilitated the adaptation of national economies to external conditions and influences, and contributed to their increasingly active inclusion in the international division of labor.

The advantages of an open economy are:

- deepening specialization and cooperation of production;
- rational distribution of resources depending on the degree of efficiency;

- dissemination of world experience through the system of international economic relations;

- increased competition between domestic producers, stimulated by competition in the world market. One of the most important criteria of an open economy is a favorable investment climate in the country, stimulating the inflow of capital investment, technology, and information within the framework determined by economic feasibility and international competitiveness (at the sectoral and macroeconomic levels). An open economy assumes reasonable accessibility of the domestic market for the inflow of foreign capital, goods, technology, information, and labor. The factors influencing the degree of openness of the economy and the level of development of international economic relations are the size of the country's domestic market and the level of its economic development, its participation in international production, in international financial market operations, etc. Some economists highlight the following pattern: the greater the weight of basic industries (energy, metallurgy, mining, etc.) in the structure of the economy, the less the country's participation in the international division of labor (IDL), the less the openness of the economy. According to American economists J. Sachs and E. Warner, the degree of openness of the national economy is determined by the absence of "excessively high" export and import duties, the presence of a "reasonable" level of conversion of the national cur-



rency, and the fact that the country should not be socialist [9].

External openness of the economy, as well as a market economy, are not the goal of reforms in Azerbaijan, but serve as an important prerequisite for increasing the efficiency of the Azerbaijani economy, its integration into the world economy to ultimately improve the well-being of the people. When implementing a system of measures to integrate the Azerbaijani economy into the world economy, it is necessary to combine pragmatic openness with reasonable protectionism.

The nature and features of the development of international economic relations at the turn of the 21st century are based on the current level of intercountry economic ties. Despite many contradictions of the current era, its main feature is increasingly not confrontation, but a tendency towards cooperation and mutual understanding. The general movement towards a single, interconnected, interdependent and in each of its parts more developed and socially just world is the main trend of the world economy. Based on this, we can talk about the processes of convergence of models of national economies, economic and social values and relations. There is a leveling, convergence of economic levels of development of different countries. Of course, this is not a problem-free, progressive process, but a contradictory, complex movement. This movement is influenced by:

1. The transition from an industrial society to a post-industrial (information) society.
2. Technological revolutions.
3. The aggravation of energy, raw materials and food problems.
4. The environmental problem.

In general, it can be stated that modern international economic relations are characterized by the development of processes of their intensification, globalization, and integration. The peculiarities of the development of international economic relations at the beginning of the 21st century further support this conclusion.

Attracting foreign resources, borrowing from foreign governments and individuals, as well as problems associated with the repayment of debt obligations, go back centuries. Until the 19th century, external interstate borrowings and debts to foreign countries were associated mainly with wars. The emergence and development of private foreign credit (loan) were caused by the development of international trade. Large-scale attraction of international finance for the

development of infrastructure and production dates back to the era of the gold standard (1870 - 1914), although debt securities, as a means of attracting foreign funds to cover domestic needs, appeared much earlier. Already in the 18th century, government and private debt securities were actively used for borrowing on the domestic market and from non-residents. In the 19th century, especially in the second half, there was a rapid development of international credit, banking and stock exchange systems, and the securities market. It was stimulated by the accelerated development of industrial production, the expansion of international trade, the creation and intensification of the activities of cartels and syndicates, unregulated export/import of capital, and the free convertibility of currencies of major countries at gold parity. English, French, and German investments in the bonds of borrower countries dominated international capital flows [10].

Historically, the function of world money was spontaneously assigned to gold and silver, and within the framework of the Paris Monetary System (1867) - only to gold. However, the role of gold underwent significant changes under the influence of demonetization. Demonetization of gold is the process of its gradual loss of monetary functions. This process is long, like the demonetization of silver, which lasted for several centuries until the end of the 19th century. The demonetization of gold is due to objective and subjective reasons:

1. Gold money does not meet the needs of modern commodity production, when the economic isolation of commodity producers has been overcome due to the tendency towards socialization and planning even under private ownership.
2. With the development of credit relations, credit money - banknotes, bills, checks - gradually ousted gold first from domestic monetary circulation, and then from international currency relations.
3. Subjective factors - the US currency policy, government regulation of gold transactions - accelerate its demonetization.

The strategy of US currency policy with respect to gold is aimed at discrediting it as the basis of the world currency system in order to strengthen the international position of the dollar. The United States took a course towards dollar hegemony after World War I, when, relying on its increased currency and economic potential, it launched a struggle for dollar dominance under





the slogan "the dollar is better than gold." The tactics of the US strategic course to strengthen the hegemony of the dollar by accelerating the demonetization of gold changed depending on the specific situation. In the conditions of post-war devastation in Western Europe and Japan, the role of gold increased, and the US used its increased gold reserves (\$24.6 billion in 1949, or 75% of the official gold reserves of the capitalist world) to support the dollar. The dollar was exchanged for gold for foreign central banks, which helped stabilize its rate. Under pressure from the US, in order to maintain the leading position of the dollar for more than 35 years (1934-1971), a reduced official price of gold was maintained (\$35 per 1 troy ounce, equal to 31.1035 g), which served as the basis for the official scale of prices and currency parities.

There are two aspects of gold demonetization: legal and actual. The Jamaican currency reform recorded the legal completion of demonetization. Let us consider the main changes in the role of gold in the currency sphere.

1. Credit money has displaced gold from domestic and international circulation.

Gold has ceased to be directly exchanged for goods, gold prices are not set. It has ceased to directly serve as a means of circulation and payment for the economic ties of commodity producers. However, gold retains an important role in economic circulation as: emergency world money, collateral for international loans, and an embodiment of wealth. The participation of gold in international currency relations is mediated by non-convertible credit money and is concentrated in special markets - gold markets, where their actual exchange takes place.

2. The function of money as a means of forming treasures with the withdrawal of gold from circulation is characterized by new aspects. Treasures have ceased to serve as a spontaneous regulator of money circulation, since gold cannot automatically move from treasures to circulation and back due to the non-convertibility of credit money. However, this function has not turned into a frozen dogma: its connection with the domestic and world markets has been preserved, although it has changed significantly. The treasure acts as a kind of insurance fund for the state (33.8 thousand tons in the world as of July 1998) and individuals (25.4 thousand tons, according to the IMF). Considering the importance of gold reserves, states strive to maintain them at a certain level in case of economic, political, and military complications. Since the mid-1970s, most

countries have periodically revalued them at a price oriented towards the market level. Only the United States, which has the largest gold reserve, uses the abolished official price of \$42.22 per ounce when valuing it. Central banks protect their gold reserves, having kept them almost unchanged since 1973, and some of them (France, Switzerland) have bought gold at auctions to replenish state reserves. In the 1980s, a number of OPEC countries (Iran, Iraq, Libya, Indonesia) also purchased gold on the market.

Thus, as stated above, the gold standard is an international monetary system based on the official fixing of the gold content in a unit of national currency with the obligation of the Central Bank to freely buy and sell the national currency in exchange for gold. Each country that adopted the gold standard system set the gold content of its national currency and was potentially ready to buy/sell any amount of gold at this price. The amount of paper money, therefore, depended on the gold content of the national currency and the official gold reserves of the country.

The value of one national currency of the country in gold was fixed; this was called gold parity. Under the gold standard, exchange rates could fluctuate above or below the gold parity insignificantly, since the limits of fluctuations (gold points) were determined by the cost of transporting the amount of gold contained in one currency unit between two currency centers. The cost of transporting one dollar of gold was 3 cents. For example, it was established that 1 pound sterling = 113.0016 grams of gold; 1 dollar = 23.22 grams of gold; 1 pound sterling = 113.0016 grams : 23.22 grams = 4.87 dollars. The range of fluctuations in the dollar exchange rate against the pound sterling was the transportation costs of transporting gold weighing 1 dollar from New York to London - 3 cents. The dollar could fall against the pound to 4.90 dollars / 1 pound sterling (the gold point of export) or rise to 4.84 dollars / 1 pound sterling (the gold point of import); the range of fluctuations of the dollar against the pound (between two gold points) was 4.84 - 4.90 dollars / 1 pound sterling. The exchange rate was determined by supply and demand within the gold points. The exchange rate was prevented from going beyond the gold points by the flow of gold. If the exchange rate fell below the gold point, there was an outflow from New York to London, where it was possible to buy English pounds for gold cheaper. And vice versa, if the dollar rate against the pound

sterling exceeded \$4.84/£1, then an inflow of gold into the USA began.

Gold was forced out of domestic monetary circulation, and the preconditions were created for narrowing the scope of its direct use as an international asset. At the Genoa Conference of 1922, the use of the American dollar and the British pound sterling as official currency reserves and means of international payments was legalized, i.e. the gold exchange standard was adopted.

In 1931, Great Britain and Japan abandoned the gold standard; in 1933, the United States and 40 other countries followed suit. An attempt by a group of states - members of the so-called gold bloc, which included France, Belgium, the Netherlands and Switzerland, to maintain the gold standard on the basis of mutual support was short-lived, and in 1936 this bloc collapsed.

During the Great Depression, capital exports from the United States decreased, while imports increased. As a result, the United States, remaining a net exporter of capital, ceded its leadership to England. During the Second World War (1939 - 1945), the role of the United States as a global creditor increased dramatically. The role of the USA as the main international creditor was especially clearly manifested for the first time in the post-war decades, when all countries of the world, with rare exceptions, experienced a huge shortage of material and liquid resources and had negative trade and current account balances. Thus, in 1944 in Bretton Woods (New Hampshire, USA) on the initiative of the USA the principles of the international gold exchange currency system, called the Bretton Woods system, were adopted. The Bretton Woods system (1944-1973) determined the development of international currency and financial relations for many years. It secured the special position of the dollar, which until August 1971 was exchanged for gold at a fixed price of \$35 per 1 troy ounce (31.1 g) for foreign central banks. The parity of the dollar was determined in gold at the official price of \$1 = 0.888671 g of pure gold; parities of other national currencies were fixed in gold through the US dollar with fluctuation limits from the parity of plus or minus 1% [12].

Large-scale development of the international financial market began in the 1960s with the formation of transnational corporations and banks (TNCs and TNBs). But in 1974, the oil crisis forced the American government to reopen long-term capital markets for the issue of foreign

securities, but by that time a truly international market for money and capital had already formed - the Eurocurrency market. The Eurocurrency market arose as a Eurodollar market. Eurocurrency is a currency that is placed in foreign banks located outside the country - the issuer of this currency. Only a few currencies of leading countries are used as Eurocurrencies: the US dollar, the euro, the British pound sterling, the Swiss franc, the Japanese yen.

By the way, it should be noted that on August 20, 2024, Azerbaijan submitted an official application to join BRICS. Baku's intention to become a member of the association became known in early July, during the summit of the Shanghai Cooperation Organization (SCO) held in Astana, where a joint declaration on the establishment of a strategic partnership between Azerbaijan and China was adopted. The declaration stated that Baku expressed a desire to join BRICS, and China welcomed such cooperation. Strengthening cooperation with BRICS will contribute to the achievement of common goals. Azerbaijan seeks dialogue, cooperation and solidarity both in bilateral relations and in multilateral formats; to build an effective international system, it is necessary to establish fair relations based on mutual benefit, respect for each other and strengthening genuine multilateralism.

In the context of the formation of a new world order, Azerbaijan, as a leading player in the South Caucasus, seeks to deepen relations with the countries that form the basis of the global South. For a long time, Baku continued the policy of balancing between different centers of power in the international arena, rightly believing that such a foreign policy combination would allow it to maneuver without thereby infringing on its national interests. However, in recent years, the geopolitical picture has seriously changed - the changes were facilitated by both regional changes and global transformations. Azerbaijan, having secured the status of the leader of the Transcaucasus, is now entering a new level in world politics, in which it intends to form and introduce its own agenda. It actively participates in the work of the Non-Aligned Movement summit (this international organization includes 120 states), holds mass events of global significance (in November of this year, Baku will host COP29 - the UN conference on climate change with the participation of about 80 thousand people), and now Baku is actively promoting an agenda related to the SCO and BRICS. In July 2024, Azerbaijani President Il-





ham Aliyev met with Chinese President Xi Jinping to discuss upgrading the country's status in the SCO (Azerbaijan is currently a dialogue partner); and according to official reports, Beijing supported Baku's aspirations. Today, Azerbaijan has the status of a dialogue partner in the SCO and will most likely soon become an observer and then a full member of the organization. In addition, with the help of the SCO, Azerbaijan can become an important international transport and logistics hub through which regional communication projects such as the East-West and North-South corridors will be launched. Iran has also chosen this model of behavior for itself, having finally formalized its relations with the SCO and BRICS over the past two years, becoming a full member of these two associations. Iran's strategic location makes it an important link in the transportation of energy resources, as well as a significant crossroads between Asia, Europe and the Middle East. In this case, Azerbaijan plays an equally important role.

Azerbaijan has contact with two influential structures on both sides of the border, the role of which is growing at an unprecedented rate. Both associations contribute to the development of a multipolar world order and strengthen interaction between developing countries, which undoubtedly meets the interests of Baku. The Global South is challenging the West and declaring the beginning of the collapse of the political system that has been in place since 1991. And if 10-15 years ago it was difficult to imagine such a development of events, today it is already a reality that the West has to deal with.

Thus, the growing role of the Global South, which is being built around new geopolitical projects like BRICS, seriously appeals to Azerbaijan; Baku notes that not everyone can get into this elite club.

BRICS acts on the international arena not only as an important player, but also as an emerging institution of developing countries as a counterweight to the Group of Seven. And although the association has never declared itself a competitor to the G7, Western countries have made this club their rival. Ankara drew special attention to the fact that Azerbaijan had applied for membership. Turkey seeks membership in BRICS because it supports the idea of a multipolar world and wants to strengthen its independence from Western blocs as soon as possible.

It should be noted that the BRICS countries account for 45% of the world's population, and their share of global GDP at purchasing

power parity as of the end of 2024 was 36.7%. In 2025, the presidency will pass to Brazil.

The China-based BRICS Development Bank (an alternative to the World Bank and IMF) began its activities with capital of \$ 100 billion, and to date it has financed about 98 projects for a total of \$ 32.4 billion, which have benefited about 280 million people. In 2021, with the accession of Bangladesh, Egypt, the UAE and Uruguay, the number of members reached nine. Saudi Arabia and Algeria are also expected to join the bank. Thus, BRICS can be seen as an attractive economic platform that will develop into a major international organization.

Azerbaijan's strategic importance for BRICS is largely due to its geographic location, economic resources, and foreign policy priorities. Baku is a key supplier of oil and gas to the region and international markets. The country has significant hydrocarbon reserves in the Caspian Sea and is actively developing its energy infrastructure. For the BRICS countries, especially energy-dependent China and India, cooperation with Azerbaijan can become an important element of the energy strategy, contributing to the diversification of energy sources and strengthening energy security. Azerbaijan demonstrates stable economic growth and development in various sectors - oil and gas, agriculture, information technology and tourism. The country's accession to BRICS can open up new opportunities for trade and investment, contributing to an increase in mutual trade and attracting funds for infrastructure and manufacturing projects. This can contribute to the diversification of the Azerbaijani economy and stimulate the development of new industries. Azerbaijan's strategic importance for BRICS lies in its geopolitical location, economic potential, energy resources, and political ambitions. Baku's accession to the association can strengthen the association's position in the international arena, promote economic and energy cooperation, and support the ideas of multipolarity and reforming the global order. Before our eyes, a new geopolitical dimension is emerging not only in the South Caucasus, but also in the entire Eurasian region.

Azerbaijan's accession to BRICS can help attract technologies that will accelerate the modernization of the Azerbaijani economy and strengthen the country's position in the world arena. It is known that Baku is especially interested in innovations in the field of alternative, "green" energy, and it is noteworthy that Azerbaijan is already implementing several large-

scale projects in this area together with the UAE, which recently joined BRICS.

As is known, the BRICS member states intend to develop cooperation in the energy sector, considering access to affordable and reliable energy as the basis for economic development. The members of the association expressed support for a fair and balanced energy transition, taking into account national priorities. At the same time, it is planned to optimally use all available energy sources, including fossil fuels and nuclear energy. They also emphasized the responsibility of developed countries for ensuring such a transition.

Currently, the country has many proposals for developing cooperation in this sector with Georgia, Turkey, Ukraine, Romania, Bulgaria, in particular for the transit of Azerbaijani oil through their territories and partly for its processing. There are projects for the transit of Turkmen natural gas, and transit pumping of Kazakh oil is carried out.

The situation is more complicated with foreign trade in the rest of the range of goods and services. Among the most important foreign economic partners of Azerbaijan, we can highlight Turkey, some Western European countries, and the United States. The largest importers of the country's goods are France, Turkey, Georgia. The most important exporters to the country are the United States, Germany, Great Britain, France, Kazakhstan.

At the same time, it should be noted that the direction and forms of currency policy pursued by the central bank depend on the domestic economic situation of the country and its place in the world economy. The goals of currency policy change depending on the historical period. One of the most important means of implementing currency policy is currency regulation. However, in modern conditions in countries with developed and stable economies, as a rule, internal interests prevail. Quite often, internal and external goals do not coincide, which leads to the need to resolve contentious issues between the central bank and government structures represented by the Ministry of Finance, etc. The central bank, buying or selling foreign currencies (currencies), influences in the right direction the change in the exchange rate of the national currency (currency policy). Such operations are called "currency interventions".

Thus, by acquiring the national currency at the expense of official gold and foreign exchange reserves, it increases the demand and,

consequently, the exchange rate. On the contrary, the sale of large quantities of the national currency by the central bank leads to a decrease in its rate, since the supply increases. The influence of the currency policy of the central bank in the form of operations on the futures market is manifested in the stimulation of the export or import of capital.

The balance of payments is the main financial document of the state from the point of view of foreign trade, international financial, as well as international production and, in general, foreign economic activity of the state, which should reflect all economic transactions characterized by the inflow and outflow of currency into the country. The IMF guidelines state: "The balance of payments is a table of statistical indicators for a given period showing: a) transactions in goods, services, and income between a given country and the rest of the world; b) changes in ownership and other changes in a given country's monetary gold, special drawing rights (SDRs), and financial claims and obligations to the rest of the world; c) unilateral transfers and offsetting entries that are necessary to balance, in the accounting sense, those transactions and changes that are not mutually covered.

Conclusion and prospects for further research. The uninterrupted nature of a country's international settlements, the timeliness of repayment and servicing of external public debt in the event of temporary imbalances in the balance of payments depend on the state of its gold and foreign exchange reserves. In world practice and statistics, gold and foreign exchange reserves are also called reserves of international liquid assets. These reserves help to increase the country's sovereign credit rating. The balance of payments, being a quantitative and qualitative expression of the scale, structure and nature of a country's foreign economic operations, its participation in the world economy, is currently one of the main tools of macroeconomic analysis and forecasting in an open economy. Balance of payments data show how foreign trade developed during the reporting period, which makes it possible to assess the level of production, employment and consumption in the country.

Thanks to foreign trade, an international division of labor is formed, which deepens and improves along with the development of foreign trade and other international economic operations. Foreign exchange reserves are official foreign exchange reserves in the central bank, in the financial authorities of the country or in international monetary and credit organizations. For-



foreign exchange reserves are intended for international settlements, in case of unforeseen situations, for the purposes of generating income and regulating the foreign exchange market. In the balance of payments of the country, foreign exchange reserves are an asset. Therefore, previously government reserves were created in gold, but as a result of Bretton Woods, they provided support for the US dollar as a world currency due to the obligation to ensure the conversion of US dollars and gold. In the process of transition from the Gold Standard to free convertibility, the US dollar became one of the types of world money along with gold. Subsequently, after the collapse of the Bretton Woods system in 1971, the United States refused to convert the US dollar into gold, but given that the share of the US dollar in world settlements will be dominant, the US dollar still remains a reserve currency, and most central banks continue to hold large volumes of international reserves in US dollars.

Thus, in the USA, various methods of influencing the situation in foreign countries are being developed for practical purposes, not limited to military, diplomatic or economic measures. Depending on the strength of another state, the degree of loyalty of the population to the ruling elite, the geopolitical situation, their own capabilities at a particular moment in time and other factors, the Americans very flexibly shuffle and apply various methods of policy. For example, if it is inappropriate to use military measures, the USA can achieve its goals through diplomatic negotiations; and, conversely, mention the possibility of using military measures during diplomatic negotiations. It is precisely the possibility of Washington regularly shuffling its approaches and rhetoric (as well as its allies) that should be taken into account when analyzing American foreign policy, and especially when forecasting it.

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