

# Geoeconomics: The New Geopolitics

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## Abstract

*In the context of broad-based subjects like geopolitics or geoeconomics, basic human instincts and behaviors cannot be overlooked. The endeavor to unravel the complex idea of geoeconomics encounters the simple human urge of accumulating goods. Economics and politics go hand in hand, rather they provide cover to each other. The idea of geoeconomics replacing geopolitics as a new global force is easier to understand if the underlying phenomenon of power and control is weighed in. This phenomenon works in all possible ways to make its gains, through the political, economic, or forceful means. Like politics, economics too is moving globally and can be used to gain power over people and control over resources. Geoeconomics should be considered a form, or means of gaining political ends. Political economy is conducting economics through politics, and conversely economic-politics or geoeconomics means conducting politics through economics. Economics is an activity that creates movement of goods, increases productivity, and brings prosperity. When it becomes a means to gain power and control upon 'others', in addition to these gains, it turns into geoeconomics.*

**Keywords:** Geoeconomics, Geopolitics, Mercantilism, Developmentalism, Modernization, Globalization.

In 1990, when Edward Luttwak first argued about geoeconomics being separate from geopolitics, he was witnessing the turn of history that ended Cold War and broke down Union of Soviet Socialist Republics (USSR) – the bastion of communism. It seemed at that time, especially to the West, that perhaps it was the 'end of history' and that humanity had at last entered that long-awaited, utopian, unipolar, all-good era, where United States (US) hegemony, by its policemenhip upon all other nations of the world would at

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last rid humanity of all its evils and bring to fruition, human rights, prosperity and peace around the world.

Luttwak presumed that ‘if the players left in the field by the waning importance of military power were purely economic entities—labor-sellers, entrepreneurs, corporations—then only the logic of commerce would govern world affairs,’ and in place of world politics, ‘we would simply have World Business’ and the logic of war would be played in the grammar of commerce.<sup>1</sup>

But as an anti-thesis of his own utopian ideal, Luttwak admitted that ‘World Politics’ was not ready to give way to ‘World Business’, because ‘states and blocs of states still existed which were ‘structured to jealously delimit their own territories’ to assert ‘exclusive control’. Because of the ‘internal impulses of their own bureaucracies’ they were not ready to lose their controls. In these circumstances, ‘impelled by the bureaucratic urges of role-preservation and role-enhancement’, they devised ‘to acquire a “geo-economic” substitute for their decaying geopolitical role’. For Luttwak, ‘the goal of mercantilism was to maximize gold stocks, whereas the goal of geoeconomics could only be to provide the best possible employment to the largest proportions of the population’<sup>2</sup> – a simpleton analysis compared to what has really taken place in today’s times.

It seems that in Luttwak’s worldview, the evolving global nature of economics, led by speedy transport, the internet and developing technologies, would naturally lead to egalitarianism – as if excess wealth in terms of produce and services would be so huge that there would be no point in hoarding it away from common public use. But sadly, reality is not so altruistic, in fact, human behavior generally shows an opposite trait, that of locking away global wealth from the commoners, even as it increases multiplicatively.

The reason for Luttwak’s error seems to be in his attempt to interpret an element of human society with the help of the tools that humans use and the effect they have upon it while disregarding the actual human agent, his/her inherent driving forces, needs, and fulfillments. He fails to see that surplus wealth does not lead to altruism, and the possibility of ‘war with other means’ does not suppress the urge for physical war. Maslow moves the hierarchy of human needs up from the basic physiological needs to those of security concerns, followed by the needs of love, belonging, and self-esteem as secondary, he pushes the need for self-actualization and even self-transcendence to the top, as something exercised only by the select few, who have all the prior privileges.<sup>3</sup> Maslow does not specify that the privileged select

few that reach above the preliminary needs and find themselves in the corridors of power and surplus wealth, are generally less likely to harbor altruism and the good for humanity. Rather, it is more probable that power will urge for more power, and the wealth for more wealth – and those at the lowest level of Maslow's pyramid will be permanently kept there.

As global politics – at its core – is determined by human perception and behaviors, attention should be given to the basic human instincts and behaviors that are actualizing in these fields while dealing with broad subjects like geopolitics or geoeconomics. The pervasive inequalities, poverty, diseases, and war ultimately have their roots in actualization of human will, howsoever institutionalized or politicized that 'will' is made to appear. So, an endeavor to unravel the complex idea of geoeconomics encounters the simple human urge of accumulating goods. As the old English saying goes, 'trade follows the flag and the flag follows the trade' one would find that economics and politics go hand in hand to provide cover to each other.

This article endeavors to provide a sense of that underlying human agent, upon whose needs and wants the complex systems of world affairs are built and whose intrigued nature is reflected so precisely in the incomprehensible complex of global commerce. Going through the history of pre-modern and post-modern commerce, and coming to the post-war globalization era, there will be a constant endeavor to find the relation between the practices of the developed and the developing worlds. Ironically, the conclusions will rest on the grave fact that all the development and modernization remain unsuccessful in defeating the most primal human virtues and vices, they only succeed in dressing them up better.

In the context of geoeconomics, it should be recalled that the ideological basis of political thought is not spontaneous, rather it is derived from past experience. As human communities have evolved with time, the circumstances of their social and material interaction have evolved too. In every era, scholars have tried to define and theorize how things are working around them. As we go backwards in time, we find that lesser people, lesser traders, lesser travel, and lesser states made lesser complex world systems. Entering the Twentieth Century, with a population explosion, societies have become dense, commerce has become much more diversified, and the systems of politics and economics have become much more complex and global in nature. *World-Systems Analysis*, as discussed ahead, is a good attempt at explaining the way how commerce and politics are working in today's world,

but before coming to that, how knowledge movement occurred before this idea needs to be analyzed.

Like all sciences, commerce too has evolved over time to find its current intricate form. It is only understandable in its historical framework. The history of commerce is much deeper and wider than the post-1500 Europe-dominated narrations, but in the current context, it is useful to understand this part of history. The West has used its pre and post-Renaissance scholarship to legitimize its hegemony on the rest of the world. This history starts with feudal Europe and going through stages of industrialization, it has reached the era of globalization as of today. This paper looks back at these stages in brief paragraphs below.

## **Mercantilism**

The first theoretical economic framework talked about in Western historical interpretation is the era of Mercantilism. This era is related to the proto-industrialization era of the Sixteenth Century feudal Europe and onwards to the early-modern period of the formation of nation-states in the 18th century.<sup>4</sup> It was the era of bullionism, marked by the reign of Queen Elizabeth (r. 1558-1603), who focused on adding up enough national resources to make England's defense and navy at par with the powerful Spanish Empire. It worked on the simple idea of increasing export and decreasing import by levying high taxes upon them. This idea of doing business paled with the advent of science and industry in Europe that brought with it the power and prowess that would allow Europe to march upon the world with advent and occupation. At the same time, ideological upheaval within Europe was setting the ground for riddance from authoritative monarchy towards the values such as enlightenment, democracy, liberty, and equality. All this progress could not, however, save Europe from its own destruction in the two World Wars, which annihilated its empires to the extent that the US emerged from the hitherto insignificant Western hemisphere as the sole superpower of the world.

## **Developmentalism**

Immediately following the World War II (WWII), when the US feared loss of its acquired control over the newly liberated states in Africa and Asia in a race for domination against the expanding communist ideology, the idea of developmentalism came to its rescue. This idea laid emphasis on economic growth through industrial mass-production and maintained that only a certain type of national economic structure is conducive to increased wealth.<sup>5</sup> These

ideas coincided with the era of neocolonialism and showed an ideological forwardness pushed by the changing needs of economic factors that suited the West. But under the seeming ideological forwardness laid the plan of extortion of the newly liberated states after the WWII.<sup>6</sup> Its major tenet was to judge the legitimacy of a national government upon its economic performance rather than good governance or its people-friendly policies.<sup>7</sup> To increase economic performance, they would have to actively participate in the international capitalist market. Above all, this developmentalism calls for a separation of bureaucracy and political system, whereby politicians deal with national issues and bureaucrats deal with the internationalism necessary to develop the nation's economy.

Posing to be a progressive liberal ideology, developmentalism was in fact a form of modern extortion. It, therefore, faced blowbacks in many states.<sup>8</sup> In the Latin American debate on developmentalism, Grosfoguel explained the tension between protectionism and free trade by saying that, 'free trade and national sovereignty were ideas they (the Spanish Creole elites) defended as part of their struggle against the Spanish colonial monopoly of trade. However, for racial and class reasons, the modern ideas about individual freedom, rights of man, and equality were underplayed.'<sup>9</sup> This explained how ideas are not always just the honest explanations of what is happening, but many a times they are the means for controlling and influencing people's conscience. Developmentalism implied that history is on a unilateral path of evolution towards material development where culture has little impact. This approach alienated development from everything outside the capitalist system in the real world.

## **Modernization**

Modernization is essentially another knowledge movement. After the WWII, the nascent states, experienced a statehood that had little role and influence in the world system. They did not find prosperity in the capitalist hegemonic structure in which they were weaved in. Their masses started showing their anger in the form of protests and social movements. The 1968 world-wide protests were especially against capitalism, authoritarianism, and racism. This was followed by the 1970s economic stagnation. This led the West to devise modernization. The concept was 'understood in three different meanings: as the internal development of Western Europe and North America relating to the European New Era; as a process by which countries that do not belong to the first group of countries aimed to catch up with them; and as the processes of evolutionary development of the most modernized societies (Western

Europe and North America). Modernization as a permanent process of reform and innovation led to transition of the West to a postindustrial society.<sup>10</sup> Therefore, in this new knowledge movement with a new evolutionary touch, developing states were still expected to imitate the developed world and follow their footsteps to reach the epitome of a post-modern utopia if they could.

## **Globalization**

Perhaps globalization is just a later advancement in this ‘permanent process of modernization’, as humanity enters a supposed postindustrial era – an era foreseeing a future with supercomputers and innovative technologies like Artificial Intelligence (AI), machine learning, quantum computing and blockchain etc., but also an era of extreme wealth inequality, where the “world’s richest 1% have more than twice as much wealth as 6.9 billion people.”<sup>11</sup> One wonders if, this new postindustrial era will essentially strengthen the core-periphery divide within the global system as well as within states, or is there any hope in this strongly capitalist model to ever allow an equal welfare for the whole humanity. Especially, when there is talk of geopolitics being replaced by geoeconomics, giving the notion that perhaps henceforth all global moves will be made for economic gains, curtailing all other human things like morality, human rights etc. to a minimum.

## **World-Systems Analysis**

All these theories were centered in the West and saw the rest of the world only as a corollary of the economic interests of the West. History was supposed to be on a unilateral path of evolution towards Western capitalist-style development, where the culture or belief or even welfare of a people did not matter. Each theory ensured the economic submission of newly independent states to US capitalism and political control. With all this behind, Immanuel Wallerstein developed the modern version of World-Systems Analysis, wherein the concept of a world-system was replaced with many world-systems that were connected in an axial division of labor.<sup>12</sup> This allowed the legitimacy of regions and complex processes defined as outside the axial division of labor of the capitalist world-economy.

Wallerstein explains how the idea of liberalism was based on the three values of the market, the state, and the civil society. He explains that the ‘stagnation of the world-economy beginning in the 1970s’ undermined the ‘dominance of centrist liberalism’, which was based on the ‘political autonomy of three separate spheres of social life – the market, the state, and the civil

society’, conservative forces attempted to ‘reverse all the political, economic, and cultural changes that had occurred in the 1945-1970 period’ under the ‘deceptive label of neoliberalism’, shifting the ‘analytic framework they applied to the world-system from “developmentalism” to something they called globalization.’

Wallerstein further asserts that this new framework was used ‘to impose, primarily via the US Treasury and the International Monetary Fund (IMF), a practical program that came to be called the Washington Consensus. This Consensus demanded that all countries that were not ‘developed’, should institute a program that gave priority to export-oriented growth, while simultaneously opening their border to foreign direct investment, privatizing state enterprises, reducing their welfare programs, and downsizing their bureaucracies’.<sup>13</sup>

More interestingly, Wallerstein’s idea of ‘world-systems analysis’ which he presents as a ‘knowledge movement’ – is a divorce from the Nineteenth Century social sciences, comprising of disciplines that delineated the ‘West from the rest’ – namely, history (past and present); economics, political science, sociology (the market, the State, and the civil society); anthropology, and oriental studies (tribal cultures, frozen ‘high’ civilization) – to a unidisciplinary analysis of ‘a world’<sup>14</sup> which would be living, dynamic and interrelated, and where all factors ‘must be analyzed in their mutual defining of each other’. In doing this, Wallerstein has attempted to lay bare the use of history, economics and anthropology by the West, as tools to legitimize their leadership and the leadership of their economic methods as the exemplar to be followed and standardized even as the world players were constantly feeling the pinch of its extortion – yet it is clear that the hegemonic system is still controlling the world system to a great extent.

So far, it has been established, that the Western ideologies have been devised with the motive to disguise economic concerns under the cloak of a seemingly human-friendly political narrative – the flag has safeguarded the trade. Coming from international politics and economics to geopolitics and geoeconomics, the same ulterior motive is repeated, albeit camouflaged in new attractive terminologies.

## **Knowledge Movement**

Nevertheless, ‘knowledge movement’ is a strong idea. It opens the possibility of changing the way we look at our world. It questions the very framework



onto which we weave our theories and lays open to inspection the underlying simple assumptions that we have taken for granted in building our edifice of knowledge. It allows us to move from the simple ideas of mercantilism and developmentalism to the complex ideas of dependency theory, and globalization and so on. Knowledge spans geographically but accumulates temporarily, and this accumulation allows for more permutations and thus newer possibilities come to the fore, both in technological advancements and in ideology. In fact, technology and ideology seem to be growing side by side like the two strands of a winding double helix of the DNA.

The tri-helix of politics, economy, and sociology grows together. It is built upon the building-blocks of new ideas and technologies, and bonded by practices and beliefs – to realize the complexity of a world-system – a complexity that is multiplied as we add on more indicators to our analysis.<sup>15</sup> Knowledge evolves in a normal pattern with ‘development-by-accumulation’ and sometimes episodically with *zeitgeists* which create interrupted periods of revolutionary science,<sup>16</sup> generating new paradigms of thinking available.

## **Geopolitics to Geoeconomics**

When we talk of geoeconomics as a new global force that may be replacing geopolitics, the idea is easier to assimilate if we are thinking of an underlying phenomenon of power and control that works in all possible ways to make its gains through political, economic or any means at all including force. Like politics, economics too is moving globally and can be used to gain power over people and control over resources. One can argue that geoeconomics is a form or means of gaining political ends. This equates economics itself to politics. Both are complimenting each other to gain a common objective. For the same reasons we also talk of political economy, which is like doing economics using politics as a tool, and reversely we use the term economic-politics, popularly called geoeconomics, which would mean doing politics using economics as a tool. More simply said, economics could be considered as an activity that creates movement of goods, increases productivity, and hence brings general prosperity – but now if in addition to these gains, it becomes a means to gain power and control upon others, and that also overwhelmingly, then one should hear the alarm bells!

Historically, when colonialism was ending in its direct form after WWII, and a wave for a want of ‘self-determination and freedom’ hurled through nation after nation, these nations made their own, unique struggles and wars against their colonial masters around the globe. Many states



embraced the socialist ideal, the people embraced this idea because they saw it as the only alternative to the enslaving capitalist exploitation they were suffering under. Freedom, democracy, rationalism, these were the magical words that opened the dream for a prosperous future for the commoners.

The period between 1945 and 1980s was not only the period of the Cold War, but also the period when most countries got their independence. So, three acts were going on: one that the political force of the US and USSR – the two poles – were trying to pull each country into the capitalist or communist camp; the other, that the colonizers, having to leave the riches of their colonies, were trying to install puppet regimes that would act as middlemen who would be willing to secure their interests over those of the people; and yet another, of the realization of power in the previously subjugated nations – a realization that brought with it the need for a firm identity and ideological ground to move ahead into the future. At the same time, the creation of the United Nations (UN) and its related organizations, made for a global platform, a club of nations, that was apparently a democratic forum with one-country-one-vote, but behind the curtains, was overpowered by the victors of the WWII.

### **Transnational Corporations (TNCs) as Global Players**

It seems that it was only natural for these victors to now think of converting their victories into fruits by devising methods to syphon the riches of the world towards themselves – and the TNCs were the perfect tools. Perhaps that was the reason why, ‘governments of recently de-colonized countries perceived TNCs as potential or actual agents of a neocolonialist project aiming at exploiting national resources without adequate compensation and at interfering in the political process of the newly independent states’.<sup>17</sup>

Indeed, the colonizing states had a predominantly capitalist mindset, to the extent that they approved of enslaving whole nations and whole continents so as to have them become means for their capitalist profiteering. The first amendments towards democratic rights in both Britain and the US came only after World War I (WWI), a war that had annihilated many empires, and in the aftermath socialist regimes had taken place in several states. The fire of ‘reason’ and ‘human rights’, ignited by the Enlightenment and embodied in socialism, was soon to reach back home to the Protestant Western Europe and its biggest permanent colonies in North America. So, there was reason to slowly embrace the idea of democracy and equal rights while still securing the privileges of the ruling elite and the white land owners.

The embrace of democracy by the capitalist West was, however, an oxymoron because ‘capitalism and democracy follow different logics: unequally distributed property rights on the one hand, equal civic and political rights on the other... debate, compromise and majority decision-making within democratic politics versus hierarchical decision-making by managers and capital owners.’<sup>18</sup> Despite the fact that most countries of the world have embraced democracy as a form of government in one form or the other, it has proven to be a mere tool in the hands of political elites or deep states of the countries, which use it as a cover behind which they can secure their wider economic interests. The TNCs, secure the economic interests of the same controllers transnationally, making their economic empires and interests geoeconomic.

In the move towards a post-industrialism era, it is notable that the TNCs have been predominantly based in Western Europe, North America, and Japan. According to a UN report in 2018, the top 2000 companies in 2017 accounted for USD 39 trillion in sales, USD 190 trillion in assets, and USD 57 trillion in market capitalization. Interestingly, the world GDP was around USD 80 trillion in 2017. The share of these companies was over 50 percent higher than the 2003 figures, when top companies accounted for USD 25 trillion in sales (in 2017 dollars) and USD 31 trillion in market capitalization (in 2017 dollars). In both years, 18 economies had more than 1 percent of the world’s top firms, and together these economies account for the vast majority of all top 2000 companies.<sup>19</sup>

According to the report, more than 1590 of the Forbes Global 2000 lists of top TNCs are based in the US and its allied states; while 233 are in China and 25 in Russia. And ‘the same applies to global investment patterns. In 2000, developed countries owned almost 90 percent of global FDI stock. Today, their share has dropped to 75 percent...’<sup>20</sup> And the global foreign direct investment (FDI) flows slid by 13 percent in 2018, to USD 1.3 trillion from USD 1.5 trillion the previous year – the third consecutive annual decline, according to the United Nations Conference on Trade and Development (UNCTAD) 2019 report.<sup>21</sup> Simply put, the international flow of financial resources to developing countries is either in the form of private investments or foreign aid. The private investment that is almost four times the foreign aid, may be in the form of bank loans given through multinational corporations (MNCs) based in the parent state or FDIs invested directly by the TNCs. Just like most TNCs are based in US-allied states, most of the FDIs are invested in the projects related to these TNCs and in states that are ready to open their markets to policies dictated by the TNCs.

Leslie Sklair talks of a Transnational Capitalist Class (TCC) that does 'operate in three spheres: the economic, the political, and the cultural-ideological' and that the TCC is 'emerging and is beginning to act as a global ruling class in some spheres... the key feature of the globalization of the capitalist system... has been the profit-driven culture-ideology of consumerism organized by this class and... the TCC is working consciously to obfuscate the effects of... the class polarization crisis; and the crisis of ecological unsustainability of the global capitalist system.'<sup>22</sup> Being 'stateless' by definition, and having a constitutional regime of their own, the TCC acts as a state-within-state in their base countries and as non-state actors in their host states, and will make their own bargains with those states, independent of the law of either their own states or that of the state they are to enter for business. On the one hand, owning the largest capitals in the world, the TCC influences their own government's policymaking, devising them to legislate in the interests of the 'capital'. On the other hand, bearing a promise of jobs and prosperity and owing to their transnational character, the TCC is able to take advantage of geographical differences – which gives it the ability to switch and re-switch resources and operations on regional and global scales,<sup>23</sup> giving it a manipulation value by which it can force development-thirsty states to make free-trade agreements (FTAs) that give special tax concessions and low tariff rates for their FDIs, and by which it can force to get access to unregulated labor.

The TCC maintains an increasingly widening rich-poor divide at the global scale. Parag Khanna explains, 'some of the largest American-born firms such as GE, IBM and Microsoft are "collectively holding trillions of dollars tax-free offshore by having revenues from overseas markets paid to holding companies incorporated in Switzerland, Luxembourg, the Cayman Islands, or Singapore".'<sup>24</sup> And at the other end, inside the developing states, the 'foreign direct investments from transnational corporations, managed by global professionals, often mean bribes and consultancy fees for the bureaucrats in recipient countries' governments and miserable jobs for the rest.'<sup>25</sup>

The TNCs that have conceptually evolved from the idea of MNCs, are no more bound to decision-making in their mother countries, rather they have a decentralized management system, prefer to have decisions made at the supranational level. Being the largest, most capital and skill-intensive and the most innovative, the TNCs have acquired a clout, whereby, they exert direct political influence upon their parent states by lobbying and campaign contributions; leveraging informal ties to political leaders; and offering both 'inducements' or promises of new investment and 'deprivations' or threats of

withdrawal of investment.<sup>26</sup> But this political clout is not limited to their parent states only!

Take the example of Nigeria. In November 2010, *Wikileaks* disclosed Shell Oil's own claim of involvement in the affairs of the state. Shell is the US-based subsidiary of Royal Dutch Shell (of Anglo-Dutch origin). Shell Oil claimed that it had 'inserted staff into all the main ministries of the Nigerian government', giving it access to every movement of the politicians. Ann Pickard, then Shell's vice-president for sub-Saharan Africa had boasted that the 'Nigerian government had "forgotten" about the extent of Shell's infiltration and was unaware of how much the company knew about its deliberations.'<sup>27</sup> Moreover, it was revealed that the drug company Pfizer had hired private investigators to find evidence against the former Nigerian Attorney General Michael Aondoakaa to pressure him into dropping charges against the company, regarding 'medical tests with the oral antibiotic Trovan conducted on children living in Kano during a meningitis epidemic in 1996.'<sup>28</sup> These instances clearly show both, the use of political influence to achieve economic goals and the use of economic activity to enhance political clout.

## **New Players in the Game**

However, the turn of the decades has not brought all good for the US and its Western allies; with its economic miracle, China has come out to be a global competitor in the business world, while Russia, in a quiet alliance with China, has reemerged as a daunting political force. Among others that have come to the fore are: Turkey, that has shown both economic stability and political outreach; India, which aspires a greater role in the global stage owing to its weight of population and spread of land; and Brazil, whose economy is the largest in Latin America and the second largest in the Americas, and whose large oil reserves guarantee its potential role in the future. China's foreign policy is particularly tied to its economic policy, and perhaps the new mood and pattern that China has developed in the way it does business around the world has had a profound impact on enriching the concept of geoeconomics, and realizing it.

China's Gross Domestic Product (GDP) in 2020 was USD 14,862 billion,<sup>29</sup> compared to US GDP of USD 20,894 billion<sup>30</sup> in the same year, while forecast says that China will overtake the US to become the world's largest economy by 2028.<sup>31</sup> But these figures alone do not show how China's economic interests have permeated throughout the globe. In Africa, where the Western interests and influence are entrenched insidiously deep, China's

ingress has been surprisingly successful. For instance, in Chad, a Franc Afrique country whose long dictatorial leaders François Tombalbaye, Hissène Habré, and Idriss Déby, all have been accepting French patronage, so much so that French troops are directly responsible for Déby's government's security, and France's military and air base in Chad is so heavily deployed that Chad is called the 'French aircraft carrier of the desert.'<sup>32</sup> France uses Chad as a base for its overt and covert interventions in all French Colonies of Africa (CFA)<sup>33</sup> zone countries, like it intervened in Mali's Tuareg crisis in 2012<sup>34</sup>; and in the Darfur Crisis in Sudan<sup>35</sup>.<sup>36</sup> All this hard work while being rewarded with French dominance in the security and economic policies of these states has been documented.<sup>37</sup> In such a tight environment China's entry was not an expected one. Chad had allowed Exxon Mobil, Chevron and Petronas, along with World Bank funding, to drill its oil in 2000. But it so happened that in 2008, the World Bank withdrew its funds alleging that the funds had not been used on the allocated sectors. At this Déby gave China rights to a large oil exploration zone in Chad, starting a relation which kept getting warmer with the construction of several roads, railroads and a hospital in Chad in addition to the construction of a new international airport in N'Djamena.

Chad being a landlocked country, oil from Chad's Francophone neighborhood, was difficult to be brought to the outside world, but China's business model has proven to be transcontinental, as the deal has been contracted that will allow this oil from Chad to be exported via Cameron's new port, again being built by China at Kribi, at the Western coastline of Africa. Another China-made port is being built in Cameroon at Lalabe to ship Cameron's Iron ore that China will mine at Mbalam. On the other side of the continent, China is developing the Lamu Port in Kenya, which will connect to Ethiopia and South Sudan via highways and railroads under the Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor Project.<sup>38</sup> In Sudan, China is building a railway from Khartoum to Port Sudan; constructing the Merowe hydroelectric dam; and making two power plants in Port Sudan and Rabak. In neighboring Egypt, President Abdel Fattah El-Sisi has signed the mega Suez Canal Corridor Project (SCCP) with China in 2014, this project will oversee the construction of three canal cities, Suez, Ismailia, and Port Said, that will be comprising of industrial and commerce hubs, and six associated ports. These are only a few of several more contracts China is pursuing in Africa.

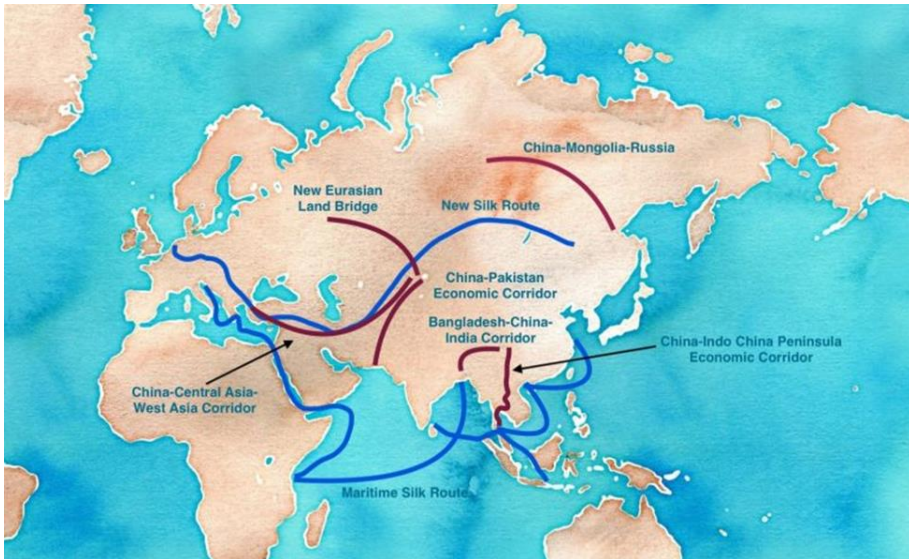
In Europe, China's reach is no less astonishing. In 2019, Italy signed infrastructure projects, including four major port construction projects.<sup>39</sup> Infuriated at this, French President Emmanuel Macron said, 'time of

European naïveté towards China was over', he said, it was Europe's 'uncoordinated approach' that had allowed China to take 'advantage of our divisions.'<sup>40</sup> Perhaps Macron was right, as over the last decade, 13 other European Union (EU) states including Poland, Estonia, Portugal, Belarus, Germany and Greece have made contracts under the Belt and Road Initiative (BRI) with China. China has been a part of the 16+1 format<sup>41</sup> between China and Central and Eastern European Countries (CEEC), since 2012. With a Chinese trade volume of USD 67.98 billion in the 16+1 format in 2017, China deals with investments, transport, finance, science, education and culture projects with these states. Interestingly, the CEEC has all the members of the Warsaw Pact except East Germany in it, and the map of the 16+1 format shows the full belt of East Europe. One reckons if China is taking back in twice, the influence that North Atlantic Treaty Organization (NATO) took away from Russia in Eastern Europe.

Moreover, Russia, is also a beneficiary of the BRI. Since 2001, after signing a friendship treaty, both Russia and China are pursuing a close-lipped but deep-seated fraternity, that helps them consolidate their powers, and the absence of which would force them to confront each other, disallowing a global role for both. China's import of Russian oil and gas has surpassed that from Saudi Arabia, and the two complement each other's stances on the South China Sea (SCS), and the Ukraine and Crimea issues, in the UN.



**Figure 1:** The Belt Road Initiative with its Six Economic Corridors<sup>42</sup>



*BRI economic corridors of the future. China's BRI is simultaneously working on these six corridors that will connect the world with China and each other. When/if complete, BRI will be engaging all major economies in Asia, Europe, Africa and even South America.*

**Source:** Malhotra, "India has Many Reasons Not to Support the Chinese BRI."

Ukraine, a state that Russia considers to be a post-Soviet space country, is not a place where Russia would allow Western interests to grow. The Euromaidan 2013 had clearly shown that Russia would go to any extent to repel NATO and EU from laying their influence in Ukraine. Now as of November 2022, Russia is undertaking a direct, conventional war with Ukraine over its insistence of wanting to be a part of NATO and the EU.

Interestingly, the same Ukraine also comes in the extended route map of the BRI's on-land Silk Road Economic Belt (SREB). Since 2017, China has engaged in dredging project<sup>43</sup> in Yuzhny Port in Odessa and Port of Chornomorsk. China is installing wind and solar plants and is working on the 200km Odesa-Mykolaiv-Kherson highway.<sup>44</sup> These examples give a glimpse of how China is penetrating cross-continently. But there is a certain dissimilarity between the pre-WWII colonial penetration and the post-WWII Western penetration with the help of international institutions that were tilted to their benefits and a culture of buying off political elites of the host countries – and China's penetration that is seemingly based on a mutually profitable, give and take, non-coercive, non-oppressive methodology. So, one wonders



will China be able to get with mere handshakes, channels into states that are fed up with coercive policies of the developed world that wants to build their postindustrial future standing on the backs of an already extorted underdeveloped world. Or, will China prove to be another coercive hegemon, just waiting to gain the momentum that will eventually outweigh any resistance to its will.

But China is not exactly in a position to dream such a notion of hegemony, even in the regional context, as it finds itself nestled in its increasingly multipolar neighborhood. The region, wherein Russia and China both tend to act like regional powers, and seem to keep a balance of power. The two states that had remained embroiled in the Sino-Soviet split marked by opposing interpretations of Marxism-Leninism until the end of the Cold War, are now making the most effective partnership against the West. In the post-Cold War, the two seem to have supplemented each other's foreign and economic policies and the mutual non-threat allow them to further their geoeconomics interests in the larger world. Turkey, another emerging regional power, which showed its mettle in the Syrian War and its involvement in the Libyan Crisis, is one that is swiftly extending its economic interests in adjacent regions. And it seems like, these three states, are binding the region into a unity that will strengthen the economic scenario of each of them. The question is, how have their interests converged all of a sudden – is it not that the emergence of geoeconomics, and the increased awareness of resource pockets, trade routes, and industrial and market interdependencies, have necessitated economic 'flow security' over the conventional border-securities.

## **Geoeconomics and its Prospects**

Luttwak said in 1990, 'Everyone, it appears, now agrees that the methods of commerce are displacing military methods—with disposable capital in lieu of firepower, civilian innovation in lieu of military-technical advancement, and market penetration in lieu of garrisons and bases.'<sup>45</sup> He seems to believe that soft balancing of power that arises from economic security concerns will cause relative decline in military concerns. On the contrary, the US has so far used only economic and financial sanctions against Russia's territorial expansion in Crimea, and the US/EU backing of Ukraine in the face of a Russian direct intervention has so far been ineffective and fruitless. It is also propounded that China benefits from being a part of the liberal world as its wealth relies on access to and utilization of global markets and especially Western end-markets for its exports. The US strategy to sanction Russia and China might be a dictation of its war wariness after losses in Afghanistan, Iraq, and Syria. It had

to attend to Ukraine only when Russia stepped in already. It is also a manifestation of the US limitations in a scenario where China has made its own alternative multilateral financial institutions such as Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), and spread a web of its own economic corridors around the world that gives it access to markets without dependence on the US and its European allies.

According to Richard Youngs, geoeconomics is ‘the use of statecraft for economic ends; a focus on relative economic gain and power; a concern with gaining control of resources; the enmeshing of state and business sectors; and the primacy of economic over other forms of security.’<sup>46</sup> This type of definition is state-centric and simplified, as it dismisses the fact that economic-politics and political economy, though two different methods, are easily replaceable by one another as the circumstances call for, and moreover not resorting to military means for securing economic ends is only up to the time that patience for the ‘other’ is lost and when one is over-assured that one’s military might is invincible.

This means that even when there is awareness of dependency on a relentless global circulation of resources, goods, data, people, and the states have more profound realization of how crucial this global flow-security is for their sustainability, progress and power, this sensibility does not stop states from accumulating weapons and preparing humans to better increase and actualize their respective potential. This is going to be the biggest threat impending upon possible peace. So, it remains a question if geoeconomics is a real, inescapable concept of our times, or is it just a discourse, being used by Western ideologists to shape peoples’ worldview, and perhaps a discourse that helps veil the defamed neoliberal project that is at work to secure the US-led global- hegemonic system in this new globalization era.

The crucial question in considering geoeconomics as the new form of state-craft relates to the potential of geoeconomics to bring with it the wisdom of unity and cooperation to ultimately prevail egalitarian good to human society. There are strong and obvious indications that it too is being used as a discursive tool for the powerful to lure the weak into their own zero-sum gains. Surely, the complex interconnectedness of today’s commerce has put even the strong states, with all their military might, in a mode of risk-aversion rather than that of unnecessary confrontation. With increased political awareness brought with media and activism, states also face internal threats that force them to work on both their economic growth and political weightage. Increasingly, the populations of states are becoming war-weary and more

concerned with their internal stability and progress, and increasingly businesses want to be connected to the global financial flows – and more states are focusing on using geoeconomics as a means of statecraft. As long as a state can maintain its economic security, its competitiveness and its independence, war is not desired, and all wars can be fought on the economic fronts like civilized people, and the same tools of markets, finances and technologies can be used to control their own increasingly dissatisfied populations. Yet, sadly, war will still be resorted to, when powerful states find that other means are not bending global trade flows to their own interests.

## Notes

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