

Transition from Geopolitics to Geo-economics: Paradigm Characteristics of the Modern World

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Abstract: The article deals with the geopolitical transformation of the modern world. It shows the transition from geopolitics to geo-economics, which is defined as a paradigm characteristic of development of global society and individual regions of the world. It is determined that geo-economic interaction stipulates functioning of multipolar centrality in the development of world systems and justifies the choice of global strategies as well as strategies for national development of sovereign states. The leading strategy of the modern world is the model of economic nationalism. Economic nationalism is a steady growth of the national economy, encouragement of domestic manufacture and protection of domestic manufacturers through the policy of protectionism; therefore, the main goal of economic nationalism is the transition from a raw material economy to a high-tech economy.

Keywords: geopolitics, geo-economics, world order, economic nationalism, globalization, regionalization

INTRODUCTION

The transformation processes of the past century were marked by brilliant scientific, technical and economic achievements, breakthroughs in various social spheres, namely education and healthcare. As far as politics is concerned, it saw the development of democratization and civil liberties.

However, at the same time, the 20th century went down in history as a century of wars, nuclear threats and environmental disasters of global scale, which necessitated effective international cooperation and renunciation by states of part of their territorial sovereignty for the sake of environmental problems settlement. Moreover, the 20th century

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will be enshrined in the world history as the age of capitalist ideology, Americanization and McDonaldization. According to George Ritzer (2011, 408-409), “What is central here is the idea of grobalization (a companion to the notion of glocalization), or the imperialistic ambitions of nations, corporations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas ... Their main interest is to seeing their power, influence, and in some cases profits grow (hence the term grobalization) throughout the world. Grobalization involves a variety of subprocesses, three of which – capitalism, Americanization and McDonaldization – are central driving forces in grobalization, and are of great significance in the worldwide spread of nothingness.” Therefore, the world trends of globalization cause intensified processes of regional disintegration and reintegration, even on the territory of modern Ukraine (and not only there). In this regard, we will attempt to reveal the role and importance of Ukraine in the system of geopolitical relations.

We will analyse the reasons for the transformation processes of the modern geopolitical picture of the world – in the transition from geopolitics to geo-economics. As well, we will define a new quality of the relationship between the state and capital as a modern geopolitical model, in which the result is determined by economic means rather than by military or coercive methods.

RESULTS AND DISCUSSIONS

Further development of the world went on within the concept of modern geopolitical theory presenting the trends towards desovereignization and Westphalian system crisis. The sovereignty of national states has been discredited by globalization processes in every way possible: the world is being governed rather by informal, collective power-sharing arrangements than by international law. The modern format of global competition participants and world cartography of a new geo-political, or rather geo-economic space, are being formed.

Therefore, the methodological specificity of social philosophy enables revealing the formation regularities of certain areas of geopolitical thought in order to better understand their current state, ideological principles, structure and heuristic potential. Socio-philosophical discourse allows considering geopolitics from the perspective of the theories of society and social subject, which present the cause-and-effect transformation mechanisms of economic,

political, socio-cultural and civilizational systems, objective conditions and subjective factors. Socio-philosophical analysis of geopolitics is aimed at identifying the ideological grounds of geopolitical thinking, forming on its basis of certain political goals and ways to implement them into specific political actions and behaviour.

Based on the analysis of the geographic, economic, political, military and cultural studies, we reveal the structure of the geopolitical factor, which covers all the fields of society's life as well as manifestation of natural-historical and social laws of development in it. According to Samuel Huntington (2003, 16), "For the first time in history global politics is both multipolar and multicivilizational; modernization is distinct from Westernization and is producing neither a universal civilization in any meaningful sense nor the Westernization of non-Western societies."

The analysis of modern geopolitical transformation presents a new status of the leading trend, which shows that world globalization has acquired it from the global economy. In other words, today's geopolitics is turning into geo-economics, which is ensured by the fact that this trend is clearly present even in those countries where other trends of the current global economy are poorly expressed and barely noticeable. In particular, backward and underdeveloped countries are almost not involved in such processes as post-industrialization, integration or transnationalization; however, at the same time they are included in the process of globalizing world markets and are largely oriented to external markets of services, goods, labour (active exports), knowledge (imports), capital (assistance).

Revealing the specifics of geopolitics and geo-economics as a socio-philosophical category, we will start with several framework considerations that clarify the initial premises for the theme stated.

The term 'geopolitics' is a central one in the socio-philosophical and scientific-methodological discourses. Both this term and the theory of geopolitics have deep historical and political roots, but they acquire a new meaning with the emergence, development and formation of new historical situations, with the changes in the status of small and large state entities. Not only does the status of a 'great power' imply a claim to a special position in the world and presence of geopolitical interests, but also the ability, and most importantly, possibilities to implement them. In its original interpretation, 'geopolitics' means the theory and practice of state foreign policy based on maximum consideration of geographic factors. The concept of geopolitics is

explained as “a state doctrine based on consideration of specific historical forms of influence of the country’s territorial and spatial conditions on the formation of its status and policy in local, regional, continental and global aspects. The founders of geopolitics (Fr. Ratzel, R. Kjellén, N. Spykman, and others) likened the state to a separate organism that struggles for its existence, or ‘living space’. One of the main theses of geopolitics is that the principles of foreign policy of the state depend on its geographic conditions” (Shynkaruk 2002, 112).

The traditional interpretation of geopolitics as the study of interrelation and interaction of geographical space and politics is inferior to other paradigmatic meanings. Recently, many foreign and domestic scientists have insisted that economics will dominate politics.

Socio-philosophical aspects of the interdependence of economics, history, culture and geographical space can be found in various scientific works of the 19th and 20th centuries in a wide range: from the early concepts of M. Weber, who revealed the objective laws and trends in the geo-economic space, explaining the rational and effective actions of producers based on available resources, to F. List (autarky of large spaces) and E. Luttwak, who ingeniously marked the transition to geo-economics, declaring that “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” (Luttwak 1990, 19). Modern geopolitics is viewed as an area of knowledge to study a complex of economic, demographic, and socio-cultural factors that interact with each other and affect the strategic potential of the state (see Luttwak 1990; Jean & Savona 1997; Kalchenko & Ostapiuk 2014; Bhattacharya, Bürkner & Bijapurkar 2016; Scekcic, Draskovic & Delibasic 2016; Kheyfets 2018; Khachatryan & Sargsyan 2020). Therefore, in the current environment, the study of a new phenomenon of geo-economics is highly urgent. The era of state and capital has come to stay.

As a result of the collapse of the geopolitical status, the problem of new geopolitical idea development arises, which would naturally serve to crystallize the nation-state in the crisis of the Westphalian system.

According to Alyona Ostapiuk, “In many cases, the Westphalian system simply does not work when we are dealing with new political phenomena of our time – first of all, with the so-called ‘network management’, which is exercised over other regions by great powers” (in Kalchenko & Ostapiuk 2014, 79). In the context of globalization

and unipolar world, the process of desovereignization has entered the final stage.

This statement is supported by I. Oshchypok, who notes that the Westphalian system has failed to ensure the ideal sovereignty:

The system of interstate relations has started to include poorly-structured and weak independent states. The sovereignty of such states is problematic: their territorial borders are not delimited or disputed by their neighbours. External legal sovereignty is not always linked to internal one. Only large regional states have retained significant sovereignty; small states have become completely dependent on external authorities in their political decision-making. For many countries, it is the United States that has become such an authority. Sovereignty has turned into an illusion and nation-state – into a brick in the construction of a future planetary America. This circumstance determines the transformation of the international system, and the processes of globalization contribute to a significant redistribution of power resources from the governments to other entities of global politics (Oshchypok 2016, 56).

Thus, the principle of absolute state sovereignty resulted in massive violations of human rights, encouraging tyrants to commit more atrocities. In this regard, the idea of management according to the network principle and establishment of organizations designed to solve global problems on the same principle was put forward. I. Oshchypok (2016, 59) emphasizes that “ideologists of ‘network structures’ recognize that ‘new thinking’ is not safe from serious miscalculations. But, in their opinion, this is ‘the price to be paid’. In other words, according to such an ideology, everything is designated for demolition: the Westphalian system, state sovereignty, territorial integrity and, consequently, the established system of international law. And all these constitute ‘the price to be paid’”.

In this socio-political model, the modern world requires new forms of coexistence. The ideal, metaphysical meanings of ‘ideological sovereigns’ are giving way to ‘econocentric materialization’. According to Carlo Jean and Paolo Savona (1997, 7), “the process of globalization can be explained by the fact that territorial borders have largely lost their economic potential; there occurred deterritorialization and dematerialization of wealth. In addition, liberalization of the world trade, the lower tariff barriers to decrease the restrictions on movement of capital has deprived national-territorial states of part of their powers to control the economy, i.e. part of their sovereignty in the economic

field”. It is stated that sovereign states rather than industrial corporations or banks are going to be the major actors in modern international competition. Although, the work was written in 1997, nowadays its main ideas are even more relevant than ever. The current pandemic resulting in a new relapse of the global economic crisis has further exposed political contrasts in the world and presented new models of the geopolitical order, where each powerful state will actively fight for realization of its own interests, and the geopolitical situation will be strained to the limit. Therefore, in order to avoid the ‘New Middle Ages’, meaning that those, who impose the state of emergency, i.e. a situation in which there are no rules, a situation of the military force rule, are sovereign, we must clearly understand that the new paradigm of geopolitics has turned economics into the main defining parameter of international order. “In terms of geo-economics, state is a system – a country competing with another system. Moreover, this competition takes place at the global level, not arbitrarily, but according to certain rules, including those provided for by multilateral free trade agreements” (Jean and Savona 1997, 199). Therefore, the phenomenon of geo-economics, in terms of common mind-set, is associated with a global ‘turnover’ of key resources (raw materials, technology, human and financial resources) and ‘global management’. Based on this, we can assume that new geo-economic imperatives of development have started to affect the behaviour of the world community.

Geo-economics reflects the main trend in the development of the modern world – comprehensive globalization. For states, the key priority and development strategy is to operate in a geo-economic format, which defines the basic outlines of geopolitics and geo-strategy. According to Ukrainian researchers, “geo-economics is not just a set of national economies, but a new economic population – supranational, covering cross-border systems in all areas. Understanding that the world is being redistributed daily without use of military or political force ensures a new level of understanding of the system of relations between states within their borders. To preserve sovereignty and establish relations between states and supranational entities, national economies become links in various global reproduction cycles, and national interests are fixed on economic borders rather than on political ones due to intensification of transnationalization processes, the purpose of which is to protect national interests” (Kalchenko and Ostapiuk 2014, 80).

This is what an ideal geopolitical model of global development of progressive humanity should look like. But what is it in reality?

The differentiation and classification of interests by civilizational priorities have taken a back seat in the current strategic development of the geo-economic space. Therefore, nation-states will continue to play a major role in international affairs (Huntington 2003). Critical political conflicts in the world will occur between nations and groups belonging to different civilizations. The clash of civilizations will dominate in the world politics:

Nation states remain the principal actors in world affairs. Their behaviour is shaped as in the past by the pursuit of power and wealth, but it is also shaped by cultural preferences, commonalities, and differences... As their power and self-confidence increase, non-Western societies increasingly assert their own cultural values and reject those 'imposed' on them by the West. The 'international system of the twenty-first century,' Henry Kissinger has noted, ... will contain at least six major powers – the United States, Europe, China, Japan, Russia, and probably India – as well as a multiplicity of medium-sized and smaller countries (Huntington 2003, 18).

According to Samuel Huntington, the main methodological emphasis in geopolitical transformations is placed on the civilizational and cultural aspect. In our opinion, this is quite a narrow and simulated view of the problems of the "clash of civilizations". Cultural, civilizational contradictions are relevant as long as the economic interests of a particular state are not affected.

It is under the aegis of the 'protection of national interests' that protectionist wars break out, in which all major economies have achieved their greatness through state intervention. Economic liberalism with its fair competition and free markets is only a screen, a disguised essence of the 'powers that be'. Therefore, instead of moving from the global transformation of geo-economics to neo-economics according to the scenario of Jacques Attali (2012), we are plunged into the meanings of monopolistic capitalism of the 1930 model, namely, to dominate politically, implementing projects in key areas on our own terms. Here, energy sector is one of the core areas, which has long been the scene of heated geopolitical confrontation.

We would like to emphasize that it is Jacques Attali who presents in his works the model of the future progressive mankind could see. Firstly, according to the author, market forces are taking over the

planet. All the recent historical upheavals are explained by the triumphal march of money. The market will destroy states, including the United States, thus creating a hyper-empire, in which a person will first turn exclusively into a consumer, and then completely disappear. If humanity tries to put an end to globalization by force, a new barbaric era will begin – hyper-conflict. If globalization and the market can be brought under control without being rejected, the path to hyperdemocracy will open, leading to the establishment of a global democratic government. The author believes that the rule of the American Empire will have ceased before 2035. After that, three waves of the future will sweep across the planet: hyper-empire, hyper-conflict, and hyperdemocracy: “I believe in the victory of hyperdemocracy around 2060 – the highest form of organization of mankind, the highest expression of freedom – the engine of history.” After all, history flows in a single direction, “from century to century, humanity puts the primacy of individual freedom over all other values” (Attali 2012, 78).

The reality proves that it is not possible to take control of globalization and the market, and a new range of problems is being formed at the general civilization level. The dominants are changing: from general universalism and globalism to diversity and self-sufficiency in the choice of life values and development priorities. Boris Kheyfets, a Russian economist, states that there are two reasons for the ‘decline of globalization’: “We can identify two main reasons that allowed us to conclude about the decline of globalization. Firstly, protectionism in world trade and investment has strengthened, which has already been called ‘economic nationalism’. Secondly, the processes of regionalization and transregionalization have significantly intensified, especially in the post-crisis period. They have resulted in the formation of economic unions that remove almost all tariff and non-tariff barriers to free movement of goods, services and investment, which creates certain obstacles for non-members, i.e. for development of relevant global asset flows” (Kheyfets 2018, 10).

We can see that the current geopolitical picture is built as a struggle for regional resource provision and formation of geopolitics’ machinery. The mechanisms of nation-state goals and state protection will be the main constants of this development, i.e. the time of economic nationalism is coming. This theme is not new. Friedrich List, in *The National System of Political Economy*, declares that the principle of free trade secures the advantages of developed countries;

countries of catch-up modernization need state protectionism to boost the economy. The author insists on state protectionism to increase competitiveness in world trade (List 1909). The nature of protectionism is changing, but it is resorted to by different countries and in different historical periods. Our time is not an exception. On 25 September, 2018, at the 73rd Session of the UN General Assembly, the US President said: “America is governed by Americans. We reject the ideology of globalism, and we embrace the doctrine of patriotism. Around the world, responsible nations must defend against threats to sovereignty not just from global governments, but also from other, new forms of coercion and domination” (*Voice of America*, 2018).

Economic nationalism is a modern form of protectionism that has surfaced in many parts of the world. Confirmation of this thesis can be found in a report by Global Trade Alert declaring that the analysis of the G20 members’ trade policies showed that they used 4707 protectionist practices, while the number of liberalization measures was 1660, i.e. it was 3 times as low (Evenett and Fritz 2016, 29-34).

Protectionism can be seen as an opposition to a free movement of goods, services, capital or people (for reasons other than genuine protection of national security). Economic nationalists denounce free trade and have consistently criticized globalization considering it responsible for the economic, social and cultural problems affecting the nation. Protectionism is one of the measures to protect national capitalism by the state. Economic nationalism contradicts the forces of globalization. “Unhealthy competition on a global scale has led to the situation in which the role of individuals, who should be granted rights and access to the public wealth in the context of globalization, is now claimed by states that view global democracy as providing rights and opportunities for all states to participate in competition in the global market and as expressing their opinions on the world order and current events” (Fedotova et al. 2008, 246).

According to Immanuel Wallerstein (2001), liberalism and democracy, preaching “the power of the best” (not depending on the birth) has created problems associated with a huge inequality in the system of world order, which means that democracy, liberalism, civilizational and cultural ideology – all these represent a screen, simulation that exacerbates the contradiction between rich and poor countries.

This is the reason for the processes of regionalization and transregionalization to come into play. Establishment of economic

unions creates favourable conditions for the development of states, which remove almost all barriers to free movement of goods, services and investments. However, it creates certain obstacles for non-members, i.e. for the development of relevant global asset flows.

The search for a new type of rationality in the geopolitical, geo-economic space is one of the most important tasks of socio-philosophical discourse. The crisis of Western civilization requires a review of the basic foundations of its own development and responsible innovative decision-making. Here, we cite Robert Reich writing in his 2015 work, *Saving Capitalism: For the Many, Not the Few*: “It is right to prefer our own country to all others, because we are children and citizens” (Reich 2018, 172). The economic nationalism and digital integration are becoming the main factors of global capitalism. These factors should build the future; the essence of true capitalism is not private property, but free access and competition. Thus, the role of the state in creating such a balance should neither be too active, nor too limited.

But the historical trouble is that Ukrainian modernization contributes to the strengthening of the feudal foundations of the cultural and civilizational system rather than to the entry of Ukraine into the modern world. A world is being created where man is only a tool at hand, and the strengthening of the nation is a great goal. Trying to answer the questions why it is happening, we must not forget that the real task of the state is to improve the standard of living of its citizens by increasing their contributions to the world economy. When the authorities realize this aspect of meaning of the state’s existence, we will see an adequate implementation of Ukraine’s geopolitical interests and its obvious growth and authority on the international arena.

CONCLUSION

Summing up the results of our article, we can conclude that the trends in the formation of a modern state as a global geo-economic centre are caused by various socio-political factors: scientific and technological, military and political, macroeconomic and institutional. The development of these factors on the geo-economic basis enables formation of a multipolar architecture of the world, in which each country will present unique features associated with the specifics of globalization and regionalization. It should be noted that regionalization and policy of economic nationalism will only

strengthen their existence in the geopolitical discourse. However, the key role in the world order will still belong to a narrow group of major powers or their alliances. Smaller countries will be involved in their relations, characterized by the combination of competition, cooperation and compromise. The question of sovereignty and real international political subjectivity of many states remains open. The major powers themselves and their relations with each other may become wholly dependent on the internal changes in smaller countries. The main problem of modern geopolitics will consist in the imbalance between fairness and efficiency. The desired harmonious combination of these two principles on the basis of international institutions can again be replaced by the triumph of efficiency over justice – ensuring order through balance of powers and rigid hierarchy.

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