

# From Globalization to Geopolitics - a way back, not forward!

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Walden Bellow assumes that today it is necessary for the left to “buy back”, as he puts it, “deglobalisation as a liberating paradigm for today’s world”. In his view this could promote what he calls “effective economies”. This he assumes, would strengthen solidarity within the single countries but also beyond. Core and centrepiece of his normative approach - which aims to prioritize values above interests, cooperation above competition and community above efficiency - is the critique of market regulation and current trade policy. Actually, there is not one normative goal in his agenda, that I could not like to see realized.

Admittedly, this normative approach contains some inherent problems and unsolved contradictions, I do not want to go into here due to time constraints; f.i. where he argues for banning extractive industry if they are incompatible with ecological and/or social objectives, but in the next paragraph emphasises that industrial and agricultural output in countries of the Global South have to grow in order to raise the population’s standard of living.

I also do not share Walden’s quite optimistic view of digitalisation and related new technologies, despite all his reservations. But both of us would probably be able to identify more commonalities than opposing views after a more detailed debate on such and some other aspects of a de-globalisation agenda. Therefore, I would rather focus my commenting keynote on a question that Waldon has paid less attention to - namely: why there has been a resurgence of geopolitical thinking and action for some time, a development that has the potential to destroy all attempts to make deglobalisation effective as a “liberating paradigm for today’s world”.

## **Goeconomic and Geopolitics: common and diverging aims, instruments and objectives**

There is some evidence to suggest that the globalisation push at the end of the 19<sup>th</sup> century as well as the one in the second half of the 20<sup>th</sup> century was an expression of comparable phases of a cycle of expansion and integration. The globalisation surge before WW I, driven by the British Empire, was followed by a period of world economic contraction and disintegration in the interwar period. At its peak in the 1930s, this phase provoked a devaluation after the Great Depression and gave impetus to concepts of a purely nation-state oriented and outwardly aggressive autarky policy.

Therefore, the question that has long accompanied the globalisation debate is whether these cycles of globalisation and the dangerous relapse into protectionism and autarky policy as in the 1930s and a new shift from goeconomics to geopolitics are not also possible again about 100 years later. Well,

today there are indeed many signs that a strengthening of neo-nationalist and fundamentalist forces against neoliberal globalisation is again on the agenda. Walden has shown this convincingly in his recent works for a whole series of countries. However, what seems to be underexposed in his work, as in many left-green debates socio-ecological transformation, be it under the notion of “Buen Vivir”, Degrowth and other alternatives to globalisation as we know it, is the shift from geo-economics to geopolitics.

In the geo-economic setting, competitors are not enemies. As in the 19<sup>th</sup> century, high competitiveness still allows to rely (more or less) on free trade. If industries are unable to compete with competitive pressure they rely on protectionisms and the informal economy. This is subject of trade conflicts between the highly developed old industrialised countries and the industrializing countries of the global south. However, especially since the rise of the Neocons in the US and their “America-first” ideology, trust is not placed solely peace-making trade. For the US, neoliberal market freedom has always gone wonderfully well with the use of military power to secure the strategic supply of territorially bound raw materials esp. fossil fuels. Within the neoliberal discourse, there is no opposition between market and power, only a complement of the two.

However, opening, linking and dominating markets and markets shares during the last decades was done primarily, though not exclusively, through the **use of “soft power”**:

- through the informal extension of power by setting norms and rules - for example, technical norms, but also human rights standards - or
- through indirect control over rules of the world trade system.
- Equally important was the influence of Western industrialised countries through international organisations and a variety of informal groups, including both business communities and NGOs.

In this way, the goals of geo-economic competition were to be enforced: the establishment of quasi-monopolies; the exercise of power beyond the territory of individual nation states; control of system-relevant infrastructures; but above all, privileged access to resources of all kinds.

Today, the same goals are increasingly pursued with the means of geopolitics. And by no means this is about a historically powerful confrontation of “the free West” with a “reactionary Russia” or about the global defence of a fictitious “norm-led foreign policy” against autocratic rulers of any hue. The current linking of territories through power politics is again about the control of geographical spaces through expansion into the sovereign space of other states - in the air, on land and in the sea. This is happening with the aim of maximising economic and at the same time military power.

The means used are also partly the same as those previously used under the banner of globalisation, such as norm-setting through financial and developmental levers or the financing, planning and construction of infrastructures, as well as preventing of infrastructure projects in the sovereign space of other states

But to an ever-greater extent the new geopolitics also uses “hard” instruments - such as:

- regime change controlled from a territory outside the state through the support of selected population groups;
- the financing of insurgencies or, more recently,
- the killing of disagreeable representatives of a foreign power from afar, made possible by the use of drones, and

- increasingly the destruction of communication infrastructure, also made possible by the same digital technologies.

However, the familiar instruments of classical geopolitics are not spurned: the conquest, control and defence of territories in proxy wars and military intervention with or without a declaration of war.

The overarching goals of today's geopolitical confrontation are difficult to narrow down, because a multitude of concerns are often amalgamated. In most cases, however, it is a matter of preserving national security, establishing military supremacy and/or gaining access to strategic resources for investors. However, since in the digital age any new technology that can be used for civilian purposes either has its origins in military applications or can be used for them, both the geopolitical objective of preserving national security and the establishment of military supremacy include the need to establish and defend "technological sovereignty".

In the new "Tech-Geopolitics" the control of the most advanced mobile communication standard is as important as the control of a close value chain including the production of chips, computers, batteries, software and particularly algorithms, protected by IPRs, in addition to the capability to prevent and react on cyber-attacks against companies and infrastructures. But why is it that globalisation regressing into a cauldron of geopolitical conflicts, a development that is pushing any progressive deglobalisation agenda into the realm of dreams?

## **Explaining the renaissance of geopolitics in the 21**

As Elmar Altvater and myself already elaborated in one of our books published in the 1990s "Limits of globalization" are especially perspicuous with regard to the provision of "BIG ENERGY" for capitalist accumulation. Since capitalist industrialisation in the late 18<sup>th</sup> century, the demand for steady fossil energy supply grew enormously in order to fund productivity increases. Of the new technical devices created after the Industrial revolution nearly 100 per cent have been fuelled by fossil energy.

For only through their completely ruthless extraction, their concentration and their transport over long distances, as well as thanks to the comparatively easy storage of energetically very dense fossil energy, can we continue to build on the "magic formula" that has made possible the economic growth of the last 250 years. This formula has been completely abnormal in historical comparison, it translates into: the steady increase in energy production per hectare of land on a finite!

Most oil and gas deposits have long since exceeded their peak production levels; only in "rogue states" such as Iran, Venezuela and Russia this is not yet the case. For all newly discovered oil and gas fields, the so-called harvest factor has been steadily decreasing since 2006; in 2019, for every barrel of newly discovered oil, five barrels were needed to develop it.

However, as demand has continued to rise, the extraction of unconventional oil from the deep sea or from tar sands, as well as unconventional gas extracted by the technically complex and ecologically exceedingly harmful method of blasting open rock through "horizontal fracking", has become profitable. Through the fracking boom, the USA has effectively become self-sufficient in gas and for some time now, it has been trying to take geopolitical advantage of this.

President Donald Trump already put European allies under pressure with punitive tariffs because of their gas imports from Russia. But it was only his successor Joe Biden who was able to announce to the press on 2 February 2022 - so before Russia invaded Ukraine - that the commissioning of the Nord Stream 2 pipeline from Russia to Germany would be prevented by the USA. Since then,

nothing has stood in the way of the expansion of the liquefied natural gas infrastructure on both sides of the Atlantic - and the sales markets for much more expensive US fracked gas in Europe are secured for decades to come.

Obviously, there are likely to be numerous log-in effects associated with the construction and maintenance of fossil infrastructures: Pipelines extend and bind the reach of state power and influence and ensure that government(s) and business(es) at one end can exert control over their counterparts at the other. For one side, pipelines represent high-risk and very expensive investments that only pay off with long-term contracts. For the other side, they provide indirect access to production areas outside their own sovereign territory and make it possible to exert influence on the quantity and price of oil and gas through pressure, blackmail, sanctions or military intervention. But what applies to pipelines also plays a major role (even though in a modified form) in the construction and maintenance of electricity grids. And access to a growing amount of electricity will most important in the future- within the framework of a so called “net-carbon pathway”.

Energy security is to be achieved through the electrification of transport, industry and housing. This requires an enormous expansion of the generation capacity for electricity from renewable sources - and consequently also the expansion of national, transnational and transcontinental electricity grids. Like pipelines, electricity grids connect politically sovereign territories and create interdependencies. Electricity networks are also “critical infrastructures” that need to be protected from all kinds of threats and hazards, not least from actions that are now referred to as “hybrid warfare”. But unlike pipelines for oil and gas, geopolitical power in electricity networks arises primarily from the ability to determine the norms and rules by which they are planned and interconnected, and through the ownership of the technology that can control the flows of electricity. Thus it seems of utmost importance, that Chinese companies are already involved in power grids in Greece, Italy and Portugal, and they are pursuing the goal of ensuring China-originated and China-directed connectivity of power grids everywhere.

In the geopolitics around technological standards, which includes coverage with the latest mobile phone standard as well as the mastery of closed value chains for the production of all new technologies, neither the Europeans nor the US do not hold the best cards, not to mention the entire World of Non-OECD countries.

In this context, it proves to be a great advantage of the People’s Republic that it extracts many of those raw materials needed for the electrification and digitalisation of economic and military activities in its own country or imports them with the aim of processing them into precursors for their later use in industrial processes. This is usually a rather dirty business, from which European and US companies have withdrawn in recent years in order to concentrate on the higher-value (ergo: more lucrative) steps in value creation. Today, however, China no longer wants to be content with extracting raw materials in large quantities and turning them into intermediate products, but is using all its options to incorporate them into higher-value end products.

Even more than pandemic-related disruptions of global value chains, this is increasingly upsetting the order of the previous global division of labour.

Yet, another important dimension of the new geopolitics around energy sources should at least be mentioned here: it is never just about the quantities of fossil fuels on which modern industrial capitalism depends. It is always also about “paper oil” and “paper gas”, i.e. the prices of oil and gas generated on the international futures exchanges by private traders for the probable demand of tomorrow - and the currency in which these are invoiced.

In this respect, too, the year 2022 will probably usher in a “turn of the times” - to further rising prices for fossil energy sources and thus to a stabilisation of the dollar, which has been battered in recent years, as the currency in which not only the “lifblood of capitalism” but also most of the goods and services traded worldwide are settled. And since the debt crisis of the 1970s we all know, that the dollar is the currency of the USA, but at the same time it’s a problem for the rest of the world, as Lawrence Summers once stated.

Furthermore, it should be remembered that the climate negotiations at COP26 in Glasgow in winter 2021 and the announcement of Green Deals in Europe and the USA should send a strong signal to investors that business with fossil fuels will no longer be profitable in the longer term, so it would be wise to invest in “green” energy sources and related infrastructure as soon as possible. But today, parallel to the many new explosive bombs for which there is a growing demand in Europe since the outbreak of the Ukraine war, new huge “carbon bombs” are being built. This is how journalists from the Guardian have described the nearly 200 new major oil and gas projects currently being pushed forward; these alone will add another billion tonnes of CO<sub>2</sub> to the 36.3 billion tonnes of CO<sub>2</sub> emitted globally in 2021.

Instead, an “energy war” that started with the US-forced shutdown of the Nord Stream 2 pipeline is driving up the prices of all fossil fuels and thus also the prices of many food and industrial goods that depend on them. However, this correlation can only surprise those who have so far not thought about the dependence of cheap food on cheap energy sources. It is equally unsurprising that the net revenues of the large energy companies have doubled in 2022 compared to the previous year. A large part of the “windfall profits” is used by the shareholders of Shell, BP and Co for dividend distributions and for buying back their own shares. This is probably also done on the assumption that investments in fossil infrastructures might not be profitable in the longer term - either as a result of a global recession or because signs of a collapse of the planet can no longer be ignored.

The geopolitical “moves” that the summer of 2022 has brought us offer little cause for optimism: in response to the Ukraine war, coal and nuclear power plants are increasingly being kept in operation and even expanded, not only in Europe but across the world. New oil and gas projects are being launched everywhere. This can only be described as an open declaration of war on the bio-physical systems of the earth. If this “war on the planet” is not stopped immediately, we will catapult ourselves back to temperatures last seen during the Eocene, about 50 million years ago, long before “Man appeared in the Holocene” (Max Frisch).

This is the frightening message a recent paper of the world’s most influential climate researchers which has been published in PNAS at the beginning of August this year. Under the title “Climate Endgame”, the scientists plead for an urgent look at the “worst-case scenarios” that will result from a heating of the Earth’s climate of 2.1 to 3.9 degrees Celsius by the end of the 21<sup>st</sup> century. Because this is the path we are on.

Obviously, the complexity of the interactions has been fundamentally underestimated in the IPCC models. But it was in line with the logic of the Paris climate negotiations in 2015 to focus on the rather low global warming of 1.5 degrees compared to pre-industrial levels in the near future - but not to assume the possibility of a much more dangerous development. The climate research community, not wanting to be discredited as “alarmists”, has played a role in weakening assumptions about an approaching ecological catastrophe.

In times of a climate catastrophe already experienced in many places and growing existential hardship, an increase in violent intra- and interstate conflicts must be expected. In the near future, as the climate researchers’ study puts it, “synchronous failure” is to be expected, which could spread globally to countries and systems - comparable to the domino dynamics that set the global

financial crisis of 2007/2008 in motion. But once a certain threshold of chaos is reached - which in everyday language means an excess of disorder, but in the scientific sense above all the unpredictability of processes - the synchronous collapse of ecological and social systems threatens civility in the way people interact with each other even before their civilisation comes to an end.

It is foreseeable that the geopolitical dominance of the USA will be consolidated - on the basis of its "digital-military-industrial complex" and a ruthless pursuit of great power interests, but with complete neglect of an environmental agenda. It is also quite likely that Russia will be economically weakened, at least in the longer term, and turn south and east - in a subordinate role to China. In the process, the country will not only have to sell off its energy raw materials and many agricultural and mineral resources at dumping prices, but also - just like Ukraine - write off all its ecological obligations to the wind.

There is still the possibility that China could become the power that one day controls the "world island". However, this presupposes that the USA does not seek a military conflict as soon as possible for this very reason - as long as its naval forces are still superior to those of China. Moreover, China could only become a new hegemon if it finds a sustainable solution for the threatening nexus of energy-water-food supply in its own country.

Particularly sad, however, is the picture that Europe presents. In "self-imposed vassalage" [1] it is tied into the Atlantic alliance and will emerge economically very weakened from its military and economic engagement with Ukraine - through its hasty and ill-conceived withdrawal of energy supplies from Russia and through its misguided spending on rearmament, which, together with inflation and supply bottlenecks, will drastically reduce the competitiveness of European industry. Moreover, a deep recession could also bring a decline in the value of the euro.

And worst of all: the fate of the "non-OECD world" is of no concern to any of the "big players" anyway.

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**P.S.**

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**Footnotes**

[1] Michael Klare, The Ukraine War's Colateral Damage, in: TomDispatch.com, 22.05.2022.