

Thinking About Thinking

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“Geopolitics”: What Is It Good For?

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In recent years, the term “geopolitics” has become ubiquitous (see Graph below). This has helped spread awareness of important political dynamics. However, for the purposes of professional business risk analysis, the concept suffers from overstretch and confusion, as it is used in many different ways, with different meanings. This note dissects some of these meanings, identifies their assumptions, and highlights potential analytical shortcomings.

Key takeaways:

- “Geopolitics” often refers to relations among states, where states are the unit of analysis. This overlooks important political dynamics that take place inside states and have a major bearing on their external posturing. When analyzing businesses risks, the geopolitical perspective needs to be complemented by the assessment of internal political risks.
- Many of the most popular “geopolitical” takes in the media and on social media tend to be precisely the most overconfident and oversimplified, often imbued with deterministic overtones. It is important to recognize and question the implicit assumptions, which undermine analytical value.
- Geopolitical frameworks based on the analysis of material constraints are in danger of underplaying the role of “soft power”, ideology and culture. When forecasting policy decisions, especially in authoritarian systems, such frameworks tend to misinterpret the goals of the policymaker and to underestimate the role of ideology and mindset in shaping a leader’s perception of policy constraints.

1. Why is geopolitics such a popular term?

The term “geopolitics” has had a long and checkered history (see Text Box below). The most immediate antecedents of today’s expanded use of the term are Henry Kissinger’s popularization of it from the 1970s, and the work of geopolitical/strategic consultants since the 1990s, most notably George Friedman, the founder of the Stratfor consultancy.

A popular conception of “geopolitics” underlines conflict, Great Power rivalry and the role of geography, among other material constraints, in shaping international politics. It is easy to see why that concept has got a new lease of life in the recent years, given a more assertive China, a war in the middle of Europe, a new flaring of the Israeli-Palestinian conflict with regional reverberations, the emergence of middle powers, and the growing importance of national security considerations relative to trade and investment ones. Many of these issues also have important territorial dimensions to them – supply chains issues, Russia’s territorial expansion, China’s claims for expanded territorial waters, etc.

2. How “geopolitics” is used in practice

In fact, the term “geopolitics” is currently used in a plethora of different ways, with different meanings. In particular, three broad conceptual strands are recurrent among business analysts, pundits and current affairs commentators.

The first use of “geopolitics” is as a synonym for “international politics”. This would appear to be the sense in such phrases as “fractious geopolitics”, for example. In this meaning, the concept is redundant. It has no content separate from “international politics”, and therefore does not offer any real analytical value.

A second common conception of “geopolitics” refers to the study of the spatial or territorial dimensions of international politics. In this sense, “geopolitics” is also part of the broader discipline of political geography. This offers a useful lens on international politics, when it is used to complement other perspectives.

The third conception of “geopolitics” makes strong assumptions about the very nature of international politics. This version includes a number of sub-versions, depending on which assumptions it relies on, explicitly or implicitly. The three main assumptions are:

- Rivalry and conflict feature prominently in relations among states, in an anarchic international system. In particular, international politics is primarily the result of Great Power rivalries and their quest for domination. This appears to be the meaning of the phrase: “the geopolitics of... X”, where X can be an industry or business activity (e.g. oil trade, artificial intelligence, renewable energy, critical minerals supply chains, etc.).
- States are the primary actors of international relations, and they are the unit of analysis. Their domestic politics, including day-to-day squabbles, political programs, and ideologies, are a sideshow. Other types of actors (international corporations, supranational institutions, social movements, etc.) are much less important than states.

- Material constraints, as opposed to ideas and ideologies, shape the strategic interests of states and their behavior. Such constraints can include military power, the strength of the economy, demographic trends, etc. Geopolitical analysts vary in the degree of determinism and persistence assigned to those effects. In extreme cases, some argue that nations have immutable interests and “inevitable destinies”.

3. Potential pitfalls of simplistic “geopolitical” analysis

The assumptions mentioned above can obfuscate our understanding of the world and deserve a critical review:

- **Conflict as the default state of the world:** When world politics becomes more fractious and inter-state competition is accompanied by open conflict, such as in recent years, it is tempting to see such trend as the default or the natural state of affairs, as an iron law of history. In general, the social sciences have come to reject the possibility of grand universal laws in human affairs. Taking the conflict trend as the natural state of affairs can blind us to areas of positive-sum international relations and to policy avenues for lowering conflict levels.
- **States as “black boxes”:** Geopolitical analysis that takes states as the unit of analysis fails to see the impact of domestic political dynamics on international relations. In fact, “states” come in very different degrees of institutionalization and with different types of political regimes. Domestic state-society relations, including the distribution of political, economic and ideological power and the modalities of political legitimation, are key to understanding both internal stability and external posturing. When the complex internal dynamics of states are ignored, this can open up space for conspiracy theories, for example attributing mythical powers to the CIA, MI6 or Mossad to shape all kinds of domestic events around the world.
- **Conflict takes place among states:** Taking states as the unit of analysis may blind us to clashes of interests that exist between transnational groups. For example, Pettis and Klein’s *Trade Wars Are Class Wars* 2020 book forcibly illustrates how some of the most important fault lines in the international economy are not so much between states, but between social groups within states, where each side of the internal divide shares interests with similarly-positioned groups in other countries. This type of non-state-to-state, non-militarily-solvable conflict can have extremely important effects on international relations. The emphasis on states as the unit of analysis, and on inter-state conflict, may distract attention away from domestic, internal problems, such as income inequality.
- **Strategic national interests are “set in stone”:** Some strands of “geopolitics” posit (or imply) that material constraints and incentives determine national interests and strategies. These material constraints may include: the strength of the national economy, military power, demographics, geography, etc. Some of these factors change very slowly or not at all (i.e. geography), so they purportedly give rise to immutable national interests or national “destinies”. This underplays the role of contingency and non-material factors, such as “soft power”, ideology and culture. Authoritarian leaders like this line of “geopolitical” thinking because it legitimizes their claim to knowing what the national interest is, now and forever. In competitive systems, by contrast, the “national interest” emerges from the articulation and aggregation of what citizens think it is.

- **Material constraints and policymakers:** Some geopolitical analysts argue that material constraints determine not just immutable strategic national interests, but also policy decisions. However, when it comes to forecasting policy decisions, particularly in authoritarian regimes, it is not objectively identifiable “constraints” that count, but the leader’s perceptions of those constraints in connection to his/her goals. The preferences of policymakers, as well as their ideology and mindset, are key to making proper use of a constraint-based framework. This point will be expanded upon in a separate note.

There are many experienced and sophisticated “geopolitical” analysts, who master a diverse set of conceptual and analytical tools and do not rely on any of the pernicious assumptions listed above. However, the most popular uses of the term seem to be precisely those affected by these problematic assumptions, leading to deterministic, overconfident and oversimplified forecasts.

4. Geopolitical risk vs political risk

If “geopolitics” is simply an approach to international politics that focuses on the impact of space and geography on politics (the second meaning mentioned in section 2), then “geopolitical risk” is subsumed under “political risk”. In this connotation of the term, there is no direct impact of geopolitics on business, any impact is mediated via politics – i.e. geography affects politics and those political changes, in turn, affect business. And “political risk” analysts have always covered international political factors, alongside domestic ones, when assessing the likely impact of politics on business.

Similarly, the widespread notion that “political risk” is only about Emerging or Frontier Markets or “commodities” appears oversimplified. It is true that political risk emerged as a field of consulting services in support of US and western companies that, in the 1960s and 1970s, were starting to operate in unfamiliar emerging economies. But, well before the 2008 financial crisis demonstrated that political risk also applies to advanced economies (something that Brexit and Trump later vividly reaffirmed), scores of political risk analysts were already covering North America and Western Europe. So, any emphasis on emerging markets is due to client interest, rather than any conceptual or organizational bent of “political risk”.

Text Box: History of the term

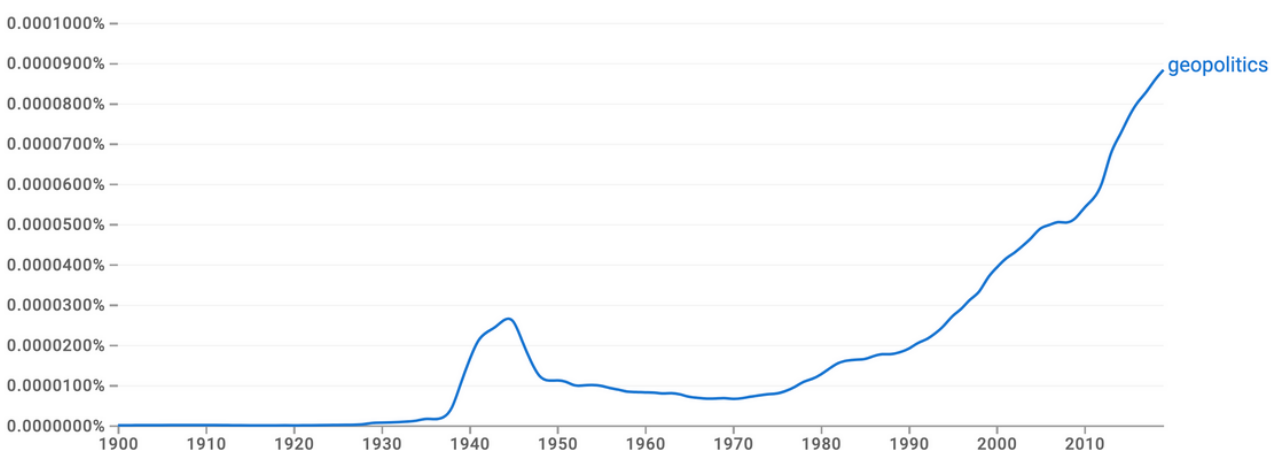
The term “geopolitics” was originally introduced by Swedish history and government professor Rudolf Kjellen in 1899. But it was British geographer Halford Mackinder who developed a fully-fledged and highly influential theory of the interplay between geography, history and politics. In a 1904 paper, he divided the world into sea-powers and land-powers and foresaw the rising power of Russia based on its domination over the Eurasian “heartland” space - provided that it developed enough railroads to exploit the vast mineral and agricultural resources of that “pivot region”.

Even though Mackinder never used the term “geopolitics”, which he openly disliked, he became very closely associated with it. In the interwar period (and beyond), Mackinder’s ideas were often incorporated into ideological-programmatic manifestos that had much stronger Darwinist and fatalistic connotations than he ever intended and that were used to justify militarist political programs. Most (in)famously, German army general Karl Haushofer, later professor of Geography, used Mackinder’s ideas to argue that Germany should seek to control the Eurasian “Heartland” in order to match British sea power. Haushofer, in turn, influenced Adolf Hitler and Nazi policies. This association discredited “geopolitics” for several decades after WWII.

Henry Kissinger popularized the term again from the 1970s. And the concept has been used by private-sector geopolitical/strategic consultants since the 1990s, most notably George Friedman, the founder of the Stratfor consultancy

More recently, the darker use of “geopolitics” to justify a militarist-nationalist political project resurfaced, for example, in the work of Russian ideologue Aleksander Dugin. While his *Foundations of Geopolitics* 1997 book did not have major political influence for over 17 years, it included references to the “need” for Russia to control Ukraine that bear a close resemblance to what Putin eventually did in 2014 and 2022.

Graph - Frequency of the term "geopolitics"



The Y-axis shows the frequency of the term "geopolitics" as a percentage of all words contained in books predominantly in the English language published in any country in 1900-2019. Case insensitive, smoothed.
Source: Google Books Ngram Viewer, <http://books.google.com/ngrams>.

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Dr. Carlo Gallo, founder and manager of Enquirisk, was Control Risks' lead political risk analyst on Russia and other parts of Eastern Europe between late 2005 and 2012. He has established Enquirisk in late 2012, initially in London (UK), moving to California in 2019. Dr Gallo holds a Doctorate from the London School of Economics (LSE) and has helped dozens of leading multinationals navigate complex business environments in virtually every major economic sector.

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