Geoeconomics (re-)conceptualized:
A neoliberal approach

D I S S E R T A T I O N
of the University of St.Gallen,
School of Management,
Economics, Law, Social Sciences,
International Affairs and Computer Science,
to obtain the title of
Doctor of Philosophy in International
Affairs and Political Economy

submitted by

Christian Pfeiffer

from

Germany

Approved on the application of

Prof. Dr. Dirk Lehmkuhl

and

Prof. Dr. Christoph Frei

Dissertation no. 5241

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The University of St.Gallen, School of Management, Economics, Law, Social Sciences, International Affairs and Computer Science, hereby consents to the printing of the present dissertation, without hereby expressing any opinion on the views herein expressed.

St.Gallen, May 16, 2022

The President:

Prof. Dr. Bernhard Ehrenzeller

Summary

The term “geoeconomics” has become increasingly popular to describe and analyze international relations. Its popularity increased with scholars and practitioners alike. As a result, its interpretations are more diverse than ever. Yet, geoeconomics is still in its early stages of development. The concept’s rise in popularity, its increasing number of diverse usages and applications, combined with the lack of conceptual development and the loose handling of the concept, resulted in great confusion over the concept’s meaning and use. In its current state, geoeconomics is more of an obstacle than a useful analytical tool. Since concepts are too important to let go, I consciously develop a coherent and more useful theoretical concept of geoeconomics. The research question of this dissertation is: *What is one to understand by geoeconomics?* It is centered on the definition and development of geoeconomics and demands its application to an empirical research project. Analyticism forms the methodological backbone of this dissertation, while a congruence analysis provides the methodical support. To answer the research question, I take stock of the current state of knowledge, the existing theoretical and empirical literature, and assess whether they are valuable, persuasive, and complete. I find that geoeconomics has to be consciously reconceptualized from the ground up. I then show how this can be done, by developing a neoliberal version of geoeconomics that promises a greater explanatory potential and analytical fruitfulness. Lastly, I demonstrate the additional empirical usefulness and analytical value of my new approach, with the help of a case study: Germany’s foreign policy towards Russia. I find that neoliberal geoeconomics provides a better and more comprehensive understanding of Germany’s relation with Russia than neorealist geoeconomics. The case study confirms the utility of neoliberal geoeconomics. Hence, I conclude that geoeconomics can be understood in a neorealist and in a neoliberal way. While the former lacks theoretical depth, having only been conceptualized superficially, the latter is a promising challenger, allowing for the concept to develop to its full potential. Neoliberal geoeconomics is my response to geoeconomics failing to conceptually develop in the last 30 years.

Zusammenfassung

Der Begriff der Geoökonomie wird seit dem Ende des Kalten Krieges immer öfter zur Beschreibung und Analyse der Internationalen Beziehungen verwendet. Dessen Popularität hat sowohl bei Wissenschaftlern als auch bei Praktikern zugenommen. Infolgedessen sind die Auslegungen und Interpretationen der Geoökonomie vielfältiger denn je. Trotz der gestiegenen Verwendung des Begriffs, befindet sich die Geoökonomie noch immer in einem frühen Entwicklungsstadium. Die steigende Popularität des Konzepts, eine zunehmende Anzahl unterschiedlicher Interpretationen sowie die fehlende konzeptionelle Entwicklung und der undisziplinierte Umgang mit dem Konzept, haben zu großer Verwirrung über seine Bedeutung und Verwendung geführt. In ihrer derzeitigen Verfassung ist die Geoökonomie eher ein Hindernis als ein nützliches analytisches Instrument. Aus diesem Grund wird im Rahmen der vorliegenden Arbeit ein kohärentes und nützlicheres theoretisches Konzept der Geoökonomie entwickelt. Aus der Analyse zur Verfassung des Konzepts, leitet sich folgende Forschungsfrage dieser Dissertation ab: *Was ist unter Geoökonomie zu verstehen?* Die Frage konzentriert sich auf die Definition und Weiterentwicklung der Geoökonomie und ihre Anwendung auf einen empirischen Forschungsgegenstand. Dabei bildet *Analyticism* das methodologische Rückgrat dieser Arbeit, während eine Kongruenzanalyse die methodische Unterstützung liefert. Zur Beantwortung der Forschungsfrage erfolgt eine Bestandsaufnahme des aktuellen Wissensstandes – der theoretischen und empirischen Literatur – und eine Analyse dieser Literatur in Bezug auf Nützlichkeit, Überzeugungskraft und Vollständigkeit. Schlussfolgernd muss die Geoökonomie bewusst von Grund auf rekonzeptualisiert werden. Diese Rekonzeptualisierung geschieht mit Hilfe der im Rahmen dieser Arbeit entwickelten Neoliberalen Geoökonomie, welche ein größeres Erklärungspotenzial und einen analytischen Mehrwert verspricht. Erklärungspotenzial und analytischer Mehrwert des neuen Ansatzes wird anhand einer Fallstudie demonstriert: Deutschlands Außenpolitik gegenüber Russland. Die Neoliberale Geoökonomie liefert ein besseres und umfassenderes Verständnis der Beziehungen Deutschlands zu Russland als die Neorealistische

Geoökonomie. Dadurch bestätigt die Fallstudie die Nützlichkeit der Neoliberalen Geoökonomie. Die Geoökonomie kann daher nicht nur auf eine neorealistische, sondern auch auf eine neoliberale Weise verstanden werden. Während es der ersteren an theoretischer Tiefe mangelt, da sie nur oberflächlich konzeptualisiert wurde, ist die letztere ein vielversprechender Ansatz, der es der Geoökonomie ermöglicht, ihr volles Potenzial zu entfalten. Die Neoliberale Geoökonomie ist die längst überfällige Antwort auf die mangelnde konzeptionelle Weiterentwicklung der Geoökonomie in den vergangenen 30 Jahren.

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List of abbreviations

BDI	Bundesverband der Deutschen Industrie [Federation of German Industries]
BGA	Bundesverband Großhandel, Außenhandel, Dienstleistungen [Federation of German Wholesale, Foreign Trade and Services]
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CENTCOM	United States Central Command
CEO	Chief executive officer
CERN	European Organization for Nuclear Research
CFP	Corporate foreign policy
CFR	Council on Foreign Relations
COCOM	Coordinating Committee on Multilateral Export Controls
DDR	Deutsche Demokratische Republik [German Democratic Republic]
DGAP	Deutsche Gesellschaft für Auswärtige Politik [German Council on Foreign Relations]
DKG	Deutsche Kolonialgesellschaft [German Colonial Society]
DM	Deutsche Mark
EMU	Economic and monetary union
EU	European Union
FIIA	Finnish Institute of International Affairs
FP	Foreign policy
G-8/G8	Group of Eight
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GDR	German Democratic Republic
GM	General Motors
GMO	Genetically modified organism

GNP	Gross national income
HEI	Institut universitaire de hautes études internationales [Graduate Institute of International Studies]
IHEID	Institut de hautes études internationales et du développement [Graduate Institute of International and Development Studies]
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
IPE	International political economy
IR	International relations
IUED	Institut universitaire d'études du développement [Graduate Institute of Development Studies]
MFA	Ministry of Foreign Affairs
MNE	Multinational enterprises
NATO	North Atlantic Treaty Organization
NGO	Non-governmental organization
NSA	Non-state actors
NSDAP	Nationalsozialistische Deutsche Arbeiterpartei [National Socialist German Workers' Party]
OA	Ost-Ausschuss der Deutschen Wirtschaft [German Eastern Business Association]
ODA	Official development assistance
OSCE	Organization for Security and Co-operation in Europe
PfM	Partnership for Modernisation
PMSC	Private military and security companies
RBIO	Rule-based international order
RM	Reichsmark
SGB VI	Sechstes Buch Sozialgesetzbuch [Book Six of the Social Security Code]
UK	United Kingdom
UN	United Nations
US	United States

USA	United States of America
USAID	United States Agency for International Development
USD	United States dollar
USSR	Union of Soviet Socialist Republics
WEF	World Economic Forum
WTO	World Trade Organization
WWI	World War I
WWII	World War II

Chapter 1: Introduction

1.1 Introduction

Since the end of the Cold War, the term "geoeconomics" has become increasingly popular to describe and analyze foreign affairs and international relations. The term has not only experienced a revival in terms of quantity, but also quality. Its interpretations are more diverse than ever, the quality of research has improved, and an academically more diverse group has included the term in their research. As demonstrated by the steadily growing body of scholarly publications on the issue, geoeconomics has grown in importance (Mair, 2018), and has "gained considerable relevance, with major repercussions for international relations" (Scholvin & Wigell, 2018a, p. 4). Vihma (2018a), who examined the re-emergence of geoeconomics, comes to the conclusion that "there is a new wave of interest in geoeconomics in the policy analysis world" (p. 13). This increase in popularity is happening within academic studies and practical policy debates alike (Scholvin & Wigell, 2019, p. 4; Wigell, 2016). Troxell (2018) even goes so far as to predict that geoeconomics "will quite likely be the most critical arena for nation-state competition in the decades to come" (p. 18).

In the last three decades, the popularity of geoeconomics increased tremendously, especially in the field of IR. At the same time, the concept itself could not keep up with this development. It remained in an underdeveloped state: Wigell points out that "geoeconomics research is still in its infancy" (2016, p. 147), while Mattlin and Wigell (2016) agree that "IR-oriented geoeconomic theorising is still in its infant stage and much empirical work needs to be done so as to kick it forward" (p. 128). Practitioners, who study the concept in more detail, share the assessment that geoeconomic analysis is still in its early stages of development. Mair (2016), member of the executive board of the Federation of German Industries (BDI), argues that "the discussion on the role of geo-economics in international relations is in its infancy".

Despite the concept's popularity, only few scholars have analyzed geoeconomic theory in depth and contributed to its advance. The lack of the

concept's theoretical development has been identified and pointed out by academics and practitioners alike. Scholars argue that there is a lack of "rigorous academic analysis" (Vihma, 2018a, p. 13), as well as "an especially dire need for academic input into the discussion and the re-emergence of geoeconomic analysis" (Vihma, 2018a, p. 17). Babić (2009) argues similarly that the "subject and method of geo-economics are not still [*sic*] clearly defined nor there exists [*sic*] separate geo-economic theory" (p. 51), thus concluding that the "theory is yet to be developed" (p. 53). Scholvin and Wigell (2018a) conclude that "the state of the art [of geoeconomics] suffers from a gap in terms of basic conceptual contributions" (p. 4). As a result, scholars agree that geoeconomics, particularly in IR, "deserves much more attention" (Baracuhy, 2019, p. 24).

The concept's rapid rise in popularity and increasing number of diverse usages and applications, combined with the lack of theoretical and conceptual development, resulted in a significant problem: great confusion over the meaning and use of the term "geoeconomics". This confusion does not only exist between different disciplines, but also among academics within the same field of study. In IR,[1] geoeconomics is used in different ways and with different meanings. Diesen (2018) observes that "the term geoeconomics is used with increasing frequency by both scholars and practitioners, albeit often with different meanings and assumptions" (p. 12). This is not a problem, as "all words are polysémie, or polysemes" (Sartori, 1984, p. 26). The confusion of meanings is a problem though: "the defect is not in the multiplicity of the meanings of each word per se (out of context) but resides in their entanglement, in the fact that it is unclear (in context) which meaning is intended" (Sartori, 1984, p. 26). Often, when the term "geoeconomics" is used, it is unclear what meaning is attached to it.

This confusion and the blurring of the content of geoeconomics are caused by the loose handling of the concept by both scholars and practitioners. To give an impression of the wide array of usages, one can take a look at some of the ideas on the nature of geoeconomics, compiled by Scholvin and Wigell (2018b, p. 80).

[1] The term "international relations", with lowercase "i" and "r" is used to describe the object of analysis, while the term "International Relations" (IR), with uppercase "I" and "R", stands for the scholarly enterprise.

To give only some examples, these ideas interpret geoeconomics as: the strategy of geoeconomic private actors as opposed to geopolitical public actors, a geo-dimensional or policy-oriented analytical approach, a socially constructed discourse, a type or form of statecraft, "an analytical framework for international relations and foreign policy", "a particular form that the international system has taken", "the impact of geographical conditions on economics" (Scholvin & Wigell, 2018b, p. 80). Sparke (2007) too observes that the term "geoeconomics" is used to express a wide range of ideas, including "managerial concerns over the competitive economic positioning of states and cities", "the basic 'post-Cold War' strategic notion that economic competition has now eclipsed military confrontation at the center of interstate relations", "regional economic impacts of military base closures", "the emergence of postnational commercial strategies", and "the political consolidation of Euroland" (2007, p. 339). Some scholars argue that "geo-economics and geopolitics are two complementary" approaches (Baracuhy, 2019, p. 23), while others understand them as contradictory approaches, with geoeconomics being "a counterweight to the geopolitical approach" (Khanna, 2012, p. 3).

So far, the theoretical roots of geoeconomics have not been sufficiently explored, and the concept's history was largely ignored. Scholars are often unaware of their colleagues' previous work on the matter and the long history of the concept's usage. Scholvin and Wigell (2019), for example, observe that geoeconomics is often employed without "taking into consideration how others use it" (p. 4). As a result, every time the concept is used, one first needs to figure out what sense and what meaning are attached to it.

Often, this is not even possible, as the term "geoeconomics" is mentioned without a clearly explained meaning. The term "is often used without much critical reflection as to what is actually meant with it" (Wigell, 2016, p. 147) and "almost always [used] without a specific working definition" (Blackwill & Harris, 2016b, p. 19). Even though much has been written about geoeconomics, only "few articles dealing with geoeconomics actually provide a clear definition of the term" (Mattlin & Wigell, 2016, p. 128) and "few studies have attempted to explicitly

define it" (Wigell, 2016, p. 147): "most discussions of geoeconomics assume the meaning of the concept is self-evident and almost completely ignore rich veins of scholarship and historical policy on a range of related issues" (Ferchen, 2017).

So far, thorough and critical engagement with the concept has been rare. Geoeconomics is lacking "a self-conscious and careful effort to understand what, say, a country's global 'economic power' might mean" (Ferchen, 2017). As a result, the research on geoeconomics "suffers from a muddle of sometimes incompatible ideas of what geoeconomics is about" (Scholvin & Wigell, 2018b, p. 80). This conceptual muddle resulted in a lack of discourse that limits the cumulative potential of research findings. Hence the complaints of scholars that the concept has been failing to develop for the last decades.

Keeping in mind that "flexibility in the use of concepts is both theoretically desirable and practically unavoidable" (Dingwerth & Pattberg, 2006, p. 185), at this point, the term "geoeconomics" is more of an obstacle than a useful analytical tool. In fact, geoeconomics is on the brink "of becoming an empty signifier" (Wigell, 2016, p. 147), especially if every scholar uses it in their "own" way. The flexibility of the concept has been overstretched, at the cost of precision and clarity, rendering the term nearly useless.

With this in mind, one could decide to give up on the concept. However, I agree with Dingwerth and Pattberg (2006), who remind us that "concepts are too important to just let go" (p. 198). Concepts help to structure one's perception of the world, to decide which empirical fact is relevant and significant. They "are the constituents of thoughts – the basic building blocks of whatever propositions we form" (Olsthoorn, 2017, p. 153). Concepts are the most basic research tools that IR researchers have at their disposal, and "the most fundamental tools of social scientists" in general (Dingwerth & Pattberg, 2006, p. 198). Giving up on concepts would mean to give up on science, and on understanding the world in general. This conviction—that concepts are too important to let go—provides the motivation and justification for this dissertation.

Thus, I aim to consciously develop a coherent and more useful theoretical concept of geoeconomics. Geoeconomics can only develop its full explanatory

potential if it is used more consciously. Consciousness has a twofold meaning. On the one hand, using geoeconomics consciously means being aware of other scholar's works and their ways of using the term. On the other hand, using geoeconomics consciously also means knowing why one is using geoeconomics and not another concept, while providing a clear explanation about the nature and characteristics of the concept. Other scholars have already mentioned that this is a worthwhile endeavor, as a reconceptualized geoeconomics promises to "offer more productive research agenda and convincing policy prescriptions", "narrowing the gap between academics and practitioners" (Kim, 2020, p. 16).

In this current conceptual chaos, "concept reconstruction is a highly needed therapy" (Sartori, 1984, p. 50) for geoeconomics. As part of this therapy, the deconstruction needs to precede the reconstruction, otherwise I risk creating just another geoeconomics approach. In other words, "a 'meaning 51' to some other 50 preexisting meanings, thus adding, at best, profusion to confusion" (Sartori, 1984, p. 50). To develop nothing more than another interpretation of geoeconomics is equivalent to giving up on the concept. Yet, it is also not my objective to find the one "true" definition of geoeconomics and to "to attain univocity — a one-to-one correspondence between meaning and word" (Sartori, 1984, p. 26). Rather I strive for clarity, as I aim to reduce ambiguity and to dispel equivocation to the largest extent possible.

The overarching research question of this dissertation is: *What is one to understand by geoeconomics?* The question is concerned with the definition and development of the theoretical concept "geoeconomics". At the same time, the question calls for the application of the analytical side of the concept "geoeconomics" to an empirical research project. Analyticism forms the methodological backbone of this dissertation, while a congruence analysis provides the methodical support. Hence, the development of the concept geoeconomics proceeds its application in a case study, as "the facts […] never 'speak for themselves,' but rather must be interpreted in terms of a conceptual framework imposed by the analyst" (D. A. Baldwin, 1985, p. 30). I adopt a three-

step approach to answer the overarching research question. The dissertation is structured accordingly.

As a first step, one must take stock of the current state of knowledge, and of the existing theoretical and empirical literature, and then assess whether they are valuable, persuasive and complete. The literature review (see part I) does that by studying the way the term "geoeconomics" has been theorized, interpreted, and employed so far. It critically assesses current definitions and usages, unmasking their weaknesses. The literature review raises the question *Why is there a need to (re-)define the theoretical concept of geoeconomics?* Answering this helps to further understand why one should study geoeconomics. I find that geoeconomics has to be consciously reconceptualized from the ground up, due to several severe shortcomings. The deconstruction of geoeconomics, while tedious at times, provides me with "a cleaned-up basis for construction" for the formation of geoeconomics (Sartori, 1984, p. 50).

As a second step, in the theory part (see part II), I show how geoeconomics can be reconceptualized from "scratch" in a systematic manner. The aim is to contribute to the conceptual development of geoeconomics, by remedying the shortcomings identified in the literature review. Before reconceptualizing geoeconomics, the term must be first "deconceptualized" (deconstructed*)*. Part II addresses the following question: *In light of the identified shortcomings, what does a more consciously conceptualized geoeconomics look like?* To effectively address the highlighted shortcomings, I reconceptualized geoeconomics by developing a coherent, conscious, and transparent conceptual approach to the theoretical concept of geoeconomics. The reconceptualized version of geoeconomics is meant to increases the concept's empirical usefulness and analytical value.

As a third step (see part III), I demonstrate the additional usefulness of my new geoeconomics approach, with the help of a case study. As an analytical concept, geoeconomics provides an analytical framework for understanding and interpreting international relations and foreign policy. The utility of such an approach is measured by how effectively it can make sense of reality. Part III

answers the following question: *How does my new geoeconomics approach compare against established geoeconomics approaches in terms of usefulness, meaning their explicatory strength and analytical potential?* To put my new geoeconomics approach to the test and to demonstrate its empirical usefulness, I chose the hardest possible case study for it to explain. This least-likely case is Germany's paradoxical foreign policy (FP) towards Russia. This case is one of the examples used the most often to demonstrate the merit of established geoeconomics approaches. By evaluating the utility of my new geoeconomics approach, I hope to provide a better and more comprehensive understanding of Germany's FP towards Russia.

To answer the overarching research question—*What is one to understand by geoeconomics?*—I conclude that there are at least two ways of understanding geoeconomics. Geoeconomics can be understood in a neorealist and a neoliberal way. Today, the more prominent approaches to geoeconomics are of a neorealist nature. While popular, they nonetheless lack theoretical depth, as they have been conceptualized only superficially. Using geoeconomics under a neorealist paradigm does not allow for the concept to develop to its full potential. An alternative way of understanding geoeconomics is through a neoliberal lens. Neoliberal geoeconomics is a promising challenger to the established conceptualization. This new approach is the result of confronting the weaknesses found in neorealist approaches during the literature review and the conceptualization process. Neoliberal geoeconomics is thus my answer to geoeconomics failing to conceptually and theoretically develop in the last 30 years.

1.2 Method

Before attempting to consciously reconceptualize geoeconomics from the ground up, one needs to clarify one's methodological and methodical approaches. Both determine how to conceptualize and apply the concept. As any "conscious"[2] researcher knows, there is not one best methodology or one best method. For

[2] For more information on the conscious researcher see Sartori (1970).

every research project, one needs to identify the methodology and method that best match the research question. This section and the next present my deliberately chosen methodology and method, as well as the overall research strategy. In this dissertation, the term "method" is used as defined by Jackson (2011): "techniques for gathering and analyzing bits of data" (p. 25). To better explain the methodological foundation of this dissertation, I first present and discuss the method used.

The method employed in this dissertation is congruence analysis. In a congruence analysis, "case studies are used to elucidate and to compare the explanatory merits of competing or complementary theories" (Blatter & Haverland, 2012, p. 24). Theories and concepts are not tested like suggested by George and Bennett (2005, p. 182), since I regard them as ideal-typical or model-like. Ideal-types can neither be true or false, hence they also cannot be tested. They are, however, "instrumentally useful object[s] that might – or might not! – express some of the relevant features of the object or process under investigation" (P. T. Jackson, 2011, pp. 146-147). Hence, I investigate whether my new approach to geoeconomics expresses more of the relevant features of the object under investigation (i.e., Germany's foreign policy towards Russia), than an established approach. The case study is used as a way to "provide empirical evidence for the explanatory relevance or relative strength of one theoretical approach in comparison to other theoretical approaches" (Blatter & Haverland, 2012, p. 144).

This is done in a three-step procedure. First, I explain why geoeconomics has to be consciously reconceptualized from the ground up. Second, I reconceptualize the theoretical, ideal-type concept of geoeconomics. By generating a new definition of it, this thesis provides a "Begrifflich-konzeptionelle Analyse" [concept-conceptual analysis] (von Alemann & Tönnesmann, 1995, p. 25). Third, I demonstrate the additional usefulness of the reconceptualized concept with the help of a case study. Geoeconomics, understood as an analytical concept, provides an analytical framework. It grounds the empirical account, providing "the framework and the vocabulary for

constructing a deliberately and explicitly non-representational case-specific narrative" (P. T. Jackson, 2016, p. 166).

The congruence analysis, in form of a single-case study, primarily aims to make a contribution to the academic discourse on the usefulness and relevance of geoeconomics (Blatter & Haverland, 2012, p. 149). This is done by defining geoeconomics within the neoliberal paradigm, strengthening its position with regards to neorealist approaches, and by bolstering its recognition in the field of IR (Blatter & Haverland, 2012, p. 150). I argue that neoliberal geoeconomics, in comparison to neorealist geoeconomics (competing theories approach), provides more important insights as an explanatory approach. By highlighting the advantages and additional insights gained from the use of neoliberal geoeconomics, I contribute to the "scholarly discourse on the relevance and relative importance of specific theories (= explanatory frameworks) and general paradigms (= meta-theories)" (Blatter & Haverland, 2012, pp. 149-150). As a secondary goal, this dissertation strives to provide a better and more comprehensive understanding of Germany's relation with Russia. This is achieved by demonstrating the explanatory power and conceptual usefulness of neoliberal geoeconomics in the case study.

1.3 Methodology

Most methods can be applied across different methodological frameworks. Nevertheless, every method carries certain methodological affinities within themselves. This can result in conscious researchers having to change their methodological stance from one research project to another, depending on the used methods. In this dissertation, the term "methodology" is used as defined by Sartori (1970): "a concern with the logical structure and procedure of scientific enquiry" (Sartori, 1970, p. 1033). To fully appreciate the methodology of this dissertation, one first needs to understand the methodological affinities of congruence analysis.

1.3.1 Methodological affinities of congruence analysis

Within the congruence method, one compares theoretical observable implications of more than one theory, with actual empirical observations. Blatter and Haverland like to refer to this constellation as a "three-cornered fight" (2012, p. 204). It is crucial to emphasize that of the two or more theories, neither one is tested, verified or falsified, nor declared right or wrong. Instead of testing theoretical concepts, one examines the different analytical explanatory potentials that different concepts have to offer.[3] The theoretical concepts are not reduced to single independent and dependent variables but compared on the basis of their explanatory merits (Blatter & Haverland, 2012, p. 24), meaning their usefulness. For an IR scholar to deviate from the dominant neopositivist paradigm is a big and sometimes even controversial step, as highlighted by Jackson (2011, pp. xiv, 114-115) numeral times. This step always needs an extra smidgen of justification.

Blatter and Haverland (2012), Blatter et al. (2016), and Blatter et al. (2018) divide the methodological foundations of the congruence analysis along the lines of "empiricism/positivism and critical rationalism", "pragmatism/naturalism and critical realism", and "constructivism/conventionalism and critical theory". Blatter and Haverland (2012) argue that congruence analysis falls within the last category, as it "embraces a specific understanding of Critical Theory as a critical stance toward hegemonic approaches in scientific discourses" (p. 14). In order to compare Blatter and Haverland's (2012) way of classifying underlying methodological assumptions with Jackson's (2016) four operational methodologies – "neopositivism", "critical realism", "analyticism", and "reflexivity" – one needs to gain a better understanding of what is meant by "constructivism/conventionalism and critical theory". Blatter and Haverland (2012) contend that the epistemological origins of this approach lie in

[3] Analytical concept A may only explain 30% of a particular case studied, whereas analytical concept B can account for 60%. This does not mean that concept A is wrong and concept B is right, nor that concept A is falsified. All this means is that concept B has a higher explanatory value in the chosen case, compared to concept A. Because concept B expresses more relevant features of the case under investigation, it is instrumentally more useful. Instrumental usefulness is also determined by the extent to which concept B features a higher degree of similarity with the case under investigation, compared to concept A (P. T. Jackson, 2016, p. 159).

hermeneutics and phenomenology. Translated into Jackson's (2016) vocabulary, this points towards the phenomenalist camp (neopositivism/analyticism). Blatter and Haverland (2012) also explain that "empirical evidence is not used to verify or falsify theoretical propositions but provides arguments in the ongoing discussion about the most important theoretical framework for understanding and creating social reality" (pp. 11, 145). Such a statement clearly rules out neopositivism, as verifying and falsifying lies at the heart of this methodology.

Blatter and Haverland (2012) explain that for critical theorists, "knowledge generation in the social world is conceived as a discursive struggle for hegemony between competing theoretical (ideological and ontological) frames" (Blatter & Haverland, 2012, p. 11). This dissertation's method, congruence analysis, adopts a competing theoretical frames approach between new and old geoeconomics frames. This idea reminds one of Jackson's (2016) deliberate oversimplifications, or ideal-types, which are used to tell case-specific analytical narratives. Competition in this case is not about winners or losers, nor about right or wrong, but about the actual "usefulness" in ordering experiences and in explaining a certain case. The idea of competing "usefulness" is circumscribed by Blatter and Haverland (2012) as comparing "the relative merits of […] theories with other theories" (p. 12); and Jackson's theoretical aim of ordering experiences and explaining cases is described similarly as "using these theories as competing interpretative frameworks for making sense out of a broad and diverse cluster of empirical information about social processes and outcomes" (p. 12).

Blatter and Haverland (2012) also argue that "most critical theorists hold the conviction that theoretical discourses in the social sciences are strongly connected to ideological discourses in the social world", as "divergent theoretical frameworks lead to highly different interpretations of the same empirical observations" (p. 11). Once again, this core idea of critical theory is mirrored in Jackson's analyticism model and his idea of ideal-types which he regards as provisional idealizations of value-commitments (2011, p. 146). The same idea of values and worldviews lying at the heart of congruence analysis, is expressed by Blatter et al. (2018), when they argue (in line with Jackson's idea of value-

commitments), that "congruence analysis is based on a holistic understanding of theory as a specification of a paradigm, which in turn is a comprehensive and consistent worldview (ideology and/or ontology)" (p. 6). Hence, congruence analysis shares the methodological assumption of analyticism that theories are ultimately based on underlying norms and values.

Lastly, Blatter and Haverland (2012) also make the point that "theories lead to complementary implications in the real world and that a plurality of theories is not a source of confusion and uncertainty but rather provides the basis not only for more comprehensive explanations but also for conceptual and practical innovations" (p. 145). Such a statement is critically perceived by neopositivists, as they argue that the support of a plurality of theories is the first step towards relativism and subjectivity. Analyticists counter such arguments, by insisting that the plurality of theories does not stem from subjectivity but from intersubjectivity. As such, the theoretical plurality leads towards the pluralism of knowledge, which receives its value from comparison with insights received from other theories. Theories complement and compete with each other (in the sense of explanatory potential), instead of contradicting or falsifying each other.

When taking all of the above-mentioned points into consideration, it becomes clear that the methodological affinity of congruence analysis is analyticism. Hence, this dissertation adopts an analytical stance, one that "seeks to ground the production of knowledge in concrete practical involvements of the researcher, and does so through a strategy involving the instrumental oversimplification of complex, actual situations" (P. T. Jackson, 2011, p. 142). The purpose of geoeconomics is to make sense of the world. Analyticism provides geoeconomics with a methodology that allows it to "produce *meaning* in the world. These meanings are not the result of 'truth' but the result of agreement on what the rules are for producing 'truth'" (Zalewski, 1996, p. 350).

1.3.2 Characteristics of analyticism

Analyticism is characterized by two underlying wagers about the hook-up to the world: mind-world monism and phenomenalism. Mind-world monism maintains that the researcher is part of the "world", which is "endogenous to social practices

of knowledge-production" (P. T. Jackson, 2011, p. 36). Referring to the "real" world or to the "reality", as dualist do, does not make sense, as "any access that we have to the world is mediated by our conventional practices and values" (P. T. Jackson, 2011, p. 125). Contrary to neopositivists, for analyticists "it makes little sense to formulate and test hypotheses because the idea of an externally existing world against which to test them is nonsensical" (P. T. Jackson, 2011, p. 38). Monist even go so far as to equate truth with explanatory utility (P. T. Jackson, 2011, p. 141).

The monist stance of this dissertation becomes apparent in the nature, the usage, and the structure of geoeconomics. Regarding the nature of theoretical concepts, this dissertation shares the understanding that they are "simply not something that one compares to reality" (P. T. Jackson, 2011, p. 113)—rather, they "do construct *a* reality, but no one can ever say that it is *the* reality" (Waltz, 1979, p. 9). I do not show that neoliberal geoeconomics is more "real" or "true" than neorealist geoeconomics, but rather that the former can provide further insights when analyzing Germany's relation with Russia.

The monist stance also becomes apparent when evaluating the usage of geoeconomics. Instead of trying to "test" those concepts against the mind-independent world, this dissertation contends that such a world does not exist. Hence, I do not aim to falsify or disprove neorealist geoeconomics, as this would be impossible. Jackson (2011) explains that from an analyticist standpoint, "strategies of falsification […] are, strictly speaking, non-sensical" (p. 114). Instead, I come up with a new concept, (i.e., neoliberal geoeconomics), which "pushes" towards taking over the older theoretical concept of neorealist geoeconomics.

Another important indicator for the analyticist standpoint is the way geoeconomics is structured. This dissertation understands theoretical concepts to be made up of a specified configuration of core and peripheral concepts. In contrast, paradigms (IR grand theories such as realism or liberalism) represent all possible configurations between the core concept and various peripheral concepts. Core concepts are based on different value-commitments. If one changes the core

concepts of a theoretical concept, one also modifies the different value-commitments. Geoeconomics approaches, understood as an ideal-typical theoretical concepts, are "provisional idealizations of our value-commitments", which "remain always and inextricably wrapped up with cultural and moral commitments" (P. T. Jackson, 2011, p. 146). Any argument about the "rightness" of the proposed theoretical concept of geoeconomics would be pointless, as any geoeconomics approach "roots in a set of value-commitments on the part of the concretely embedded researcher" (P. T. Jackson, 2011, p. 142). If one were to argue that one theoretical concept is right and the other one is wrong, one would in fact argue about the correctness of their underlying values. Hence, this dissertation does not argue for the correctness of geoeconomics, but for its usefulness.

Phenomenalism is the second underlying wager of analyticism. It maintains that knowledge is simply "a matter of organizing past experiences so as to forge useful tools for the investigation of future, as-yet-unknown situations" (P. T. Jackson, 2011, p. 37). When taking a phenomenalist stance, one relies "on empirical observation and directly apprehendable data" (P. T. Jackson, 2011), rejecting the idea "to go beyond experience in the construction of knowledge", which should be grounded "in the experience of concrete phenomena" (P. T. Jackson, 2011). The phenomenalist aspects can be best observed at the concrete level of the case study.

First, it is important to note that "analyticist science, properly understood, *must* terminate in a case-specific narrative" (P. T. Jackson, 2011, p. 152). After all, the developed and employed ideal-type theories only prove their worth when applied to a specific case. When applied, they first and foremost function as a component of the analytical narrative, and not at as a tool for empirical generalization (P. T. Jackson, 2011, p. 154). In this dissertation, the analytical concept geoeconomics is applied to the case study, in order to create an analytical narrative and to provide a fresh interpretation of Germany's relation with Russia.

Second, as part of the case study, knowledge is limited to experience and the two concepts are used to intelligibly order and cope with experience,

following Waltz's example (P. T. Jackson, 2011, p. 113). Instead of being derived from an "abstract operation of mind", a deep "process of contemplation" (P. T. Jackson, 2011, p. 120), or by appealing to the "real-but-undetectable causal powers of objects" (P. T. Jackson, 2011, p. 114), knowledge is obtained from participation in practical activities. Knowledge is grounded in the "concrete practical involvements of the researcher" (P. T. Jackson, 2011, p. 152) and limited to the sphere of the perceivable (P. T. Jackson, 2011, p. 142).

1.3.3 Geoeconomics as an ideal-type concept

In line with an analyticist methodology, geoeconomics is understood to be ideal-typical. Jackson (2011) defines ideal-types in a Weberian style as a "deliberate over-simplification of a complex empirical actuality for the purpose of highlighting certain themes or aspects that are never as clear in the actual world as they are in the ideal-typical depiction of it" (p. 37). Instead of trying to capture the world as it is, in all its different shapes and forms, ideal-types "necessarily make 'unrealistic' assumptions and lead to 'oversimplified' conclusions" (P. T. Jackson, 2011, p. 154). This means that there is no country whose FP can solely and all-encompassingly be explained based on geoeconomics alone.

Ideal-types form the fundament for constructing case-specific "analytical narratives" (P. T. Jackson, 2011, p. 142). When two ideal-typical theoretical concepts are used to explain the outcome of a certain case, those narratives can be compared to see which one of these two theories tells a more compelling story. The empirical accuracy of the models can be neglected, since the models' instrumental value is derived from their ability to construct analytical narratives containing some explanatory value (P. T. Jackson, 2011, p. 198). As part of the congruence analysis, the ideal-typical theoretical concepts are not falsified, but a statement is made with regards to the strength of their explanatory power, based on the degree of congruence between the concept's implications and the observed case evidence. This is what Jackson (2011) calls judging the usefulness of ideal-types, based on their ability to "accomplish the pragmatic explanatory goals for which they were crafted" (p. 143).

Ideal-types are formed through one-sided accentuations, which results in an analytical construct that does not exist in empirical reality (P. T. Jackson, 2011, p. 143). Ideal-types are not even meant to capture the "whole of actuality" (P. T. Jackson, 2011, p. 154), but instead aim to pragmatically order experiences and facts of the world, derived from case-specific empirical data (P. T. Jackson, 2011, p. 115). Based on the empirical observations, the underlying idea of the ideal-type is systematically developed by emphasizing and accentuating the ideal-type's characteristics (Lauth, Pickel, & Pickel, 2015, pp. 36-37). One of the main strengths of ideal-types are their usefulness and practicality. As Jackson (2016) observed: "A good ideal-type is a useful ideal-type, an appropriate means to the analytical end that animates the scholar's scientific activity" (p. 158).

Since geoeconomics is understood as an ideal-type concept, one should be familiar how concepts are created under an analyticist methodology. For analyticists, concepts are not discovered but artificially constructed. This is done in a creative manner (Waltz, 1979, p. 9). This creative process is about organizing the subject matter, sensing unobservable relations between its parts, while establishing connections, causes and mutual dependencies, all of which results in an explanation of the observed associations and occurrences of the subject matter (Waltz, 1979, p. 9). The process of concept creation involves "discovering patterns and commonalties in the world and of ordering phenomena and experience in terms of patterns and similar or common traits" (J. W. Davis, 2005, p. 12). Hence, creating a theoretical concept "requires envisioning a pattern where none is visible to the naked eye" (Waltz, 1979, p. 10). Such concepts, resulting out of the parcelling of limitless experience, only "exist in our mind and do not reveal themselves directly to the mind-external world", hence being mental depictions (J. W. Davis, 2005, p. 12).

Practically speaking, the creation of a theoretical concept is often done via simplification. As part of this process, the essential elements of the subject matter are identified and put in relation with each other. Waltz (1979, p. 10) suggests four different ways of simplification: isolation, abstraction, aggregation, idealization. In this dissertation, I primarily adopt the last approach. Idealization

is done by imagining the attainment of perfection, something impossible in the real world. As a result of simplification and misrepresentation one obtains a theory or concept that may or may not fulfil the explanatory goals for which it was crafted. If the explanatory goal is not achieved, the theory can be discarded "not for being false, but for being useless" (P. T. Jackson, 2016, p. 155). Geoeconomics, as a theoretical concept, is ideal-typical. This means that my new approach to geoeconomics cannot be falsified, but must be evaluated pragmatically. That is, it will be necessary "to examine whether, once applied, the ideal-type is efficacious in revealing intriguing and useful things about the objects to which it is applied" (P. T. Jackson, 2016, p. 158).

The importance of concepts is derived from the role they play in an analyticist methodology. For an analyticist, empirical findings are always theory-laden, because pure untainted empirical data, meant to be used to create or test new theories independently, does not exist (Daase & Junk, 2011, p. 132). Theories and theoretical concepts are always needed to find and see the relevant empirical data in the endless reality filled with unlimited amounts of data. This methodological approach stands in stark contrast to the approach adopted by positivist scholars, as well as qualitative scholars, that try to explore an empirical field openly, with the aim of reconstructing social processes without having any preconceived ideas about the object at hand (Daase & Junk, 2011, p. 132).

Knowledge can be differentiated according to its level of abstraction; from the most abstract level to the most concrete level, with an intermediate level in between. My understanding of the differentiation knowledge, shown in table 1, follows closely Blatter and Haverland's interpretation (2012, pp. 154-159). IR theory as understood by Waltz can be found on the most abstract level. This is what Blatter and Haverland call paradigms. Paradigms, also called meta-theories, contain "cognitive signifiers, which function as anchor points for the organization of knowledge", while "provid[ing] the connections between theories in specific fields of research and more generic ontological and epistemological perspectives" (Blatter & Haverland, 2012, p. 156). Paradigms are sometimes also described as "the broadest unit of consensus within the field", that "defines what should be

studied, what questions should be asked, and what rules should be followed in interpreting the answers obtained. It subsumes, defines, and interrelates the exemplars, theories, methods, and instruments that exist within the paradigm" (Foster, 1990, pp. 50-51). Neorealism and neoliberalism are paradigms that can be found on the most abstract level.

On the intermediate level, one can find theories and theoretical concepts. Theories "contain specific propositions about constitutive concepts (elements of the theories) and causal connections between these concepts (the relational structure of the theories)" (Blatter & Haverland, 2012, p. 156). In this dissertation, geoeconomics is understood as a theoretical concept that grows out of the underlying neorealist and neoliberal paradigms. Even though it is often not made explicit, concepts are always embedded in a paradigm or "a larger theoretical framework that defines key concepts and their interlinkages" (Ougaard, 2013, p. 237). That is why I am not simply talking of concepts, but of "theoretical" concepts in this dissertation. On the concrete level, one can find case-specific analytical narratives, that are produced with the help of the theoretical concepts. These narratives "form the connecting points between abstract systems of knowledge and the empirical world" (Blatter & Haverland, 2012, p. 156).

Most abstract level	**Paradigms**	
	Ontological and epistemological assumptions, characterized by a broad set of constitutive propositions	
	Neorealism	*Neoliberalism*
Intermediate level	**Theory/theoretical concepts**	
	Specified with the help of a small set of constitutive propositions including causal propositions	
See Part II	*Neorealist geoeconomics*	*Neoliberal geoeconomics*
Concrete level	**Empiricism**	
	Concrete narration and/or explanation of observations	
See Part III	*Neorealist geoeconomics interpretation of German FP towards Russia*	*Neoliberal geoeconomics interpretation of German FP towards Russia*

Table 1: Geoeconomics classified in a system of knowledge

Geoeconomics can be classified in a system of knowledge, depending on its level of abstraction (table 1 is based on Blatter and Haverland's (2012, p. 156) table "Three levels of abstraction in concept formation and in causal theory formulation").

Part I—Literature

Introduction to the structured literature review

30 years after the end of the Cold War, the term "geoeconomics" has once again become increasingly popular with policy makers and analysts alike. The body of scholarly publications on geoeconomics is steadily growing. In the last decade alone, several theoretically and analytically relevant books were published.[4] Only recently, two journals dedicated whole issues to the topic,[5] and numerous research institutes and think tanks contribute to geoeconomics research.[6] As a result, geoeconomics has become a discipline "incontournable" [unavoidable] (Du Castel, 2001, p. 19) and "due for a comeback" (Thirlwell, 2010, p. 2).

However, it is not the first time that geoeconomics was seen to be on the rise or predicted to have a comeback. In May 1971, US Senator Abraham Ribicoff presented his report *Trade Policies in the 1970's* to the Subcommittee on International Trade of the Committee on Finance (United States Senate). In his report, US Senator Ribicoff states that his "discussions in Europe last month reinforced my [his] view that during the last quarter of the Twentieth Century geoeconomics will replace geopolitics as the prime concern of international relations" (Committee on Finance, 1971, p. 971). He goes on to predict that

[4] See, for example, Kausch (2011), Søilen (2012), Essex (2013), Kundnani (2015b), Szabo (2015a), Blackwill and Harris (2016b), Leonard (2016), Munoz (2017), Diesen (2018), Wigell, Scholvin, and Aaltola (2019).

[5] Geopolitics (volume 23, issue 1) in 2018 and the Asia Europe Journal (volume 14, issue 2) in 2016.

[6] These include, among others, the Atlantic Council (Cavan & McGrath, 2020, pp. 22-23), the Brookings Institution (2019), the Carnegie Endowment for International Peace (Bansal et al., 2020), the Chatham House (2018), the CFA Institute (Klement, 2021), the Council on Foreign Relations (2019; Kubarych, 2004), the Deutsche Gesellschaft für Auswärtige Politik [German Council on Foreign Relations] (DGAP, n.d.), the Egmont Institute (Gehrke, 2020), the European Council on Foreign Relations (Leonard, 2016), the European Parliament Think Tank (Damen & Igler, 2019), the Finnish Institute of International Affairs (Scholvin & Wigell, 2018a), the Fundación para las Relaciones Internacionales y el Diálogo Exterior [Foundation for International Relations and Foreign Dialogue] (Torreblanca & Prislan, 2012), the German Institute of Global and Area Studies (Narlikar, 2020), the Hudson Institute (Aligica, 2002), the International Institute for Strategic Studies (2019), Lowy Institute for International Policy (Thirlwell, 2010), the RAND Corporation (Shatz, 2020), and the World Economic Forum (Global Agenda Council on Geo-economics, 2015; Mulder, 2020).

"geoeconomics is rapidly replacing geopolitics as the prime mover in the affairs of nations today. But the United States, more so than any other industrialized nation, is unprepared to deal with these changed circumstances" (Committee on Finance, 1971, p. 981). Back in the 1970s, Ribicoff was one of the first major policy stakeholders in the USA to draw attention to geoeconomics. Even though he did not specify what he meant by geoeconomics, it shows that the term "geoeconomics" and the related discussions on international trade have been on the agenda of policy makers already half a century ago.

Fast forward to the end of the 20th century, Ribicoff's predictions had not become reality: Geoeconomics did not replace geopolitics as the prime concern of international relations and main foreign policy rationale. Nevertheless, the term "geoeconomics" is indeed more frequently used to describe and analyze the state of international affairs, and it did experience a revival in scholarly and foreign policy debates. 20 years after Ribicoff's predictions, Richard H. Solomon (1992), US Assistant Secretary for East Asian and Pacific Affairs, made the following statement in an address before the Pacific Rim Forum, in San Diego, California: "Amidst the uncertainty and turbulence […] one fundamental trend is clear. We are entering the age of geoeconomics, with flows of trade, finance, and technology shaping the power realities and the politics of a new era" (p. 410).[7] Edward Luttwak (1990, p. 23) also predicted that the world would gradually change from a geopolitical to a geoeconomic one,[8] with geoeconomics "becoming the dominant phenomenon in the central arena of world affairs" (1993a, pp. 20, 21).

In the eyes of many Western scholars, the resurgence of geoeconomics was caused by the various political and societal changes connected to the ending of the Cold War. As a result of the end of the Cold War many IR scholars revised their worldviews. A wave of optimism swept through the discipline, with many

[7] These predictions on the age of commerce are nothing new. At the start of the 19th century, Constant-Rebecque (1814) already argued that "nous sommes arrivés à l'époque du commerce, époque qui doit nécessairement remplacer celle de la guerre, comme celle de la guerre a dû nécessairement la précéder" [we have arrived at the age of commerce, an age that must necessarily replace that of war, as the age of war must necessarily have preceded it] (p. 7).
[8] However, in contrast to Ribicoff, Luttwak's reasoning was motivated by the end of the Cold War.

scholars assuming that the importance of military power was in decline in comparison to economic power. Some even thought that geopolitics and the use of hard force would inevitably become outdated, a dark shadow relegated to the past. This mood is reflected in many geoeconomics interpretation of that time. As a result, the 1990s are often (falsely) regarded to be the founding period of geoeconomics. Aligica (2002) believes that geoeconomics "emerged after the end of the Cold War as a distinctive geo-strategic paradigm describing the new strategic situation materializing in the aftermath of the collapse of the Soviet empire" and Moraes (2020) writes that geoeconomics "was crafted in the immediate aftermath of the Cold War to describe the arena in which the US needed to play if it wanted to successfully tackle an economically rising Japan" (p. 5).

Today, half a century after Ribicoff's report and three decades after Luttwak's seminal article, geoeconomics is more popular than ever to describe and analyze the present and the predicted future world orders. In 2016, Blackwill and Harris prominently lamented in *Foreign Affairs* that economic statecraft had become a lost art in the USA, and that the latter "needs to work geoeconomics into the bloodstream of its foreign policy" (Blackwill & Harris, 2016a, p. 110). Despite these calls for action, the return of "geoeconomics" is accompanied by ignorance. Many of the term's users are unaware of the the intellectual roots and the history of the concept. While popular and scholarly interest in the phenomenon has resurged, the term "geoeconomics" itself is often used incoherently, without a clear meaning. Users often lack awareness of how geoeconomics is used outside their field of study, outside their geographic and idiomatic sphere (e.g., the western-Anglo-centric sphere), and outside their timeframe (present bias). Moreover, the underlying axioms and paradigms, on which their geoeconomic understanding rests, are often not explicitly stated.

In IR, few scholars have systematically analyzed and advanced geoeconomic theory. Wigell (2016) argues that "geoeconomics research is still in its infancy" (p. 147). Having examined the rise of geoeconomics, Vihma (2018a) comes to the conclusion that "there is an especially dire need for academic input

into the discussion and the re-emergence of geoeconomic analysis" (p. 17), due to the current lack of "rigorous academic analysis" (p. 13). Scholvin and Wigell (2018a) also conclude that "the state of the art [of geoeconomics] suffers from a gap in terms of basic conceptual contributions" (p. 4), while acknowledging that geoeconomics is an understudied subject in contemporary IR and needs further improvement. Mattlin and Wigell (2016) agree that "IR-oriented geoeconomic theorising is still in its infant stage and much empirical work needs to be done so as to kick it forward" (p. 128).

The problem of conceptual and theoretical underdevelopment is not a new one. Already in 1987, Korkisch (1987, p. 18) bemoans that geoeconomics, while being of outstanding interest, remains a largely ignored and understudied subject. In 1995, Nester complained that instead of paying more attention to geoeconomics, "geoeconomic issues are more often relegated to a newspaper's back pages if reported at all" (p. 6). Julien (1995) also noticed that geoeconomics became ever more popular to use and that the woollier and vaguer the concept became, the more its popularity with the experts was increasing. In 1996, Anselin and O'Loughlin (1996), who surveyed the scattered literature on geoeconomics, characterize "it as poorly theorized and unconvincing in its empirical details" (p. 132). Unfortunately, this situation did not change in the following decades. Hence, several scholars saw the need to point out the potential for the concept's theoretical development. In an interview, Lacoste (2009, p. 44) states that geoeconomics is a promising, relatively new and little-known field, for which a whole lot of exploration, mediation, and explanation must be undertaken. Babić (2009) agrees with the notion that the concept "geoeconomics" is new and underdeveloped. He notes that until 2009, only a small number of academic works have been published on the concept (2009, p. 28). Moreover, he argues that the "subject and method of geo-economics are not still [*sic*] clearly defined nor there exists separate geo-economic theory" (p. 51), thus concluding that the "theory is yet to be developed" (p. 53).

Although the conceptual and theoretical state of geoeconomics was reassessed every decade after the end of the Cold War, the conclusions drawn

were always quite similar. This is worrying, insofar as the dearth of proper, conceptual, and theoretic academic work on geoeconomics has been noticed and criticized for over a decade now. One of the most frequent critiques and complaints is that "the term geoeconomics has been bandied about by many" (Hsiung, 1997, p. 203), being "used with increasing frequency by both scholars and practitioners, albeit often with different meanings and assumptions" (Diesen, 2018, p. 12). To this day no one has "offered a precise definition of what it means, much less what the 'age of geoeconomics' entails" (Hsiung, 1997, p. 203). Overall, there is "no complete agreement on quite what the term means or the best way of conceptualising it" (Beeson, 2018b, p. 244). Geoeconomics remains underexplored and analytically weak, despite the numerous attempts to define it.

The lack of a clear language results in a significant problem: great conceptual confusion[9] (Wigell & Vihma, 2016, p. 606) over the meaning, definition, and use of the term "geoeconomics". Yet, "clear thinking requires clear language" (Sartori, 1984, p. 22), which means that the concept of geoeconomics needs to be explicitly defined to curb confusion (Sartori, 1984, p. 22). The latter is a problem, as "bad thinking is bad for whatever the knowledge-seeker does next" (Sartori, 1984, p. 15). This includes designing national and international policies.

The way geoeconomics is conceptualized is important, as its conceptualization inspires national and international policy (Aligica, 2002). According to Lacoste (2009, p. 44), the task of geoeconomics is to inform policymakers. Knowing that geoeconomics has been underdeveloped, scholars should aim to develop it further, to inform good policy practice. The fact that policymakers have indeed made use of the concept might come as a surprise, given the state of the concept. According to Essex (2013), geoeconomics, "continues to circulate in official [US] policy, pundit, and defense circles", where it "functions to inform the exclusive and narrow realm of national and global security strategy formation", while also serving "as a broad descriptor of a distinct

[9] Confusion refers to a state of disorder and lack of clarity. In this literature review, the term is used in a purely descriptive and not normative sense.

vision of international relations, social and spatial order, and political economic connectivity" (p. 3). Whenever the US economy is struggling or the USA is being challenged economically, a recurring set of "geoeconomic" arguments emerges: "The American century has come to an end; American sovereignty is being eroded and evidence of decline is incontrovertible. International relations are now characterized by a zero-sum competition between different national capitalisms" (Gearóid Ó Tuathail, 1993, p. 183). With realist geoeconomic approaches going unchallenged, failing to develop into better versions, geoeconomics degrades into illiberalism. The narrative of the economic decline of the USA, "does not necessarily lead to the liberal solutions proposed by Kennedy and other 'declinists'" (Gearóid Ó Tuathail, 1993, p. 191). To avoid its degradation, geoeconomics needs to rest on a solid theoretical fundament and to be conceptually well-defined.

Scholars recognize the fact that understanding the denotation of the term "geoeconomics", its implications, effects, and consequences, is an issue of rising social relevance. Scholars also agree that geoeconomics, particularly in IR, deserves much more attention (Baracuhy, 2019, p. 24). This literature review acknowledges this circumstance and presents a first step in the development of a more coherent and conscious conceptual approach to geoeconomics. It lays the groundwork for answering the overarching research question: *What is one to understand by geoeconomics?* To answer that question, one must first take stock of the current state of knowledge, and of the existing theoretical and empirical literature, and then assess whether they are valuable, persuasive and complete (Sovacool, Axsen, & Sorrell, 2018, p. 17; van Evera, 1997, p. 90). This literature review does that by studying how the term "geoeconomics" has been theorized, interpreted, and employed so far, whereby critically assessing current definitions. By highlighting the weaknesses of current conceptions and usages, this literature review raises and answers the following question: *Why is there a need to define the theoretical concept of geoeconomics?* In doing so, it justifies the theoretical relevance of the overarching research question.

In terms of method, this literature review conducts a historical conceptual analysis in the historical part, and adopts a critical structured-narrative approach to assess current usage of the term "geoeconomics". The latter approach is characterized by the comprehensive synthetization and analysis of earlier research results. The main aim of a concept's analysis is to clarify its meaning(s), thereby contributing to the reduction of unnecessary confusion for both the producer and consumer of the research. In doing so, this concept analysis contributes to remedying three out of four of the most pervasive shortcomings of current geoeconomic approaches. Becoming aware of the conceptual history of geoeconomics allows one to: clearly differentiate conceptually between geopolitics and geoeconomics (second shortcoming), be precise on the underlying ideological paradigm (third shortcoming), and make conscious use of the term "geoeconomics" (fourth shortcoming).[10]

In terms of content, the review pays particular attention to the definitions and uses of the term in the fields relevant to IR. In terms of language, the review draws on a wide range of literature, focusing on English-, French-, German-, Italian-, Spanish-, and Russian-language publications. These publications constitute the bulk of the literature on the term, since geoeconomics is a modern Euro-American concept that shares its roots with European traditions of geopolitics. Timewise, the conceptual analysis applies the widest possible time frame, to uncover the lost history and the forgotten theoretical roots of geoeconomics. The review focuses especially on contemporary conceptions, going back to the 1990s. In the process, it uncovers regional as well as contemporary conceptions of geoeconomics. These original methodical adjustments allow for the contributions of this literature review.

Much has been written about geoeconomics in the last century. Yet, the history of geoeconomics and the term's different meanings and usages throughout time have so far been either passively forgotten or actively ignored. In any case,

[10] The first shortcoming, the unclear, analytically weak, and at times contradictory definition of the term "geoeconomics", is addressed in the theoretical part of this dissertation. There I elaborate in detail on my understanding of geoeconomics, in order to fulfil the dissertation's objective to come up with a clearer understanding of the nature of geoeconomics.

so far, the theoretical roots of geoeconomics have not been explored sufficiently. Hence, chapter 2 takes a closer look at the history and development of the term, in order to explore the various meanings and usages of the term throughout time. Awareness of the term's history helps to better understand its current interpretations, can aid in the dissolution of the present confusion, and assists in positioning oneself in the scholarly discourse. The chapter investigates the intellectual roots of geoeconomics and their relevance for today's understanding of the concept. It answers the following two questions: *What are the intellectual roots of the term "geoeconomics"? and What relevance do these roots have for today's understanding of the concept?*

Contrary to the idea of generational interpretations, chapter 3 shows that the research on geoeconomics was heavily dominated by regional interpretations. Most of the regional interpretations of geoeconomics were published between the late 1980s and the early 2000s. The chapter aims to give an overview of the different regional, sometimes country-specific, conceptions of geoeconomics. It surveys general definitions of geoeconomics, that seek "to determine what a term means within a general context of usage - usually, a language or language region - while making few judgements about the correctness of any particular definition or definitions" (Gerring & Barresi, 2003, p. 204). The goal of chapter 3 is to answer the following question: *How do the regional conceptions of geoeconomics understand and conceptualize the term?* I have identified at least four different ways of thinking about geoeconomics: an American, a French, an Italian, and a post-Soviet one. All four approaches originated in geographically distinct regions or countries and were published in their respective languages. Analyzing and clustering the different approaches into regional interpretations promises the most insight when trying to better understand contemporary conceptions of geoeconomics.

Chapter 4 reviews contemporary approaches to geoeconomics. It comprehensively surveys current interpretations of geoeconomics found in today's academic and semi-academic literature. It aims to give an overview of different understandings of geoeconomics so that chapter 5 can analyze their

strength and weaknesses. The chapter answers the following question: *What are current understandings of geoeconomics?* and to do so, the chapter groups geoeconomic approaches by their core ideas. It is thematically structured around the four main approaches identified: first, geoeconomics understood as the use of political means for economic ends; second, geoeconomics understood as use of economic means for political ends; third, geoeconomics as a combination of geography and economics; fourth, critical, constructivist, and Marxist approaches.

Chapter 5 concludes the literature review and assesses the coherence, consciousness, and persuasiveness of the surveyed approaches. Its aim is to uncover and analyze weaknesses in current understandings of geoeconomics, which would then allow one to correct them. It answers the following question: *What weaknesses or shortcomings do current understandings of geoeconomics display?* This is done in light of all the previous work undertaken on geoeconomics, hence the inclusion of historical and regional approaches. As a result of the critical analysis, chapter 5 identifies four specific shortcomings in current approaches and understandings of geoeconomics. First, the unclear, analytically weak, and at times contradictory definition of the term "geoeconomics". Second, the lack of a clear conceptual differentiation between geoeconomics and existing concepts. Third, the vagueness regarding the underlying ideological paradigm. Fourth, the unconscious use of the term "geoeconomics". The chapter offers a glimpse at the questions that researchers need to address if they intend to remedy current shortcomings. By pointing out potential areas for further conceptual development, chapter 5 justifies the ensuing research on the concept's definition.

Chapter 2: Forgotten history of geoeconomics

2.1 Introduction

The present chapter aims to increase overall conceptual awareness for geoeconomics, by shedding light on the concept's history, its emergence, transformation, and varied usage. The chapter sets out to investigate the intellectual roots of geoeconomics (*What are the intellectual roots of the term "geoeconomics"?*), and their relevance for today's understanding of the concept (*What relevance do these roots have for today's understanding of the concept?*). These tightly connected questions can be answered by uncovering the intellectual roots of geoeconomics, as well as their methodological and ideological similarities and differences. The instrument employed to uncover the intellectual roots of geoeconomics is a historical conceptual analysis. Such analysis does not only identify the conceptual roots of geoeconomics but also their underlying theoretical assumptions. Timewise, the conceptual analysis applies the widest possible time frame, in order to uncover the lost history and the forgotten theoretical roots of geoeconomics. These methodical settings allow for revealing contributions, as this is the first conceptual analysis to trace the origins of geoeconomics all the way back to the interwar period.

This chapter is divided into four sections. The first section explains the importance of concept analysis, detailing its purpose and benefits. The section argues that a conceptual analysis is needed to understand the hidden impact of the intellectual roots of geoeconomics on today's interpretations of the concept. There are five specific benefits ensuing from this analysis. First, it will be easier to argue productively, to reach shared conclusions, and to accumulate knowledge. Second, less intellectual resources will be wasted. Third, it will become possible to avert greater conceptual and theoretical fragmentation. Fourth, obvious anachronistic usages of geoeconomics can be avoided. Fifth, concepts, which might have been subject to abuse or misuse, can be used confidently and comfortably once again. Moreover, concept analysis is an essential prerequisite for constructing theory.

The second section puts an end to one of the biggest and most common misconceptions about geoeconomics. It sheds light on the forgotten history of geoeconomics and shows that geoeconomics did not in fact evolve from geopolitics, but rather developed simultaneously. The concept's history dates back to the 1920s, when geoeconomics was first conceptualized by two German scholars: Arthur Dix and Wilhelm Röpke. The widely shared lack of knowledge about the origins of geoeconomics has long hindered the theoretical development of geoeconomics as an independent concept in IR. Dix and Röpke both thought that they were the first ones to have coined and used the term, which led to a fruitful conceptual rivalry between the two men. The section reveals that geoeconomics has always been a deeply contested concept, right from its creation.

The third section focuses on the intellectual origins of the term "geoeconomics". It uncovers the intellectual roots of the methodological and ideological differences still underlying the various contemporary conceptions of geoeconomics. By investigating the history of geoeconomics, one discovers that even during its founding period the concept had at least two different meanings: one liberal and one illiberal. The open conceptual rivalry between Röpke and Dix takes place on at least two levels. On an ideological level, one can observe a clash of norms and of underlying paradigmatic assumptions. On a methodological level, the conflict is about the envisaged nature and function of concepts and the role they play in good scientific practice. The divisions between the many modern definitions of geoeconomics can be traced back to the multifaceted dichotomy between Röpke and Dix's first conceptualizations of geoeconomics.

The fourth section looks at the careers of Röpke and Dix's conceptualizations of geoeconomics and their relevance for today's interpretations. Today, the two definitions of geoeconomics are largely forgotten, however, back in the 1920s their ideas were the object of public debates and were taken very seriously. Even though they were published in German, Röpke and Dix's interpretations of geoeconomics were internationally recognized. Their ideas received considerable attention from academics and practitioners alike. Potential practitioners of geoeconomics also included the armed forces, which

paid particular attention to Dix's interpretation of geoeconomics. As it turns out, Germany's military was not the only military interested in the concept: the U.S. military too studied the concept. The fact that this happened already half a century ago seems quite paradoxical in light of current understandings of geoeconomics. Modern understandings of geoeconomics often consider military means clearly outside the geoeconomic strategic toolbox.

To summarize, increasing the conceptual awareness for geoeconomics is more important than ever in times of reoccurring nationalistic and protectionist ideas. Developing an understanding for the ideological differences between Röpke and Dix allows one to become more attentive to the normative axioms of current geoeconomic interpretations. Familiarity with illiberal geoeconomic interpretations of the past can help to identify dangerous parallels with current interpretations of the concept. Indeed, one needs to be aware of the negative political consequences of past nationalistic interpretations of geoeconomics, in order to not repeat the same mistakes.

2.2 Importance of concept analysis

Today, the term "geoeconomics" is characterized by its unclear meaning and incoherent usage. These arise out of lack of conceptual awareness for geoeconomics. More specifically, geoeconomics suffers from the conceptual diseases of polysemy and synonymy at the same time. The term is often defined in completely different ways. These definitions are often similar, if not identical, to the definitions of already existing concepts (e.g., geopolitics or mercantilism). Drawing superficial conceptual parallels, for example, by comparing current Chinese or American trade restrictions to French mercantilist policies of the 17th century contributes to synonymy. To increase the overall conceptual awareness for geoeconomics and to the decrease the confusion of meanings (i.e., finding an antidote to polysemy and synonymy), one needs to conduct a historical conceptual analysis of geoeconomics. This section explains the purpose and the benefits of such an analysis in detail.

The purpose of a historical conceptual analysis—sometimes also referred to as "the smaller-scale version of *Begriffsgeschichte*" (Blau, 2017, p. 249)—is to clarify the meaning(s) of a concept. Broadly speaking, conceptual analysis is the "philosophical study" of concepts, the "constituents of thoughts" and "basic building blocks of whatever proposition" formed (Olsthoorn, 2017, p. 153). As such, conceptual analysis is "one of the more powerful tools […] political theorists have at their disposal" (Olsthoorn, 2017, p. 153). Conceptual analyses often contain one or more of the following objectives: first, "finding a proper definition for a given term"; second, "hunting for theoretically relevant conceptual distinctions"; third, "exploring conceptual connections between different concepts"; fourth, "studying conceptual change" (Olsthoorn, 2017, p. 154). The present historical conceptual analysis focuses on the second and fourth objective to give a framework and purposiveness to geoeconomic thinking (M. A. Baldwin & Rose, 2009, p. 782). Doing so has five concrete benefits for researchers and practitioners alike.

First, science—and knowledge accumulation more generally—is a communal enterprise. Without a common language, "knowledge cumulation—or even productive argumentation—is difficult" (Gerring & Barresi, 2003, p. 202). If scholars cannot agree on the terms used to analyze the world, shared conclusions become extremely difficult to reach. This is already happening with the term "geoeconomics", where different scholars analyze very similar real-life cases through their individual geoeconomic lens with completely different analytical outcomes. Nevertheless, being able to communicate clearly with other scholars and to engage with their ideas is one of the essential prerequisites for cumulating knowledge and for constructing theory. Regarding unclear theoretical concepts—such as geoeconomics—concept analysis can serve as a useful starting point for their development into theoretical concepts.

Concept analysis contributes to finding a common language by reducing unnecessary lexical confusion on the side of both, the producers and consumers of research. Scholars often function as producers of research. However, without a clear understanding of the meaning of geoeconomics, "scholars are apt to talk past

each other" (D. A. Baldwin, 1997, p. 6). Consumers of geoeconomic research, such as policymakers, also suffer from the lack of a clear understanding of a concept. Lexical and conceptual confusions lead to policymakers having a hard time distinguishing between different usages of concepts and resulting alternative policies (D. A. Baldwin, 1997, p. 6). Hence, concept analysis contributes not only to inter-scholarly discussions and cumulation of knowledge, but also to the efficiency of the dialogue between scholars and practitioners.

Second, intellectual attention is a rare resource. As such, it should not be wasted by rediscovering already known facts or reinventing already known concepts. To prevent this from happening, scholars usually tend to ground their research on earlier findings, making research a communal activity. However, in the case of geoeconomics, this is often not the case, as past findings are either forgotten or ignored. This results in a paradoxical situation: an outsider, equipped with the knowledge on prior findings, would conclude that geoeconomics is the metaphorical wheel that everyone is trying to reinvent, over and over again. Compared to IR theory and their grand paradigms, there was little conceptual progress made in the geoeconomics field since the 1930s.

Third, a historical conceptual analysis contributes to averting a greater conceptual and theoretical fragmentation. As the literature review shows, conceptual fragmentation has already taken place at a great scale. Knowing the history of a concept will help to ground conceptual debates in facts. Historically ungrounded concepts are like proliferous shrubs, that will end up growing all over the place if left unattended. Therefore, I argue that uncovering the roots of geoeconomics can help to curb conceptual fragmentation. This is done by highlighting key similarities or differences between current interpretations, which can be traced back to the earliest definitions of geoeconomics. Similarities and differences cannot only be found in the definitions of the concept. They are also present in the underlying assumptions and paradigms. Thus, this analysis attempts to identify the conceptual roots of geoeconomics, as well as their underlying theoretical assumptions, which persist in one form or another to this day.

Fourth, terms and meanings undergo a continuous revision over time. In order to avoid "explicit anachronistic usage" and the "reading of the past in terms of the present" (Leira, 2016, p. 29), one needs to be aware of a concept's history and understand how and to what end a term was used at a specific point in time. This helps to discover and understand the intellectual lineage of concepts, especially important when dealing with politically sensitive concepts, such as geopolitics or geoeconomics.

Fifth, knowing the intellectual origin of a concept is especially important when concepts might have been abused or misused by totalitarian regimes. Such knowledge might help to avoid making the same logical fallacies or political mistakes twice. Bachmann and Toal use the example of the instrumentalization of the term "Lebensraum" to highlight the importance of knowing the historical legacy of geopolitical terms (2019, p. 153). When it comes to geopolitical terms, lazy thinking is not permissible. As Sartori points out, "the traditional political scientist could afford to be an 'unconscious thinker'", as "the thinking had already been done for him" by previous generations of philosophers and political theorists (1970, pp. 1033-1034). However, when one inherits something from 1920s/30s Germany, one is well advised to check its provenance and to handle the inherited term consciously—everything else would be negligence.

Scholars are often unaware of the manner in which geopolitical and geoeconomic concepts were used, what political career they might have had, and the way their career unfolded (Bachmann & Toal, 2019, p. 153). Until now, the historical origins of geoeconomics have been absent from scholarly conscience. This is rather remarkable since geoeconomics has experienced a world-wide renaissance, including in Germany. Indeed, the term is increasingly used by academics and the general public alike. Toal suggests that in order to rehabilitate key geopolitical terms, German scholars should engage with their provenance and historical legacy (Bachmann & Toal, 2019, p. 153). Hence, this chapter sheds some light on the intellectual roots and evolution of geoeconomics.

Geopolitics and Germany feature a long and problematic history (Bachmann & Toal, 2019, p. 144): from the first institutionalization of geopolitics

as an academic discipline at German universities (see Friedrich Ratzel), to the precipitative stigmatization of the term and its marginalization after WWII (Reuber & Wolkersdorfer, 2004, p. 368; Riemer, 2006, p. 161). Following WWII, geopolitics was not only neglected but also tabooed in the German scientific community, falling "out of favor" (Gearóid Ó Tuathail, Dalby, & Routledge, 2006, p. 1) with scholars and analysts alike. Since the term was regarded to be "historisch belastet" [historically contaminated] (Hoffmann, 2012, p. 55), it was deemed unusable as an analytical tool by the Political Sciences. Geopolitics was generally considered as an "unzulässige Wissenschaft" [inadmissible science] (Korkisch, 1987, p. 27), especially by those who themselves had or would have suffered under the restrictions of academic freedoms by the National Socialists.

Due to its stigmatization and association with expansionist militarism, the term "geopolitics" remains uncomfortable to use for many Germans, in and outside of academia (Bachmann & Toal, 2019, p. 144), especially if one uses the term outside a critical, post-structural context. Hence, Brill (2019, p. 331) argues that the academic renaissance of geopolitics is still one of the great scientific challenges in nowadays Germany. I argue that the same holds true for geoeconomics, even though most scholars are not aware of this yet. In fact, German scholars have a special responsibility when it comes to the careful and conscious usage of geoeconomic (and geopolitical) terms. Given the German history of geoeconomics, knowing its intellectual origins will be key to using the term confidently and comfortably once again.

To summarize, the lack of conceptual awareness for geoeconomics, its unclear meaning and incoherent usage, can be fought against with a structured historical conceptual analysis. This aims to clarify the meaning(s) of geoeconomics by reducing the conceptual confusion on the side of the producer and consumer of geoeconomic research. It is one of the essential prerequisites for constructing geoeconomic theory. There are five benefits ensuing from this analysis: first, it will be easier to argue productively, to reach shared conclusions, and to cumulate knowledge; second, less intellectual resources will be wasted; third, greater conceptual and theoretical fragmentation can be averted; fourth,

anachronistic usages of geoeconomics will be avoided; fifth, concepts, previously abused or misused, can once again be used confidently and comfortably.

2.3 Forgotten history of geoeconomics

Since the early 20th century, various scholars have used the term "geoeconomics" in their work. They presented their own understanding of the term and formed it into an independent concept. Whenever researchers came up with their own definition, their attempts were often not successful in gaining widespread academic or popular traction, or at least enough of it as to withstand the ages. However, that does not mean that geoeconomics did not receive any academic and popular attention back then, nor does it mean that the term simply died out because scholars did not have any use for it anymore. Rather, the reasons for its fading can be found in the political turmoil of the 20th century and the decline of German as a dominant language in academia.

One of the biggest and most common misconceptions (Baracuhy, 2019, p. 19; Jaeger & Brites, 2020, p. 24) about geoeconomics is the idea that geoeconomics naturally evolved from geopolitics, and that it is based on the same underlying principles, ideas, and logic (see, e.g., Luttwak (1990)). This misconception is still widely shared by scholars of all disciplines and has long hindered the theoretical development of geoeconomics as an independent concept in IR. These misconceptions often implicitly share the underlying assumption of geoeconomics being part of a "incipient 'stages of geo-strategic growth' model", "with the geo-economic stage following the geopolitical stage, thus making geo-economics an interesting extension in the geo-strategic conceptual universe of the older modernization theories" (Aligica, 2002). While the founders of geopolitics, such as the Swedish political scientist Rudolf Kjellén (Bachmann & Toal, 2019, p. 144), are well known to this day, the same cannot be said about the founders of geoeconomics.

The term "geoeconomics" was first conceptualized in the 1920s by two German scholars: Arthur Dix and Wilhelm Röpke. Dix (1875–1935) and Röpke (1899–1966) were contemporaries of Rudolf Kjellén (1864–1922), Halford

Mackinder (1861–1947), and Karl Haushofer (1869–1946), whose works on geopolitics are still classics today. In contrast, Dix and Röpke's role in developing and establishing geoeconomics as a scholarly concept is largely forgotten, their research buried away. Unaware of each other's research, both men thought that they were the first ones to have coined and used the term, which led to a conceptual rivalry between them. To better understand this rivalry, it is helpful to take a look at their pre-war biographies. These are indicative of their political convictions, reflected in their respective diverging conceptualizations of geoeconomics.

Dix was born 1875 in Kölln, a village close to Danzig in West Prussia. He had a very productive academic life, even though he never held a professorship. Due to the vast amount of his academic publications, he can best be described as a quite successful one-man think tank. His work was discussed and shared in academic, as well as political circles. Dix's publications and topics of interest were heavily influenced by his national conservative views. His personal convictions and expertise made him popular with important politicians and business people of his time: he was friends with Gustav Stresemann (Hermann, 1974, p. 304) and Hjalmar Schacht. The Herzog Albrecht von Mecklenburg, president of the German Colonial Society (DKG), considered him a confidential adviser (Behm & Kuczynski, 1970, p. 73). Unsurprisingly, Dix was an outspoken supporter of German imperialism. Today Dix's views would be considered chauvinistic and racist.[11] Back then they were by no means radical, rather a normal

[11] A good example of these views can be found the following quote:

> Rein bevölkerungspolitisch befindet sich *Frankreich* in ähnlicher Lage wie Deutschland. Auch unser westlicher Nachbar, schon lange unter Bevölkerungsstillstand leidend, steht vor dem zweiten Wellental der Kinderzahl. Wie aber sucht er sich zu helfen? Durch unbedenkliche *Rassenmischung*, durch Heranziehung schwarzen Ersatzes nicht nur für das Heer, sondern auch für aussterbende Bauerngeschlechter in Südfrankreich. Welcher Unterschied zwischen dieser Art französischer „Bevölkerungspolitik" und der deutschen „Volkstumspolitik" Adolf Hitlers im Zeichen der erbgesunden Rasse! ... Bauerntum ist stets rassefest. Es stand auch stets im Kampf gegen den Wucher des Antigermanismus. (In den gepriesenen Zeiten der „Pressefreiheit" bedeutete es wirtschaftlichen Selbstmord, über diese Dinge zu schreiben. Wer damals von Volkstumspolitik zu sprechen wagte, wurde von den Antigermanisten als Antisemit abgestempelt, was ihn für den größeren Teil der „deutschen" Presse unmöglich machte.)

part of academic and public discussions. Shortly after Hitler came to power in 1933, Dix wrote an article on the character of politics. In it he praised Hitler as a prophet and compared him to Goethe's Faust (1934a, p. 539).[12] Dix died one year later, in 1935. His role as a public figure, his life and his work are largely forgotten today. This is unfortunate because some of his scholarly contributions, especially those of theoretical nature, were quite modern and advanced for his time and are still relevant today.[13]

Röpke was born 1899 in Schwarmstedt,[14] a village close to Hannover. He became the youngest ever professor in Germany, at the age of 24. Around the same time, he conceptualized the term "geoeconomics". Because of his liberal views (Röpke, 1933, p. 5) and outspoken criticism of the NSDAP and National Socialism, he lost his professorship in 1933. The same year, Röpke fled to Turkey and later migrated to Geneva, where he became a professor at the HEI in 1937 (Commun & Kolev, 2018).[15] Similar to Dix, Röpke's work on geoeconomics is

> [In purely demographic terms, *France* is in a similar situation to Germany. Even our western neighbor, long suffering from a population standstill, is facing the second trough of the number of children. But how does it try to help itself? By the unhesitating *mixture of races*, by using black substitutes not only for the army, but also for dying out peasant families in Southern France. What a difference between this kind of French "population policy" and the German "Volkstumspolitik" of Adolf Hitler under the banner of the hereditary healthy race! ... The peasantry is always racially solid. It has always been fighting against the fast growing anti-Germanism. (In the blessed times of "press freedom" it meant economic suicide to write about these things. Those who dared to speak of Volkstumspolitik at that time were branded anti-Semites by anti-Germanists, which made it impossible to be published in great parts of the "German" press.)] (Dix, 1934b, p. 139).

[12] The exact German quote being

> Adolf Hitler ist nicht nur der Erneuerer altfriderizianischer Staatsauffassung; er ist nicht nur der volkstümliche Umpräger von Kants kategorischem Imperativ in den kurzen Satz: Gemeinnutz geht vor Eigennutz—er ist auch der Erfüller des politischen Testaments des großen deutschen Universalgeistes Goethe. (Dix, 1934a, p. 539).

[13] See, for example, his ideas on European integration and the role of the economy (Dix, 1910, p. 462), or his conceptual translation of the term imperialism into the German "Weltmachtwachstumswille" (Behm & Kuczynski, 1970, p. 73), which is still used today (see, e.g., Laak (2005)).

[14] The linear distance between Kölln and Schwarmstedt is around 600km.

[15] In 2007, the Graduate Institute of International Studies (HEI) merged with the Graduate Institute of Development Studies (IUED) to become the Graduate Institute of International and Development Studies (IHEID).

also largely forgotten. However, Röpke's work on sociological neoliberalism, ordoliberalism, and the social market economy is still very well known today.

This biographical contrast between Dix and Röpke—between the national conservative and the liberal, between the embraced and the expelled, between the collectivist and the individualist—is reflected in their thinking about geoeconomics. The deeply contested character of geoeconomics, right from its creation, becomes evident when analyzing Röpke and Dix's conceptions.

2.3.1 Röpke's geoeconomics

The history of geoeconomics can be traced back to the year 1922. Röpke first started using the term *Geo-Ökonomie/Geoökonomie* in his academic work. For him, geoeconomics meant "die Lehre von den Raumbedingungen der Wirtschaft" [the teaching of the spatial conditions of the economy] (Röpke, 1927, p. 78). More precisely, he described geoeconomics as "die Erörterung aller Wirtschaftsphänomene […], die sich durch ihre horizontal-geographische Bedingtheit und durch ihre Gebundenheit an die physikalisch-historisch-soziologisch wie politisch bedingten Verschiedenheiten des Raumes auszeichnen" [the discussion of all economic phenomena [...], characterised by their horizontal-geographical conditionality and their dependence on the physical-historical-sociological and political differences of space] (1922, p. 13). In defining geoeconomics as the teaching of the spatial conditions of the economy, Röpke aims to conceptually differentiate geoeconomics from *Konjunkturtheorie*[16] [economic cycle theory] (1927, p. 78). "Space" and "time" were seen as potentially useful explainers of economic phenomena: their explanatory potentials were explored and compared.

In 1925, Röpke used the term "geoeconomics" a second time to animate the theoretically unsubstantial term *Volkswirtschaft* [national economy] (Röpke, 1927, p. 78). He argued that the term *Volkswirtschaft* is "nicht nur ein historisch-soziologischer, sondern auch ein geoökonomischer Begriff" [not only a historic-

[16] In 1927, Röpke defines economic cycle theory as the teaching of the temporal conditions of the economy.

sociologic, but also a geoeconomic concept] (1925, p. 29). This is because the national economy and the state are connected via the "Integrationskraft geographischer Faktoren" [integrative power of geographical factors] (Röpke, 1925, p. 29). Hence, geographic factors serve as an integrating force between the state territory and the territory of the national economy. This does not mean that the state as a political figure, and the national economy as a geoeconomic figure, are always identical in their territorial dimensions (Röpke, 1925, p. 30). Rather, there exists always a mismatch between the static territorial boundaries of states and their respective dynamic national economies trying to overcome the latter. As a result of the mismatch, states are forced to get closer, first commercially and then politically. This process of territorial, political, and economic alignment is fundamentally driven by the states' "geoökonomische Verbundenheit" [geoeconomic connectedness] (Röpke, 1925, p. 30). Thus, political alignment is driven by economic integration, which in turn is caused by geographic conditions.

Röpke's idea of economically driven political alignment or even integration is at its core fundamentally liberal and still present in today's liberal IR theories; the common assumption being that structurally caused (geographic) economic interdependence has an impact on states' policies (see, e.g., Moravcsik (2008, p. 239)). Röpke goes as far as to argue that economically induced political integration is a "Zwang" [force] (1925, p. 30), which not even the bigger states can resist (even though they would have the potential for autarky). He predicts that economic differentiation is a process which cuts across countries' borders leading to greater economic integration between states. This process can neither be stopped by "nationale[r] Romantik" [national romanticism], nor by "protektionistische[m] Autarkismus" [protectionist autarky] (Röpke, 1925, p. 30), a view which is still shared today by many IR liberals.

2.3.2 Dix's geoeconomics

Röpke is the most renowned[17] scholar to have conceptualized geoeconomics at the start of the 20th century. Yet, he was not the only one. Shortly after the publication of his two books in 1922 and 1925, Dix published a book and several articles primarily dedicated to geoeconomics. Even though Röpke's publications did precede Dix's, the process of conceptual development happened in parallel and independently of each other. When drafting his book *Geoökonomie: Einführung in die erdhafte Wirtschaftsbetrachtung* [Geoeconomics: Introduction to the earthly economic view], Dix proudly assumed that he was the first to conceptualize the term "geoeconomics". Only late in the publication process was he made aware that others had used the term before him. Much to Dix's frustration, it was Röpke himself who drew Dix's attention to his earlier works on geoeconomics. Thus, Dix (1925c) admits—in two footnotes on page 14–15 and 98—that the term *Geoökonomie* was already used by Röpke[18] before.

In one of his earliest publications on *Geoökonomie*, Dix defines geoeconomics as the "wirtschaftliche Zielsetzung [der Politik/des Staates] nach Maßgabe der natürlichen Boden- und Klimabedingtheiten unter Ansetzung der wirtschaftlichen Energiefaktoren der vorhandenen Bevölkerung, auch der etwaigen Aussichten neuzuströmender Wirtschaftskräfte nach Maßgabe der geographisch-klimatischen Lebensvoraussetzungen" [establishment of an economic objective (by the state) in accordance with the natural conditions of the soil and the climate, taking into account the economic energy factors of the existing population, including potential prospects of new economic forces flowing in (i.e., laborers), in line with the geographical and climatic conditions for life] (1925b, p. 37). He uses the same definition[19] in his book, published the same year

[17] Röpke is still very well known today, but not because of his work on geoeconomics. This part of his research is largely forgotten.

[18] Dix also admits that geology scholars used the term "geoeconomics" to describe the connections between geology and practical economics: "die Wirtschaft des Bergbaus" [the economy of mining] (1925c, pp. 14-15).

[19] The definition stayed the same, however, Dix (1925c) changed the spelling and made some cosmetic adjustments: "wirtschaftliche Zielsetzung nach Maßgabe der natürlichen Boden- und Klima-Bedingtheiten unter Ansetzung der wirtschaftlichen Energiefaktoren der vorhandenen Bevölkerung—auch der etwaigen Aussichten neu zuströmender Wirtschaftskräfte nach Maßgabe der geographisch-klimatischen Lebensvoraussetzungen" (p. 21).

(Dix, 1925c, p. 21). Dix deliberately differentiates geoeconomics from geopolitics, which he defines as the "Einstellung der Politik auf erdräumliches Denken, Aufstellen weltpolitischer Wegweiser auf Grund erdkundlichen Verstehens" [adjustment of the state to spatial thinking, the setting up of global political signposts on the basis of geological understanding] (1925b, p. 37). While geopolitics investigates the natural boundaries of the "Staatskörper" [body politic], geoeconomics studies the natural boundaries of the "Wirtschaftskörper" [body economic] (Dix, 1927, p. 477).[20] Other definitions of geoeconomics by Dix include: "erdhafte Betrachtung der Gesamtwirtschaft" [earth-based approach to the overall economy] (1925c, p. 15); "erdhafte[s] Wirtschaftsdenken" [earth-based economic thinking] (1925c, p. 98); "erdhafte Betrachtung des wirtschafltichen Weltgeschehens" [earth-based consideration of economic world events] (1925c, p. III); "Untersuchung der Wirtschaftsstruktur auf einer räumlich gegebenen Grundlage mit Berücksichtigung der Fähigkeiten des Bodens, der Fähigkeiten der ihn bearbeitenden Bevölkerung und der Wirkung des Klimas auf beide" [analysis of the structure of the economy on a spatial basis, taking into account the potentials of the soil, the capabilities of the population working it and the impact of the climate on both] (1927, p. 466).

In contrast to most contemporary publications on geoeconomics, Dix clearly differentiates geoeconomics from lexically similar terms, such as *Weltwirtschaftslehre* [international economics] and *Wirtschaftsgeographie* [economic geography] (1925b, p. 37). In the same way that the term "geopolitics" does not equal political geography (geo+politics≠political geography), geoeconomics does not simply signify economic geography (geo+economics≠economic geography). Economic and political geography

[20] Also see Dix (1925a, p. 119):

> Wie die Geopolitik das Leben und Streben der Staaten von der Seite der geographischen Grundlagen aus anpackt, so will die Genökonomie wirtschaftliches Leben und Streben zurückführen auf die Grundlagen des naturgegebenen Bodens, ohne die Fähigkeit der ihn bewohnenden Bevölkerung für seine Nutzung im geringsten zu vernachlässigen.
> [Just as geopolitics approaches the life and aspirations of states from the aspect of geographical foundations, geoeconomics seeks to bring economic life and aspirations back to the foundations of the natural soil, without neglecting the capacity of the population inhabiting it for its use in the least.]

simply string together empirical facts. These include, for example, resource locations, size of industries, and so forth. In contrast, geoeconomics and geopolitics both look into the future. They study and evaluate the possibilities of using the economic-geographical given facts (i.e., spatial reality) to uncover the guiding principles of the future world economy (Dix, 1925b, p. 37). By highlighting how geoeconomics relates to similar terms and concepts, Dix clearly positions his understanding of geoeconomics in the wider academic discourse. The fact that Dix manages to clearly differentiate geoeconomics and geopolitics from other geographical, political, and economical studies, was already noticed by his contemporaries (Gerbing, 1925, p. 227). Nowadays, most scholars using the term "geoeconomics" fail to show the same conceptual awareness.

2.3.3 Geoeconomics as a neologism

Around the same time when Röpke and Dix coined the term "geoeconomics", another scholar was pondering its creation across the Atlantic. His name was Ray Whitbeck. In 1926, he published a paper in the Annals of the Association of American Geographers on the use of the term "geonomics". At that time, Whitbeck was a geography professor at the University of Wisconsin and the president of the Association of American Geographers (Finch, 1939, p. 253). In his paper, Whitbeck (1926, p. 119) was looking for a suitable term to describe "a branch of science which deals with *the economic activities of man as influenced by his geographic environment,* a subject which has of late been taking shape, but has not assumed a name". According to Whitbeck, the difference in locality, featuring different geographic characteristics, should be considered when applying economic laws. Following Whitbeck's argument, industrial branches are not shaped by either geographic conditions or economic forces alone, but rather "*by economic forces operating under conditions imposed by the environment;* in short—by geonomic forces" (Whitbeck, 1926, p. 120). Geonomics as a scientific discipline is meant to build upon economic geography and develop it further (Whitbeck, 1926, p. 121).

In contrast to Röpke and Dix, Whitbeck's work is primarily based on geography and not on political studies, featuring no reference to geopolitics or the

role of the state in shaping the economic activities of man. Whitbeck's analysis of geonomic forces happens on a microeconomic level, while Röpke and Dix focus primarily on the macroeconomic implications of geoeconomics. While Whitbeck's ideas on the content of the term "geonomic" are not relevant for understanding the history of geoeconomics, the way Whitbeck went about the term's creation is.

It is likely that Whitbeck was not aware that the term "geoeconomics" had already come into existence and that it was actively used by political scientists and economics scholars in Europe. Otherwise he would not have pondered on whether to use geonomics or geoeconomics as the term to describe the economic activities of man as influenced by his geographic environment: "We have geochemistry and geophysics—why not geo-economics?" (Whitbeck, 1926, p. 119).

Whenever a neologism is used, scholars need to justify its usage. After all, "neologism is the greatest violation of the familiarity criterion, for it involves the creation of an entirely new term with no meaning at all in normal usage" (Gerring, 1999, p. 369). Such a drastic measure is one of last resort and should only be employed if no other semantic choice is available to the researcher. The burden of proof lies with the term's inventor, who has to show that "no suitable terms can be found in the existing lexicon" (Gerring, 1999, p. 392) to visualize the concept.

Contrary to most current scholars[21] who use the term "geoeconomics",[22] Whitbeck carefully justifies his usages of the neologism "geonomics" and disuse of geoeconomics. Whitbeck provides two reasons for the disuse of the term "geoeconomics". First, Whitbeck perceives geoeconomics as an "awkward" word. Second, he argues that when analyzed, geoeconomics "would fit the need no better than geonomics" (1926, p. 119). The second reason is still relevant

[21] See, for example, Papava's (2005) book *Necroeconomics: The political economy of post-communist capitalism*.

[22] One of the few exceptions being Mamadouh, who complains that the "neologism geoeconomics is odd, when the term 'ecopolitics' seems more proper" (1998, p. 239). She ponders the usage of the "less elegant terms 'geo-political-economy'" and "'geopolinomics'", before admitting that "'ecopolitics' is confusing because it is also used as a contraction of 'ecology' and 'politics'" (1998, p. 239).

today. It serves as a good indicator for the appropriateness of one's newly created neologisms, as one should check for better fitting terms prior.

Besides the linguistic appropriateness of the term "geonomics", Whitbeck also reflects on how other disciplines are using or might be using the neologism "geonomics". The only drawback for geonomics would be if geologists would also decide to use this term (Whitbeck, 1926, p. 119). This awareness for how other disciplines already are or might be using one's neologisms is often lacking today. It is one major factor that contributes to the aforementioned confusion on the side of the producers and consumers of geoeconomic research.

Similar to Whitbeck, Dix recognizes the need to justify the creation of the neologism "geoeconomics". Yet, the reasons that he gives are of a completely different nature. When Karl Haushofer criticizes Dix's neologism for being "unhandlich" [awkward][23] and for not being German enough (1928, p. 267),[24] Dix, as a national conservative, concurs with Haushofer's views (Dix, 1928, p. 314), despite the need to justify his creation. Nonetheless, both men agree that Dix's Greek neologism "Geoökonomie", cannot simply be replaced with the German "Weltwirtschaftskunde" [world economics], as the term lacks the "Erdbestimmte" [earth-determined] (Haushofer, 1928, p. 267).

In response to Haushofer's criticism, Dix warns that the neologisms "Geopolitik" and "Geoökonomie" should not be used as "Modeworte" [buzzwords], where the German words "Weltpolitik" [world politics] and "Weltwirtschaft" [world economy] are perfectly sufficient (Dix, 1928, p. 314). Albeit the nationalist undertone of this warning, Dix was ultimately right: the term "geoeconomics" has degraded over the last 20 years to become a buzzword, used and abused by academics and the general public alike. The term "geoeconomics" is often used to label phenomena that can be described well enough with already existing concepts.

[23] See the parallels with Whitbeck's perceived awkwardness of the term "geoeconomics".
[24] Haushofer does not only criticise Dix's "Geoökonomie", but also the usage of Kjellén's "Geopolitik" and Ratzel's "Anthropogeographie" (1928, p. 267). Haushofer and Dix would have preferred alternative neologisms with Germanic roots instead of Greek ones.

Overall, the creation of neologisms should always be a strategy of last resort (Gerring, 2012, pp. 118-119, 132). Often though, one is too eager to adopt or to create neologisms, mainly because of a failure "to survey the existing field of terms and definitions adequately" (Gerring & Barresi, 2003, p. 219). In a world made up of an unlimited amount of data and phenomena, the endless recycling or creation of neologisms is not an effective strategy. It creates problems of polysemy (via recycling) and synonymy (via creation). This already happened to geoeconomics: scholars of different schools of thought and disciplines have ignorantly used the term "geoeconomics" to label completely different phenomena.

2.4 Methodological and ideological differences

Any analysis of political concepts should among other things, shed light on the concepts' normative aspects, as "few political concepts are value-neutral" (Olsthoorn, 2017, p. 173). It is important to include normative aspects in the historical conceptual analysis, since one can discover "why some conceptions won out, how new and old conceptions often differ, and how old conceptions might revive contemporary discussions" (Blau, 2017, p. 250).

When comparing Röpke and Dix's definitions of geoeconomics, it becomes clear that the two pioneers of geoeconomics disagree on the meaning, definition, and usage of the term. These disagreements are more than just arguments concerning the content of a concept. Instead, the open conceptual rivalry carries a much deeper meaning: it also takes place on a methodological and ideological level. On an ideological level, one can observe a clash of norms and underlying paradigmatic assumptions. On a methodological level, the clash is about the imagined nature and function of concepts and the role they play in good scientific practice. Hence, the modern schism of neoliberal[25] and neorealist[26] geoeconomics is, in fact, an inherited feature. It goes back to the multilevel dichotomy between Röpke and Dix's first conceptualizations of geoeconomics.

[25] The theory part proposes a neoliberal interpretation of geoeconomics.
[26] Neorealist geoeconomics is currently the most dominant interpretation of geoeconomics.

2.4.1 Röpke and Dix's methodological rivalry

The methodological differences between Röpke and Dix's research can be observed in the way they use their concepts. Röpke sees geoeconomics as an analytical concept, to be used primarily in a descriptive manner. Analytical concepts, as their name suggests, are analytically driven: they are used to study what is and why it is this way. In contrast, Dix designs geoeconomics as an ideational concept with a primarily prescriptive function. Ideational concepts are normatively driven, as they are used to study what ought to be done.

The function of ideational concepts is to draw an image of more and less likely phenomena and developments. In other words, they describe the theoretically possible, which is revealed with the help of boundaries and limits. By exploring these boundaries, one discovers what is theoretically possible and desirable, and what is not. However, these future possibilities are only of theoretical nature. The existence of these boundaries cannot be proven empirically (see Jackson's transfactualism (2011, pp. 36-37)), as those limits are artificially created with the help of one's ideational concept.

Röpke defines geoeconomics as the study of geographic factors that help to explain economic phenomena. As discussed before, geography and space are seen as potentially useful explainers of economic phenomena. Certain geographic factors are drivers of economic integration and consecutive political alignment. For Röpke, geoeconomics functions as an analytical concept: it provides an analytical framework for understanding and interpreting real-world phenomena. It helps to understand the world by providing analytical tools. These can be used to create explanations for economic and political phenomena. The quality of the analytical concept is judged by its explanatory potency.

In contrast to Röpke, Dix's geoeconomics does not limit itself to contemplate what exists and how it came to be. Rather, it seeks to envision what might exist and what might become, when defined as a goal for the future (Gerbing, 1925, p. 227). This rationale is especially obvious in his idea of geoeconomic thinking. It derives directly from his definition of geoeconomics: "Die Erdräume auf ihre wirtschaftlichen *Möglichkeiten* [emphasis added] durchforschen, aber auch die menschliche Energie als Nutzungsfaktor nie aus den

Augen lassen" [Exploring the earth's spaces for their economic *possibilities* [emphasis added], but never losing sight of human energy as a usage factor] (Dix, 1925b, p. 38). For Dix, geoeconomic thinking is first and foremost about possibilities, about trying to evaluate what economic objectives a nation state should pursue, based on its spatial and geographic characteristics (the natural conditions of the soil, the capabilities of the population working it, the impact of the climate, etc.).

The analytical focus of Dix's geoeconomics is future oriented. It is used to study and evaluate the possibilities of using given economic-geographical (empirical) facts to uncover the guiding principles of the future world economy (Dix, 1925b, p. 37). Dix highlights the importance of future possibilities, reflecting on how states could develop in space and how to achieve those transformational changes. Thus, Dix's geoeconomics functions as an ideational concept, providing an idea-driven framework, which can be used to investigate the theoretically possible. With the help of the ideational concept, the earth's spaces are explored for their economic possibilities.

Dix's ideational conceptualization of geoeconomics comes with a distinct deterministic flavor, one that Röpke would methodologically oppose. Röpke would disagree with Dix's use of geoeconomics to investigate the natural boundaries of the "Wirtschaftskörper" [body economic] (Dix, 1927, p. 477), as those natural boundaries are in fact not natural but artificially created or "made visible" with the help of an ideational concept. Röpke explicitly criticizes the quite dangerous parallels to the "materialistischen Geschichtsauffassung" [materialistic conception of history] (Röpke, 1927, p. 78), being historicistic and unscientific in nature (Popper, 1945/2013). These two criticisms of Dix's methodological assumptions are in their core quite similar, as determinism and materialism have a long-standing philosophical connection.[27]

Röpke even goes a step further. Instead of simply criticizing the methodological foundations of Dix's geoeconomics, he raises fundamental doubts about the foundation of geoeconomics as a separate discipline. While Röpke

[27] See, for example, philosophers such as Spinoza.

agrees with Dix on understanding geoeconomics as a socio-economic and not a geographic concept, Röpke warns against the establishment of geoeconomics as a "Sonderdisziplin" [special discipline]—concurrent to geopolitics—that aims to understand political problems from an economic perspective (1927, p. 78). He explicitly draws attention to the danger that if geoeconomics were to be understood according to Dix's definition, it might result in amateurish science: a lack of sharp thinking or factual knowledge would be replaced by feelings and convictions (Röpke, 1927, p. 78).[28] Here, the contrast between analytical and ideational concepts becomes very clear. Röpke even alleges that the way Dix constructs his concept is not in line with the academic standards of the discipline. Röpke also claims that Dix only has rather vague ideas about the methods and functions of economics (Röpke, 1927, p. 78).[29] Thus, Röpke's critique of Dix's concept of geoeconomics goes beyond criticizing its methodological foundations.

2.4.2 Röpke and Dix's ideological rivalry

The conceptual rivalry between the two geoeconomics pioneers also took place on an ideological level. A clash of norms and paradigmatic assumptions lead to ideological divergences, which resulted in their fundamental disagreement on the meaning, definition, and usage of geoeconomics.

Dix interprets geoeconomics in light of the "nationalwirtschaftlichen Gemeinwirtschaftsinteressen" [national social economic interests] (Dix, 1925c, p. 98). According to him, geoeconomics demonstrates how dependent national economies are on the global economy, while highlighting the national social economic interests vis-à-vis the global economy (Dix, 1925a, p. 119). In a 1926

[28] The exact German quote being: "So wertvoll eine solche Betrachtungsweise auch ist, so besteht doch die Gefahr, daß sie ähnlich wie die Soziologie zur dilettantischen Behandlung einlädt, und daß dabei Mangel an Denkschärfe oder Tatsachenwissen durch Gefühl und Stärke der Gesinnung ersetzt wird" (Röpke, 1927, p. 78).

[29] The exact German quote being:

> Der Verfasser hat die vollkommen richtige Empfindung, daß es sich hier nicht in erster Linie um eine geographische, sondern um eine sozialökonomische Angelegenheit handelt, aber dieser Grundempfindung entspricht nicht die Ausführung, was vor allem wohl daran liegt, daß den bekannten geographischen Verdiensten des Verfassers leider nur recht vage Vorstellungen von den Methoden und Aufgaben der Sozialökonomie entsprechen. (Röpke, 1927, p. 78)

article, Dix explains that geoeconomics places the national economy amidst the global economy, thus connecting the former to the latter. Dix's geoeconomics portrays the national economic interest community ("volkswirtschaftlichen Interessengemeinschaften") counter to the global economy (Dix, 1926a, p. 155). The terms *nationalwirtschaftliche Gemeinwirtschaftsinteressen* [national social economic interests] and *volkswirtschaftliche Interessengemeinschaft* [national economic interest community] allude to the idea that the national economic interest is more than just the sum of the economic interests of individuals and legal entities that compose the state.

As a nationalist, Dix criticizes Röpke's interpretation of geoeconomics for being part of a completely different "Gedankenwelt" [world of thought] (1925c, p. 98). Moreover, he criticizes Röpke for turning a blind eye to the economic and political developments of the 1920s, because Röpke only differentiates between "Individualwirtschaft" [individual economy] and "Weltwirtschaft" [world economy] in his geoeconomic analyses (Dix, 1925c, p. 98). To leave out the middle level of analysis (national economy), means to leave out the economic interests of nations.

Dix is also critical of the Marxist struggle for class warfare and the idea of class solidarity across borders. Instead he advocates for "volkwirtschaftliche Solidarität" [national economic solidarity] (Dix, 1925a, p. 119), a fundamentally nationalistic idea. While Röpke might find Dix's ideas atavistic, Dix argues that that his theories are simply a reflection of reality, which cannot be overturned overnight by any scholarly system (Dix, 1925a, p. 119). Geoeconomic thinking strives to highlight the interdependence of world economic interests. However, within this interdependence of interests, national economies will profit the most, if they concentrate on their own "Gemeinschaftsinteressen" [community interests], and prioritize them over class struggles at all times (Dix, 1925a, p. 119). These economic *Gemeinschaftsinteressen*, and the economic way of thinking in general, should be determined on the bases of the same natural foundations ("natürlichen Grundlagen"), which have already proven fruitful in areas such as foreign policy analysis and creation (Dix, 1925a, p. 120).

Röpke, a member of the "German Ricardians" (Kolev, 2018, pp. 72-73) and an opponent of Marxism, is still heavily criticized by Dix on similar grounds. Dix alleges that Röpke "greift weit hinaus in das Idealreich einer weltwirtschaftlichen Solidarität" [reaches far beyond in the ideal realm of global economic solidarity] and that he "hat für nationalwirtschaftliche Interessengemeinschaft nur ein bedauerndes Achselzucken [übrig]" [only has a regrettable shrug of the shoulders to spare for national economic interest community] (Dix, 1925a, p. 119).

Dix's charges against Röpke are twofold. First, he accuses him of being too naïve, especially with regards to global economic solidarity. According to Dix, Röpke's understanding of geoeconomics is suffering from idealism (an accusation that is often launched against liberal ideas). Second, Dix implicitly asserts that Röpke is in fact not patriotic enough, because he clearly lacks solidarity with the national economic interest community. Röpke allegedly sacrifices the *Gemeinschaftsinteressen*, meaning the economic national interest, in favor of economic interests of individuals. Dix's economic collectivism[30] clashes with Röpke's economic individualism. Just by itself, Dix's criticism of Röpke is already quite self-revealing.

Röpke does also not shy away from criticizing Dix's nationalistic understanding of geoeconomics. As if he was anticipating the economic and social developments of Germany in the 1930s, he criticizes his contemporary's understanding of geopolitics and geoeconomics for containing "ein gutes Stück Romantik und sozialer Mystik" [a good deal of romanticism and social mysticism] (Röpke, 1927, p. 78). By criticizing Dix's nationalistic and deterministic understanding of geoeconomics, Röpke implicitly warns against the unimaginable horrors that were to come only few years later.

On a more technical level, Röpke denounces the lack of economic knowledge of many of his contemporaries. He (1933, p. 10) criticizes the

[30] Dix's collectivist views can be found in many of his writings: "Daraus ergibt sich klar und einwandfrei die Überordnung des Staates über das Individuum" [This clearly and unambiguously indicates the superiority of the state over the individual] (Dix, 1934a, p. 530). He also criticizes the governments of the Weimar Republic for understand the "Volk" [the people] to mean only the sum of the respective voters (1934b, p. 137).

widespread idea, shared by Marxists and Geopoliticians alike, that capitalism has reached its limits; limits that are supposedly imposed by geographical space. Dix's *proton-pseudos*, which is present in many geopolitical and geoeconomic definitions, is the understanding of space as an essential and determining factor for economic growth (Röpke, 1933, p. 11). Since the whole world is, in one way or another, accessible to capitalists, capitalism has no more possibility for growth. For Röpke (1933, p. 10), such thinking is a prime example of a "fallacy of misplaced concreteness". This fallacy is caused by the abuse of the term "space", as economic space is not measured in square kilometers, but in Reichsmark and Dollars (Röpke, 1933, p. 10). The volume and intensity of the market does not depend on the number of square kilometers (i.e., its geographic space), "sondern vom Volumen der Kaufkraft und diese wiederum von der (sozial-ökonomisch richtigen) Produktion" [but on the volume of purchasing power, which in turn depends on (socio-economically correct) production] (Röpke, 1933, p. 11). Hence, the extremely dangerous idea that world capitalism is only possible if its spatial area is constantly expanding,[31] is thereby theoretically refuted. The best way to increase the level of the world's total purchasing power, is the "ungehemmte Entfaltung der Weltwirtschaft" [unrestrained development of the world economy] (Röpke, 1933, p. 11). Nearly a century later, Röpke's understanding of the world economy has turned out to be more successful, lifting hundreds of millions of people out of poverty. Back in the 1930s though, Röpke's envisioned economic success story did not seem that likely.

In the 1920s, Dix's work on geoeconomics received more public and scholarly attention than that of Röpke. A major reason for this is that the overall political sentiment was much more in favor of Dix's reactionary ideas. As part of the scholarly attention, several reviews were written about Dix's work on geoeconomics. One of the reviewers, Walther Vogel (1926), manages to connect the diverging ideological views of Röpke and Dix.

[31] Linking economic growth to the spatial growth of one's nation is a dangerous idea, as it forces states to take control over someone else's territory, in order to increase their own economic growth.

Vogel acknowledges Dix's view that the national economy must be based on the given geographic form of the state.[32] However, Vogel goes a step further by inverting this argument: "Es kann aber auch umgekehrt der Fall eintreten, daß die von Zahl und Bedürfnis der Staatsbevölkerung abhängige Wirtschaft die geopolitische Staatengestaltung vor ganz neue Fragen stellt, und gerade dieses Problem ist für das heutige Europa brennend geworden" [But it can also be the case that the economy, which depends on the number and needs of the state's population, confronts the geopolitical state formation with completely new questions, and it is precisely this problem which has become a burning issue for Europe today.] (Vogel, 1926, p. 188). Vogel suggests that it is not only the location of a nation that dictates its economic activity, but that economic needs and interests might also influence the geographic forms of states.

Like Röpke, Vogel acknowledges the possible influence of the economy on the geopolitical shaping of states, and on international political processes more generally. By making the economy dependent on the size and the needs of a country's population, Vogel questions Dix's geographic determinism. However, while Röpke sees political alignment to be driven by economic integration, Vogel's views are of a much more realist nature. He considers political tensions caused by economic ambitions as an urgent problem. This problem materialized only a few years later in Germany's *Drang nach Osten* and *Lebensraum* policies, which were not only ideologically but also economically motivated.

On a more abstract level, Vogel and Röpke's conception of geoeconomics are much more dynamic than Dix's. For Dix, geoeconomics is a static concept, since the state's economic objectives are determined by the natural conditions of the soil and the climate. In contrast, Vogel and Röpke's understanding allows for geographic realities to be challenged by economic objectives, for better or worse (political conflict vs. political integration). This dynamic understanding features liberal elements: it includes the economy in the creation of foreign policy objectives. Non-state actors, such as businesses or interest representatives, are

[32] The exact German quote being: "Die Wirtschaft, der Volkshaushalt, muß sich nach der gegebenen Gestalt der Staaten richten" (Vogel, 1926, p. 188).

given a role to play in the creation process of their states' foreign policy. Economic non-state actors act as representatives of the people's economic skills and needs, legitimizing their political power on a country's foreign policy. This liberal idea is still featured today in neoliberal IR theories (see, e.g., Moravcsik (2008)).

2.5 Relevance of Röpke and Dix's geoeconomics

The general importance of Röpke and Dix's conceptualization of geoeconomics and their relevance for today's interpretations might not be immediately recognizable. Some sceptics might try to argue that while it is true that many ideas originated in Germany in the interwar period, these ideas were not, in fact, forgotten. Instead, they argue that their quality is questionable: thus, they were left without attention, not withstanding the test of time. Some might even argue that geoeconomics is simply an abstract phantasm of a handful of German scholars. This section shows that these allegations are unfounded, since Röpke and Dix's ideas on geoeconomics were, in fact, taken seriously. In contrast to much of the contemporary research on geoeconomics, their geoeconomic notions received national and international attention, not only by academics but also by practitioners (e.g., public officials).

Before looking at the pre-WWII reception of Röpke and Dix's ideas in more detail, a few general observations are in order. Many innovative and scientifically valuable works, written in German during the interwar period, are lost, forgotten, or ignored until this day. The disappearance of most early (German-speaking) works on geoeconomics from the scholarly memory is sometimes attributed to the rise and fall of National Socialism in Germany and the connected ideological implications. Nevertheless, National Socialism and ideological barriers are only one part of the story. Another important part were anti-German sentiments in post-war academic communities (Taubes, 2011, p. 108) and the connected decline of German as a prominent academic language.

Obliviousness to the research of the German-speaking academic community was often due to the national identity of their creators, rather than its

objective quality. Similar to the German studies on geoeconomics, "authorities writing about obesity in the United States after the war treated the German medical literature as though it didn't exist, even though it was Germans and Austrians who had founded and done most of the meaningful research" in the fields relevant to obesity (Taubes, 2011, p. 108).

Ignorance towards innovative and scientifically valuable works on geoeconomics published in German, is also due to the decline of German as an academic language after WWII. There are clear parallels with the medical sciences, where "the lingua franca […] shifted from German prewar to English afterward", meaning that "German-language journals from the prewar era, and with them the best scientific thinking of the era […] would no longer be read, nor would they be referenced" (Taubes, 2016, p. 116). This disregard for academic publications in German also contributed to the eradication of most early German works on geoeconomics from the scholarly memory.

Even though they are largely forgotten today, Röpke and Dix's ideas on geoeconomics were the object of some serious public and academic debates back in the 1920s. The aforementioned Vogel[33] acknowledges that Dix's idea of geoeconomics[34] has proven to be "verdienstlich" [meritorious] (1926, p. 187). The fact that Dix was not a scholar in the formal sense (unlike Röpke and similar to Luttwak),[35] did not mean that the academic community rejected his ideas. Quite the contrary: apart from receiving positive feedback for his publications, Dix was also invited to present his concept of geoeconomics at the *XXI Deutschen Geographentag* [21th German Congress of Geographers] in Breslau (Dix, 1926a, p. 155; Gerbing, 1925, pp. 227-228). Hence, the scholarly quality of Dix's work on geoeconomics was publicly acknowledged in Germany.

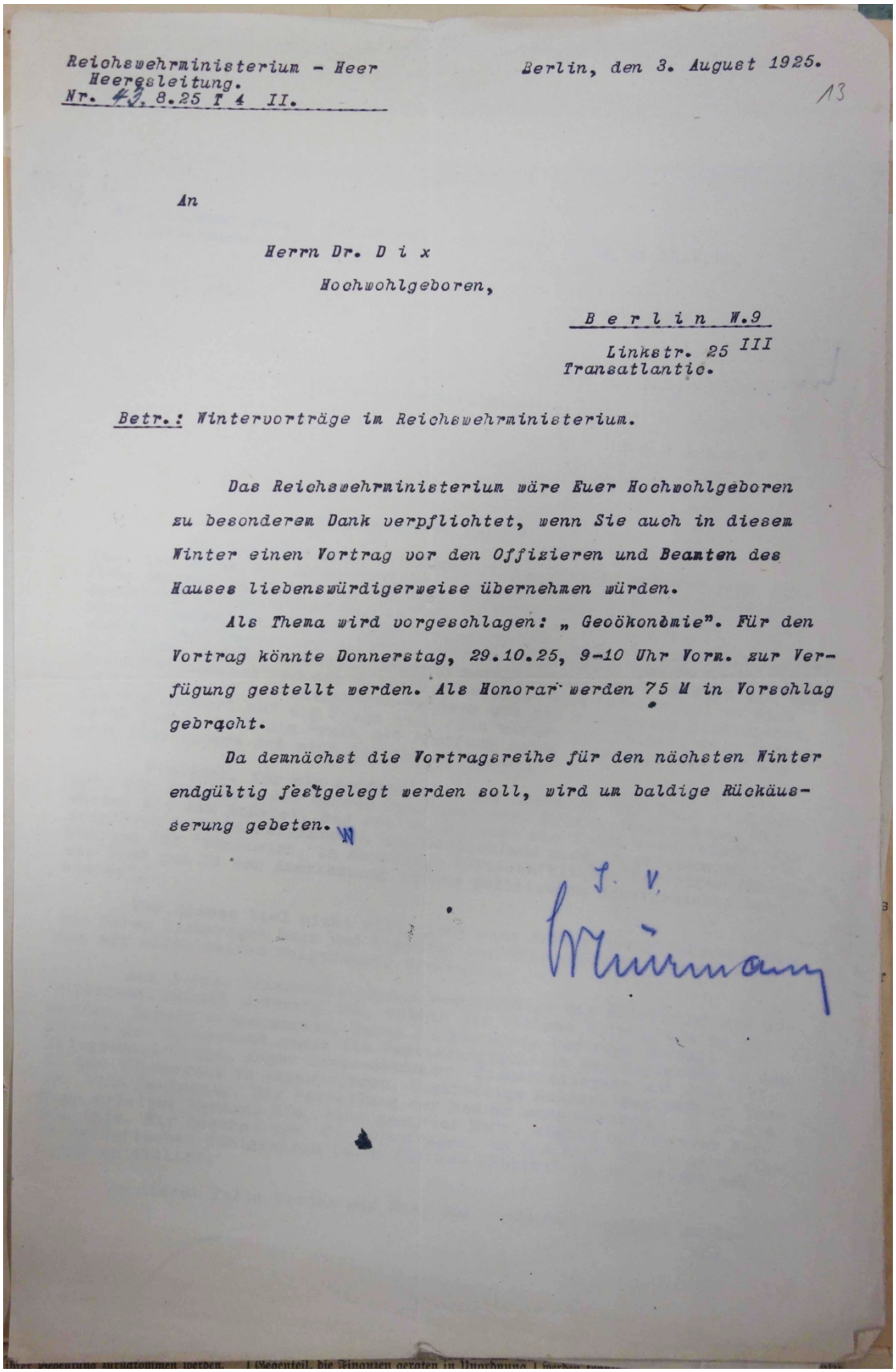
[33] Vogel was professor at the Friedrich Wilhelm University in Berlin. The Friedrich Wilhelm University was renamed to Humboldt University in 1945.
[34] Vogel (1926, p. 187) sees Dix's geoeconomics as meritorious, since it reassigns the natural starting point of economics to be the spatial ordering of nationally available economic forces and resources.
[35] Dix had received a PhD but was not working any longer at or for a university.

Despite the fact that Röpke and Dix published in German, their interpretations of geoeconomics were recognized outside of Germany as well.[36] One example of this international attention can be found in the Soviet Union. There, the economic geographer Wladimir von Dehn,[37] took note of their debate and exchange of ideas (von Dehn, 1997, p. 41). Unfortunately, many of von Dehn's articles, including the one mentioning Dix and Röpke, could only be published posthumously, because von Dehn was actively repressed by the Soviet regime and his work censored.[38] Nevertheless, Röpke and Dix's debate was cited internationally, meaning that their findings must have had relevance for scholars outside of Germany.

Potential practitioners of geoeconomics (the government, its agencies, and the armed forces) also paid attention to Röpke and Dix's ideas. The German armed forces paid particular attention to Dix's interpretation of geoeconomics (see figure 1). In August 1925, shortly after the publication of his seminal article and book on geoeconomics, Dix received an invitation by the *Reichswehrministerium (Heer), Heeresleitung* [Ministry of the Reichswehr (Army), Army Command]. He was asked to lecture officers and public officials of the *Reichswehrministerium* on the issue of geoeconomics, as part of their *Wintervorträge* [winter lecture series] (Reichswehrministerium Heeresleitung, 1925). The lecture was meant to last one hour. The suggested honorarium was 75 Reichsmark, which had the same purchasing power as 285 Euros in 2020 (Deutsche Bundesbank, 2020). A speaker's fee of 75 Reichsmark was a very decent payment, considering that the average monthly salary in 1925 was about 122 Reichsmark in the German Reich.[39] Overall, practitioners and academics alike were most focused on Dix's work on geoeconomics. Hence, it was Dix's

[36] Before WWII the German language was more commonly read and cited by academics as compared to today. This allowed for the debate between Dix and Röpke to receive attention by academics internationally.
[37] Владимир Эдуардович Ден.
[38] Hence, the exact date when von Dehn finished his article on geopolitics and geoeconomics is not known (my guess is 1928), however, it must have been the latest by 1933, since he died that year.
[39] See SGB VI, Anlage 1: Durchschnittsentgelt in Euro/DM/RM.

name that was primarily associated with geoeconomics throughout the 1920s and 1930s in and beyond Germany.



Reichswehrministerium - Heer
Heeresleitung.
Nr. 43. 8.25 T 4 II.

Berlin, den 3. August 1925.

13

An

Herrn Dr. D i x

Hochwohlgeboren,

B e r l i n W.9

Linkstr. 25 III
Transatlantic.

Betr.: Wintervorträge im Reichswehrministerium.

Das Reichswehrministerium wäre Euer Hochwohlgeboren zu besonderem Dank verpflichtet, wenn Sie auch in diesem Winter einen Vortrag vor den Offizieren und Beamten des Hauses liebenswürdigerweise übernehmen würden.

Als Thema wird vorgeschlagen: „ Geoökonomie". Für den Vortrag könnte Donnerstag, 29.10.25, 9-10 Uhr Vorm. zur Verfügung gestellt werden. Als Honorar werden 75 M in Vorschlag gebracht.

Da demnächst die Vortragsreihe für den nächsten Winter endgültig festgelegt werden soll, wird um baldige Rückäusserung gebeten.

I. V.

Figure 1: Letter from the Reichswehrministerium to Dr. Dix, 03.08.1925

2.6 Concluding remarks

This chapter set out to increase the overall conceptual awareness for geoeconomics. It did so by shedding some light on the concept's emergence, its early history and original meaning(s). Aiming at confronting the conceptual ignorance towards the term, the chapter uncovers the intellectual roots of the term "geoeconomics", their methodological and ideological similarities and differences, and their relevance for today's understanding of the concept. The method used is a historical conceptual analysis. It allows for the reduction of confusion to prevent the further vague and incoherent usage of the term. As a result, the politically sensitive term "geoeconomics" can once again be used confidently and comfortably.

In uncovering the intellectual roots of the term "geoeconomics", this chapter makes the following discoveries. I am able to trace back the origins of geoeconomics to the interwar period, when geoeconomics was first conceptualized by two German scholars: Arthur Dix and Wilhelm Röpke. Geoeconomics did not in fact evolve from geopolitics. Both concepts emerged around the same time and developed simultaneously into two separate concepts. From a historical point of view, both concepts are clearly distinct from one another. The common idea that geoeconomics is a subfield or strand of geopolitics, that developed in the 1990s after the end of the Cold War, is therefore clearly refuted.

Overcoming the ignorance towards the concept's history and showing that geoeconomics did not evolve from geopolitics, helps to differentiate between the two concepts, and to make a more conscious use of the term "geoeconomics". By being aware of the conceptual history of geoeconomics, one is finally able to develop the term "geoeconomics" into an independent theoretical concept with a specific underlying ideological paradigm.

Even though there is no absolute certainty that the term "geoeconomics" was coined by Dix and Röpke alone, it is clear that geoeconomics has always been a deeply contested concept, right from its creation. The ideological and methodological divisions are still present today and can be traced back to the multilevel dichotomy between Röpke and Dix's conflicting conceptualizations of

geoeconomics. Being aware of this, allows one to develop a better understanding of today's numerous and contradictory definitions of the concept. The methodological conflict about the envisaged nature and function of concepts and the role they play in good scientific practice is largely ignored today. However, the clash of norms and of underlying paradigmatic assumptions, often linked to liberal and illiberal worldviews, is currently still very present.

Today, this clash of norms and paradigms occurs mostly covertly and without being included in the wider theoretical and normative IR discourse. This is rather worrying. Nationalistic and protectionist ideas and their derived interpretations of geoeconomics and international economic relations are becoming ever more popular. Being aware of the stark ideological differences between Röpke and Dix is important because it allows to increase awareness of the normative nature of current geoeconomic understandings. It also lets one draw ideological and normative parallels between illiberal geoeconomic interpretations of the past (particularly Dix's view of geoeconomics) and current illiberal interpretations of the concept. Despite these developments, the underlying ideological views—foundations of theoretical concepts such as geoeconomics—are largely ignored in academic and popular debates on geoeconomics. Whoever thought that countries learnt their lesson from the devastating nationalist economic policies pursued in the 1930s is mistaken, as renewed populist talk about protecting the *nationalwirtschaftlichen Gemeinwirtschaftsinteressen* [national social economic interests] shows.

Back in the 1920s and 1930s Dix's ideas were also more popular and more successful with policy makers than those of Röpke. While economic nationalism is currently having a comeback, let us remember that Röpke's ideas were also seemingly losing out against Dix's in the first half of the 20th century. Nevertheless, nearly a century later, after the rise and fall of some of the deadliest nationalistic and totalitarian regimes, Röpke's liberal ideas prevailed over Dix's illiberal notions of autarky. This is cause for optimism, especially because Röpke's take on geoeconomics has proven to be more successful in analyzing the economic and political forces that shape our world. Geographic conditions drove

economic integration, which in turn led to political alignment. Unimaginable 100 years ago, political and economic integration has reached incomparable levels: fascism was defeated, communism failed, and China opened its markets peacefully. Space conquest and geographic integration were followed by economic and political integration. In Dix and Röpke's battle of ideas, history has declared the latter the unexpected winner.

Chapter 3: Regional conceptions of geoeconomics

3.1 Introduction

The term "geoeconomics" has been interpreted and understood differently throughout time. How to best classify these different approaches remains a debated issue. One can group them according to different criteria, such as the time period in which they were created, their language and country of origin, their core idea and nature, or their usage and application. The most common way to sort geoeconomic approaches is according to their creation time, dividing them into main groups of generational interpretations. As an example, Baracuhy identifies the following four generations: "classical geo-economics, which emerged at the beginning of the twentieth century, a second generation from the 1970s and 1980s, a third generation from the 1990s, and contemporary approaches" (2019, p. 14).

In the case of geoeconomics, I do not find this generational division helpful, as it implies some sort of development, evolution, or interconnectedness between the different generations. This has not been the case for most of the term's existence. Intergenerational connections, expressed in the form of theoretical linkages or referencing, do not exist. There is no development of intergenerational geoeconomic arguments, that build upon the findings of earlier generations and aim to improve the term "geoeconomics". Links to earlier generational approaches from the beginning of the 20th century are missing all together. As a result, geoeconomics did not evolve much since its creation a century ago.

Contrary to the idea of generational interpretations, I show that the research on geoeconomics was heavily dominated by regional interpretations between the late 1980s and the early 2000s. I have identified four different ways of thinking about geoeconomics: an American, a French, an Italian, and a Soviet/post-Soviet.[40] Even though geoeconomics was invented in Germany, there is no

[40] I am not alone with my observation that regional approaches exist. Song, Cheng, Liu, and Liu (2017) explain that "during the development of geo-economics, various schools of thought representing different nations' characteristics gradually formed: American schools emphasized market control and economic competition; Russian schools focused on research of the nation's strategies; Italian schools concentrated on international competition and cooperation" (p. 1464).

modern German approach or regional school.[41] All four approaches originated in geographically distinct regions or countries, were published in their respective, national languages, and cross-referencing between them was rare. This chapter gives an overview of the different regional, sometimes country specific, conceptions of geoeconomics. It answers the following question: *How do the regional conceptions of geoeconomics understand and conceptualize the term?* This chapter is structured accordingly: It provides an overview and analysis of each of the four different approaches separately.

The relevance of this chapter might not be immediately apparent. Sceptics argue that there is not much use in studying regional conceptions of geoeconomics, given the fact that more developed notions have already surfaced in the meantime. However, studying older, "outdated"[42] regional approaches is still useful. Surveying such approaches provides a firm understanding of different scholarly traditions. Even though contemporary interpretations have come far since the 1990s, being familiar with regional research traditions and their intellectual roots allows to better understand the contemporary geoeconomic approaches. Most authors still refer back to and rely on one or more regional traditions in their current publications. Assumptions of the regional approaches remain at the heart of current conceptions.[43]

The impact of "outdated" regional approaches on current ones should not be underestimated. While the national approaches were popularized by only a

[41] While there doesn't exist a modern German (speaking) school of geoeconomics, I do need to mention the work of Friedrich Korkisch, who wrote about geoeconomics in the Austrian Military Journal (OMZ). Already in 1987, Korkisch identified geoeconomics as independent from geopolitics and geostrategy. According to Korkisch (1987), "Geoökonomie hat einen Bereich zu untersuchen, der weder eindeutig der Geopolitik noch der Geostrategie zugeordnet werden kann" [geoeconomics has to examine an area, that can neither be clearly assigned to geopolitics nor to geostrategy] (p. 19). Just as one can declare that the economy is the product of all-determining politics, one can also postulate—especially in today's world—that economic possibilities determine politics (Korkisch, 1987, p. 19).

[42] Geoeconomics, as an abstract theoretical concept, aspires to have universal explanatory abilities. It is meant to be a useful analytical tool, independent of the present political environment. Röpke and Dix's approaches still hold analytical value today, providing useful insights nearly 100 years later.

[43] This is interesting insofar, as the international relations environment has changed a lot since the 1990s and did not develop into the direction predicted by scholars like Luttwak.

small number of people in each region or country, their ideas have a strong influence on scholars to this day. Some of the articles and books published back in the 1990s have even become "classics", that are still frequently referenced today. Thus, some regional perspectives (i.e., Luttwak's work on geoeconomics and with it the American school), have been tightly integrated into the contemporary discourse. Other regional approaches, such as the Soviet and post-Soviet ones, have not been absorbed.

3.2 American school of geoeconomics

In 1990, Edward Luttwak published his seminal article on geoeconomics. In it, Luttwak (1990) uses the term "geoeconomics", as opposed to geopolitics, to describe the possibility of achieving foreign policy goals by economic means. Even though he was not the first to use the term, he is often falsely credited with coining the term or being the "inventor" of geoeconomics (see, e.g., Criekemans (2017, p. 113), Csurgai (2009b, p. 213), Farias and Martins (2020, p. 2), Gauchon (2008, p. 1), Jaeger and Brites (2020, p. 24), Murad (2021, p. 4), Roberts, Moraes, and Ferguson (2018), Scholvin and Wigell (2018b, p. 74), Song (2017, p. 1464), or Wesley (2016, p. 3)). While Luttwak did not coin the term "geoeconomics", he must be credited with reviving the term, introducing it to a wider audience (academic and popular), and "insert[ing] it into the public agenda" (Aligica, 2002). His groundbreaking article (Luttwak, 1990) remains the most cited article on geoeconomics according to Google Scholar.[44] Until today, Luttwak is one of the most renowned thinkers on geoeconomics, inside and outside the academic sphere.

Luttwak's geoeconomics is a product[45] typical of the post-Cold War spirit. Luttwak (1999, p. 127) places his concept in times of waning military threats and

[44] Luttwak's article is the most cited article on geoeconomics, even though (or especially since) Luttwak did not publish the article in a scholarly peer-reviewed journal.

[45] Back in the 1990s, Luttwak was not alone with his predictions. Huntington (1993) also argues in the spirit of changing geostrategic realities. Since military conflict was seen to be in decline in the post-Cold War era, Huntington claims that economics is "probably the most important source of power", and that "economic power will be increasingly important in determining the primacy or subordination of states" (1993, p. 72). Huntington, similar to Luttwak, cites Japan as an example for states that embrace a realist IR foreign policy, seeking to maximize their

alliances, and intensifying economic rivalries. With the USSR as a political competitor and security threat gone, the countries in the peaceful central arena of world affairs are not forced anymore into "compulsory solidarity" (Luttwak, 1999, p. 127). They can now focus freely on their national economic interests. This will result in rising economic tensions between former Cold War military allies (Luttwak, 1993b, p. 40). Luttwak argues that the "remarkable economic collaboration was largely a by-product of the geopolitical confrontation with the Soviet Union" (1999, p. 151).[46] With the political support for trade and economic liberalization gone, trade wars would no longer be prevented by fear of negative military or strategic impacts, but rather by concern about economic consequences. At the end of the 1990s, Luttwak (1999) was certain that "the era of geo-economics was upon us" (p. 127).

Luttwak sought to identify one of the main trends of the post-Cold War era: states would pursue their adversarial interests through economic and not military means (Scholvin & Wigell, 2019, p. 3). Luttwak (1990, p. 21) predicts that from the 1990s onwards, economics would not only become the cause of conflicts—as it used to be in the past—but more importantly it would also emerge as the main instrument for conflict resolution. With military means being discredited and economic means considered more effective, Luttwak (1990) argues that "methods of commerce are displacing military methods" (p. 17). As a result, "both military power and classic diplomacy have lost their traditional importance" (Luttwak, 1993b, p. 35).

The precondition of Luttwak's geoeconomics is the assumption that war would become "almost unthinkable" (Luttwak, 1993b, p. 35) between states in the central arena[47] of world affairs. The absence of war does not lead to peace, but

economic power. He accepts all the underlying premises of an anarchic environment in which states need to maximize their power. In contrast to Luttwak though, Huntington makes it very clear, that his underlying theoretical assumption is IR realism.

[46] I seriously question the notion that the unprecedented growth of international trade and economic liberalization of the 1970s and 1980s was primarily the result of solidarity in the face of a common enemy.

[47] Luttwak differentiates between states in the central arena of world affairs (developed, politically and technological advanced states in America and Europe, as well as Japan), and those on the periphery, the "lesser countries" (Luttwak, 1999, p. 127), in the "unfortunate parts

to geoeconomic struggle. Only when war has become almost unthinkable can geoeconomics grow into a new form of power struggle and conflict. As a result (and in contrast to geopolitics), geoeconomics is a "game", that can only be played "by countries that have already ruled out war among themselves" (Luttwak, 1993b, p. 42; see also Luttwak, 1999, p. 141). In the periphery of world affairs, military strength and diplomacy keep their significance.

Luttwak clearly identifies the means used in pursuing a geoeconomic policy. For him, "causes but also the instruments of rivalry must be strictly economic" (Luttwak, 1999, p. 141). In Luttwak's understanding of world history, the "ancient rivalry of the nations" is continued "by new industrial means" (Luttwak, 1993b, p. 34). Political clashes between states, caused by commercial quarrels, "will have to be fought out with the weapons of commerce" (Luttwak, 1999, p. 141). Luttwak's so-called "weapons" of commerce are all nonmilitary tools: restriction of imports, subsidization of exports, or state funding competitive technology and infrastructure projects (Luttwak, 1999, p. 141). Instead of relying on firepower, military-technical advancement, and garrisons and bases, states would favor disposable capital, civilian innovation, and market penetrations (Luttwak, 1990, p. 17). Luttwak also emphasizes the importance of offensive weapons in geoeconomic conflicts, highlighting "research and development, force-fed with government support and the taxpayers' money" (Luttwak, 1999, p. 131) as the most important one.

Despite the military rhetoric,[48] which some have described as "alarmist" and "truculent" (Solow, 1993), Luttwak emphasizes that his geoeconomic means

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of the world" (Luttwak, 1993b, p. 34), the "backwaters of world politics" (Luttwak, 1993b, p. 35; 1999, p. 128), the "backward zones of conflict" , where "old-fashioned territorial struggles continue as they did throughout history" (Luttwak, 1993b, p. 34). Apart from the questionable language used, Luttwak's ideal-type conception is also different from other contemporary ones, as he does not expect geoeconomics to unfold equally throughout the world. Kundnani (2011a, p. 40) argues that Luttwak's geoeconomics can therefore be expected to be particularly present within the EU.

[48] In Luttwak's geoeconomics, "investment capital for industry provided or guided by the state is the equivalent of firepower; product development subsidized by the state is the equivalent of weapon innovation; and market penetration supported by the state replaces military bases and garrisons on foreign soil as well as diplomatic influence" (Luttwak, 1999, pp. 128-129). Ó Tuathail (1993, p. 184) criticizes such military language, as "the metaphors and narratives of

are all nonmilitary economic means. In doing so, Luttwak tries to differentiate geoeconomics from mercantilism, unlike many contemporary scholars. He excludes armed forces from geoeconomic processes, as they have "entirely lost the dominant role [they] once had in the age of mercantilism - as an admissible, indeed almost routine, adjunct to economic rivalry" (Luttwak, 1999, p. 141).[49] Instead, the most advanced states are looking to gain access to new forms of power, better suited for new geoeconomic conflicts. Supporting technologically advanced companies or industries becomes such an "*instrument of state power*" (Luttwak, 1993b, p. 34).

Luttwak's geoeconomics is a state-centered approach. The state remains the key actor. Non-state actors, citizens, and taxpayers are only allotted a supporting role, being an instrument of the state. Instead of acknowledging the fact that nations and their foreign policies are also made up of non-state actors—which have an ever-greater role to play in international relations and economics—Luttwak tries to put the state back into the economic driver's seat. For him, geoeconomics means state intervention to "encourage, help or direct" "investment, research and development, and marketing campaigns" (Luttwak, 1999, p. 129). Yet, geoeconomically active states are forced "to coexist with private enterprise" (p. 316). Cohen (1996) points out that the "commerce administré" [managed trade] (p. 135) is central to Luttwak's geoeconomics.[50]

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war give geo-economic discourses a rhetorical force and urgency that has profound consequences" (p. 184). These consequences include "renewed militarization of social and economic life, a re-legitimation of existing forms of bureaucratic authority, a redisciplining of private life in the name of 'competitiveness'" (Gearóid Ó Tuathail, 1993, p. 184).

[49] Luttwak (1999) illustrates his argument with vivid examples:

> Supercomputers kept out by import barriers cannot be forcibly delivered by airborne assault to the banks or universities that might buy them; nor can competition in the world automobile market be pursued by sinking the car ferries of competitors on the high seas. (p. 141)

[50] Back in the day, Dix was already arguing against Marxist views on class struggle and solidarity. Today, Marxists still do not agree with the state-centered fault lines of geoeconomics. Gauchon (2008, p. 2), for example, believes that the real struggle takes place between workers and employers and not between states. Ó Tuathail (1993) argues that a more appropriate approach to geoeconomics "is to problematize control of the state and investigate how the state is instrumentalized by certain social classes" (p. 183). Geoeconomic studies should investigate material conditions, social forces, and intellectual discourses to explain the behaviour of states (Gearóid Ó Tuathail, 1993, p. 183).

In Luttwak's geoeconomics, state bureaucrats find themselves in need of new roles after the end of the Cold War. Hence, they have an interest in invoking geoeconomics to "claim authority over mere business people and the citizenry at large" (Luttwak, 1999, p. 135). The bureaucratic elites of countries such as Japan or France are "especially unwilling to surrender their privileged position by allowing unfettered free enterprise to have its way" (Luttwak, 1999, p. 135). As seen in the sections on Luttwak's geoeconomic means, "bureaucrats and politicians can try to manipulate (large) private companies to achieve their own geo-economic purposes, or even select a specific company to become the country's 'chosen instrument' in a given industry" (Luttwak, 1993b, p. 318). As a result, geoeconomics works "power-enhancing for governing elites" (Luttwak, 1999, p. 134), as it allows them to expand their influence into the economic sphere of private businesses. This far-reaching intervention of the state into the private affairs of its citizens—in the name of the national economic security—is antiliberal and not compatible with the Western model of free societies.

This idea of state interference into the economic affairs of its citizens can also be found in Luttwak's (1993b, p. 316) conceptualization of space. He divides space into two realms, political and economic. The former is dominated by states, the latter by businesses. Luttwak (1993b, p. 316) sees the role of the governments in the international economic space diminishing, due to the fall of communism and privatization of former state-owned enterprises. Such dividing of space into an economic and political realm is quite uncommon, as most geoeconomic theories have a more holistic approach to space. All actors are understood to operate in one space. Luttwak's approach of juxtaposing state and non-state actors, and dividing space into a political and economic realm, is unconvincing.

In Luttwak's geoeconomics, the rivalry between states continues according to the same old "universal" rules. The means and the ends change, but the logic of conflict stays the same: "adversarial, zero-sum, and paradoxical" (Luttwak, 1990, p. 17). Luttwak clearly specifies the underlying logic of his geoeconomics (i.e., the rules of the game). According to him, states would increasingly resort to geoeconomic strategies, that is to say, they would combine the "logic of conflict

with the methods of commerce", or the "logic of war in the grammar of commerce" (Luttwak, 1990, p. 19). The logic of war and conflict remains dominant.

Luttwak's logic of geoeconomics is directly derived from the imagined nature of states. One of the main premises—on which Luttwak bases his geoeconomic predictions—is that states are "spatially-defined entities structured to outdo each other on the world scene" (1990, p. 19); "relentlessly adversarial" (Luttwak, 1993b, p. 35), "inherently adversarial" (Luttwak, 1999, p. 128), "territorially defined entities which exist precisely to outdo each other on the world scene in one way or another" (1999, p. 137).[51] Luttwak's premise of the inexorable and inherent adversarial nature of states is profoundly realist and geopolitical in nature. These premises are not suited to serve as the foundations of an alternative geostrategic approach. By founding his "new" concept of geoeconomics on the core premises of geopolitics, his interpretation does not contribute to the differentiation of geoeconomics from geopolitics.

Like Dix's geoeconomics, Luttwak's conceptualization of geoeconomics also has a deterministic side to it. According to Luttwak (1999), "states tend to act geo-economically simply because of what they are" (p. 137). Such a statement is deterministic, as states seem to have no choice but to act geoeconomical due to their intrinsic adversarial nature. Ó Tuathail (1993) argues in a similar vein that Luttwak's understanding of geoeconomics is "unsatisfactory", as it "is tautological and ahistorical" (p. 183). States tend to act geoeconomically, however, what constitutes geoeconomic and power maximizing behavior, "is not manifestly obvious" (Gearóid Ó Tuathail, 1993, p. 183).

Luttwak also identifies the goals pursued by geoeconomic policies. The ancient rivalry of nations is no longer about gains and control over territories (as described by classical geopolitical theories). Instead, states will struggle for industrial conquest, trying to gain "worldwide market shares for the targeted

[51] I find it surprising that anyone can be so certain about the one, "true" nature of such a heavily debated concept as the state: "Even when there is no thought of military confrontation, even when they cooperate everyday in dozens of international organizations and many other ways, the very nature of states is relentlessly adversarial" (Luttwak, 1993b, p. 35).

products" (Luttwak, 1993b, p. 34). Using their taxpayers' money, states aim to "conquer the industries of the future by achieving technological superiority" (Luttwak, 1999, p. 131). States will aim to conquer or defend "financial, creative and higher management functions and control" in "high-added-value, 'strategic' industries" (Luttwak, 1999, p. 134). The taxpayers' money is not used "to achieve the highest possible standard of living", but rather to conquer or protect "desirable roles in the world economy" (Luttwak, 1999, p. 133). Market shares, industries, and technological superiority have supplanted territorial conquest as the goal of geoeconomic policies. The ancient logic of conquest and competition over zero-sum resources remains, however, the same.

I find Luttwak's conception of geoeconomic goals unconvincing.[52] While territory is an absolute, static unit, market shares are relative and dynamic. Markets can grow and contract, and so do the market shares. Fighting for control over a relative share of a market segment is meaningless, if one does not know the absolute market size. Gaining market shares can mean nothing, if the market as such collapses. In contrast, territory as a unit is limited and absolute. One square kilometer of land was, is, and always will be one square kilometer of land, be it in Europe, Asia, or Africa. As a result, the operating logics in making territorial versus market gains are not the same. Territory is limited and can primarily be gained by taking it from someone else (via conquest/subjugation, effective occupation, or prescription).[53] Discovering unoccupied land is not an option anymore, hence, a confrontational *modus operandi*. The market, however, does not have the same limitations. Markets can be created, discovered, and destroyed. They can grow thanks to the cooperation of different players. Losing market

[52] On a more abstract level, Luttwak does not clarify the relationship between means and ends. It is important to know if they interact, and—if they do—how they do so. Moreover, it would be of interest to know if the means influence the ends or vice versa: *Are means and ends equal, or does one of them come first in his approach?* These are all technical questions, which Luttwak does not touch upon in his writings on geoeconomics.

[53] I do acknowledge the fact that states can also increase their territorial sovereignty via two other ways: accretion (see the Netherlands or China) and cession (Charles & Luciana, 2018, pp. 150-178; Lesaffer, 2005, p. 38). However, these remain more the exception than the rule and geopoliticians and realists have traditionally more focused on the other three ways of acquiring territory for existing states.

shares does not necessarily mean losing power or wealth, as the market and the number of participants can grow at the same time. Transposing the static logic of territorial power struggles to the economic realm is a fallacy. Therefore, investing taxpayers' money into defending a piece of land from foreign invaders is completely different from investing taxpayers' money into defending market shares. If one were to adopt the rules of traditional territorial struggle to economic engagements, the outcome would likely not be as predicted.

Jaeger and Brites (2020) observe that Luttwak transposes the "logic of military competition into the sphere of international trade" (p. 24). The logic of the battlefield is transposed to the marketplace. While in the past states had to fight enemies in arms, today they face "competitors in the marketplace with whom free competition is for some reason a losing game" (Luttwak, 1999, p. 137). This comparison of battlefields and marketplaces is misleading. Most of the time, it is (multinational) private actors and not states that compete in the marketplace. As such, the marketplace does not know enemies, only competitors.

Moreover, the underlying logics are different. Companies can profit from cooperation. They are not inherently designed to outdo each other. Market competition is non-zero-sum. Companies can grow through cooperation and so can their revenue. Cohen (1996, p. 135) also disagrees with Luttwak's idea that trade is a "jeu à somme négative" [negative-sum game] (p. 135) and that it is the continuation of war by other means. If "international trade is a battlefield", then Luttwak's geoeconomics is meant to inform us of "us how to inflict damage on the enemy and win the battle" (Solow, 1993). From the perspective of non-state business actors, this is highly undesirable. From the perspective of economists, this does not make much sense, as the logics of war and trade are diametrically opposed. Competition does not need to be a losing game. Competition between companies results in better outcomes for the consumer. Similarly, it would be citizens that profit if states would compete for their highest possible standard of living.

Comparing marketplaces and economics with battlefields and war is quite simplistic and even shocking to some. As Gauchon (2008, p. 2) points out, it is

regrettable to be unemployed, but "victims" of global competition cannot be compared to victims of warfare. A laid-off worker in the US Rust Belt is not a victim in the same sense as civilians and soldiers dying in warzones. Overall, economic and military domination are two completely separate issues. The latter is about a nation's survival, while the former is related to its economic performance and its citizens' standard of living. These two things should not be confused or mixed: not only the stakeholders, but also the operating logics are different.

Luttwak's ideas on geoeconomics received strong negative criticism from economists, due to his conceptualization of states. For example, his assumption about the nature of states ("relentlessly adversarial"), was criticized as a "threadbare concept, badly in need of overhauling" (Vernon, 1993, p. 105). Contrary to Luttwak, most economists argue that relations between states are best understood in non-zero-sum terms. Hence, Solow laments that Luttwak "certainly allows little or no room for the possibility that trade between nations can sometimes be mutually beneficial" (Solow, 1993). The clash between economists and Luttwak is due to diverging conceptualizations of interstate relationships. While Luttwak focuses on power and territory, economists prefer to study a state's relations with the world in terms of wealth exchanges. In contrast to the uncompromising nature of territory or power (zero-sum), wealth is relative and can easily be shared and amplified (non-zero-sum), thus allowing for economic exchanges that are mutually beneficial for both parties (Bartlett, 1994, p. 298).

To conclude, Luttwak's interpretation might seem innovative at first sight, however, it is but a "recycled" version of realist geopolitics. Several scholars share this conclusion. Aligica (2002) remarks that Luttwak's geoeconomics is "a trendy presentation for the geo-strategic reality that was increasingly discussed under various labels". Sparke's (2002) observation that "a new vocabulary of geoeconomics has replaced the old vocabulary of geopolitics" (p. 216) is indicative of the recycled nature of Luttwak's geoeconomics. Luttwak focuses on a new vocabulary instead of finding new ways to interpret the world. He employs geopolitical ideas, which he then combines with new geoeconomic vocabulary.

Even though Luttwak predicted that foreign policy means were changing, the underlying IR paradigm stayed the same. Sparke (2007) argues that "Luttwak's argument was still realist, historicist, and state-centric" (pp. 339-340) neglecting some of the most important IR trends at the time, such as neoliberal governance. Ó Tuathail, Dalby, and Routledge (1998) share this critique: they see Luttwak's argument as "merely an extension of the essentialist realist assumptions", "posit[ing] an absolute truth about states without regard to history" (p. 107). Hence, his "new" interpretation of geoeconomics is only superficially different from geopolitics. It focuses on the means but not the ends of the geoeconomic strategy. Siddiqi (2018) critically observes that Luttwak did not explain how economics would lead to less conflicts, but rather "how conflicts between states would be based on 'economic' as opposed to 'geopolitical' considerations" (p. 34).

Other scholars came up with an even harsher verdict: "Luttwak has failed in his effort to develop a new geo-economics", his "world view can be summed up in one word: mercantilism" (Bartlett, 1994, p. 298). Cohen (1996, p. 135) too points out that by integrating economic dimensions into traditional geopolitics, Luttwak's geoeconomics resembles a modern version of mercantilism. As such, Luttwak's geoeconomic idea ends up being "conventionnelle" [conventional] (E. Cohen, 1996, p. 135). Baracuhy (2019) finds that despite Luttwak's contribution in reviving the term "geoeconomics", his concept does nothing more than "re-edit an old toolkit of mercantilist practices" (p. 16).

If one agrees with the assessment that Luttwak's geoeconomics is just a new form of economic geopolitics, then the Cold War can already be understood as a geoeconomic conflict. Gauchon (2008, p. 2) argues that the geoeconomic change that Luttwak write about already begun in 1945, when the nuclear bomb made direct confrontation between Nuclear Powers improbable, if not impossible. According to Gauchon (2008, p. 2), the Cold War was already a geoeconomic war in the Luttwakian sense and the USSR turned out to be the losing side for economic reasons.

Luttwak predicted that geoeconomics was going to overturn geopolitics, becoming the key strategy in international relations (Baracuhy, 2019, p. 16). This did not happen. Geoeconomics, in as Luttwak understood it, did not replace geopolitics. As most scholars argue today, "economic and military instruments coexist" (Scholvin & Wigell, 2018b, p. 76). Instead of limiting themselves to one tool, states pick and choose instruments according to their situational adequacy, just as they already did in the past.

3.3 French school of geoeconomics

In the 1990s and early 2000s, another distinct school of geoeconomics took shape in France. While Luttwak was writing about geoeconomics in the USA, French scholars too were sensing a new era approaching: that of *géoéconomie* (Lorot, 2001, p. 43). The French school can be traced back to a relatively homogenous group of French scholars: Philippe Baumard, Jacques Fontanel, Pascal Gauchon, Yves Lacoste, Pascal Lorot, Philippe Moreau Defarges, and Jean-Pierre Paulet. Yet, it is Lorot who is most often identified as the main promoter of geoeconomics in France (Gauchon, 2008, p. 2).[54] Overall, French ideas on geoeconomics are rather homogenous and share many similarities with Luttwak's realist writings.

The origins of geoeconomics are sometimes falsely believed to lie in France. For example, Cowen and Smith (2009) erroneously speculate that "the term [geoeconomics] itself seems to have been first used not by Luttwak but by French economic geographer Jacques Boudeville (1966) who conceived 1960s liberal growth pole theory in terms of 'geoeconomics', which he posited as an explicit alternative to geopolitics" (p. 38). Even though it may *seem* this way to Cowen and Smith (2009), Sparke (2017a, p. 4),[55] and several others (see, e.g., Forough, 2018, p. 3; Kuznetsov & Lachininskiy, 2014, p. 83; Vlados, Deniozos,

[54] Incidentally, Lorot was also the director of the two leading French journals on the topic: *Revue française de géoéconomie* (published from 1997-2000) and *Géoéconomie* (published from 2000-2017).

[55] While it *seemed* to Cowen and Smith in 2009 that Boudeville first used the term "geoeconomics", eight years later, in 2017, Sparke remarked confidently that "the actual term 'geoeconomics' is still not widely used, and the work of the French economic geographer Jacques Boudeville, who first developed it, remains largely unknown" (p. 4). This is one of many examples of geoeconomic Chinese whispers.

& Chatzinikolaou, 2019, p. 75), Boudeville was not the first scholar to use the term "geoeconomics". In Boudeville's 1966 work *Problems of Regional Economic Planning*, the term "geoeconomics" is not mentioned once.[56] Nevertheless and coincidentally, the French origin of geoeconomics seems to lie in the year 1966. That year, Francis-Vincent Féraud (1966) published a book on the geoeconomics of Latin America,[57] and Jean Malauri (1969) edited a volume on the geoeconomics of cod-fisheries.

French scholars of the 1990s locate the origins of geoeconomics in the late 20th century, "dans le sillage de la géopolitique" [in the wake of geopolitics] (Moreau Defarges, 1994, p. 155). According to Moreau Defarges (1994, p. 157) geoeconomics emerged in the late 20th century as the result of the proliferation of interdependencies and networks. The acceleration of flows, in particular "immaterial" flows, led to "la fin de la géographie" [the end of geography], in which space and time were predicted to disappear (Moreau Defarges, 1994, p. 157). The link between economy and space and time, was slowly disappearing. World space was no longer considered fragmented by fixed division lines like the Iron Curtain (Moreau Defarges, 1994, p. 157). The power and survival of a nation would no longer be subject to a defined geographic territory, but would rather depend on the ability of the nation to adapt to the international technical-economic competition (Moreau Defarges, 1994, p. 157). The French school of geoeconomics set out to study these trends and patterns of the post-Cold War era.

Lorot, who is often credited with founding the French school of geoeconomics, published the most influential French article on the topic in 1997. In it, he presents his definition of geoeconomics:

> l'analyse des stratégies d'ordre économique – notamment commercial –, décidées par les États dans le cadre de politiques visant à protéger leur

[56] This inaccuracy of Cowen and Smith might seem trivial and not worth mentioning. However, too many other scholars have already copied and spread it, without ever taking a close look at Boudeville's original work. Confronting these geoeconomic "myths" is important: there already exist too many false or incomplete ideas about it.

[57] Indicative of the realist tradition of French geoeconomics is the fact that Féraud (1966) published his in book in the infamous publishing house *Nouvelles Éditions latines*, known for its extreme right-wing and traditionalist publications.

> économie nationale ou certains pans bien identifiés de celle-ci, à aider leurs « entreprises nationales » à acquérir la maîtrise de technologies clés et/ou à conquérir certains segments du marché mondial relatifs à la production ou la commercialisation d'un produit ou d'une gamme de produits sensibles, en ce que leur possession ou leur contrôle confère à son détenteur – État ou entreprise « nationale » – un élément de puissance et de rayonnement international et concourt au renforcement de son potentiel économique et social.
>
> [the analysis of states' economic (in particular commercial) strategies decided upon within a policy framework aimed at protecting national economies or certain spheres thereof, and at aiding national companies to acquire key technologies, and/or to conquer shares of the world market related to the production or distribution of a sensitive product (or line of products); sensitive in the sense that its control gives the wielder – be it a state or national company – an increase in power and international influence and strengthens its economic and social potential.] (p. 29)

Similar to Luttwak's approach, geoeconomics is understood as a systemic approach to international relations (Baumard & Lorot, 1999, p. 215). Lorot's contribution to geoeconomics is very revealing: it shows how the French school, inspired by Luttwak, tends to put a greater emphasis on state intervention in favour of the domestic industry.[58] While Luttwak had the national interest or the

[58] It also shows how researchers have been negligent towards the term's history, ignoring previous findings. Whenever scholars refer to Lorot's article, it is often badly translated and wrongly cited. Benabess (2017, p. 212) and Csurgai (2017, p. 296; 2018, p. 41) fail to cite Lorot's article correctly. Both articles refer to a later publication of Baumard and Lorot (1999), featured in a book edited by Lorot, in which his article is reprinted. However, both authors cite page 62, which in fact is part of an article by Paulet (1999) on "Grandes firmes mondiales : Stratégies et réalités économiques" [Large Global Firms: Strategies and Economic Realities]. Diesen (2018) quotes Lorot directly in English, without providing any page number, nor the French original quote. Baracuhy (2019, p. 22) also does not cite Lorot correctly. He cites page 14 of Lorot's 1997 article, even though the citation cannot be found on page 14 in the original article, but on page 14 in a reprint from the year 2009. Gauchon (2008, p. 2) portrays Lorot as one of the main promoters of geoeconomics in France, citing his 2000 article as one of the birth moments of geoeconomic research in France. Yet, the same quotation can also be found in Lorot's 1997 article on geoeconomics.

These citation errors hint at two subjacent problems: first, scholars do not take their colleagues' works on geoeconomics seriously enough; second, there was a republication of

greater good of the nation in mind when talking about geoeconomics, Lorot bluntly speaks of "protéger leur économie nationale" [protecting national economies] (1997, p. 29).[59] The state is given a prominent role to play, not only politically, but also in matters of economic foreign relations. Thus, the similarities between French geoeconomics and mercantilism become apparent. Fontanel (2005) even warns that "la géoéconomie développe parfois des relents mercantilistes, sans la quête de l'or et le refus des échanges" [geoeconomics sometimes develops mercantilist tendencies, but without the quest for gold and the refusal to trade] (p. 493). Contemporary observers share this assessment: Baracuhy reckons that such an interpretation of geoeconomics resembles a mercantilist commercial or industrial policy, a key characteristic of state capitalism (2019, p. 22).

Similar to Luttwak's approach, the scope of geoeconomics is limited to countries that rejected war as a type of interaction between them, namely industrialized nations such as the USA, Western European countries, and Japan (Lorot, 2001, p. 45). Their rivalries are confined to the economic field. Nevertheless, for Lorot the concept of geoeconomics is today much more global than initially envisaged. It embraces a truly global dimension, which can by no means be limited to Western countries alone (Lorot, 2001, p. 46). Even though geoeconomics is most often practiced by Western developed states, it can, if necessary, be initiated by industrialized countries that are not members of the "western club" (Lorot, 2001, p. 46).

In a geoeconomic era, states and their companies have committed to the conquering of foreign markets and seizing control of strategic sectors (Lorot, 2001, p. 43). Thus, Lorot (2001, p. 43) considers the political interests of nations as subject to their economic interests. Economic interests are taking precedence

Lorot's 1997 article without proper reference to the original article, which is hard to obtain outside of France (electronically or as a hardcopy). A quick search reveals that the article was reprinted at least four times in different places, including in the following books and journals (often without reference to the original article): *Introduction à la géoéconomie*, 1999; *Annuaire Français de Relations Internationales AFRI*, 2000; *L'information geographique*, 2001; *Géoéconomie*, 2009.

[59] Also see the definition of Du Castel (2001, p. 105), who thinks that geoeconomics focuses on the economic strategies of states according to their geographical location.

over political interests, signaling the start of the new geoeconomic era (Lorot, 1997, p. 24). The conquest of markets and control over advanced technology have replaced the conquest of land. Yet, while politics treats wealth as a tool in the pursuit of power, economics sees wealth as an end in itself (Moreau Defarges, 1994, p. 160). Lorot does not specify the difference between economic, political, and national interest. This would have been helpful, as sometimes the terms are used interchangeably.

Geoeconomics does not represent the end of power (Lorot, 2001, p. 52), it reassesses the relative importance of the various factors that constitute power. In the process, it marginalizes the military-strategic factor and favors the economic one. The search for economic power becomes the central strategic objective of Western and developed countries' governments (Lorot, 2001, p. 52). Lorot (1997, p. 35) believes he identified the primacy of economic logic in the international concert, caused by the advent of geoeconomics. On the one hand, geoeconomics is understood as a global phenomenon that represents a new area of competition between developed nations. On the other hand, geoeconomics is used as a method of analysis of the interactions between great powers, Western ones in particular (Lorot, 2001, p. 52). Hence, Lorot (1997, p. 35) understands geoeconomics not only as an analytical tool, but also as a policy instrument available to states. For Baumard and Lorot (1999), geoeconomics is the description of the "perception du monde" [perception of the world] and "une posture explicative de celui-ci" [an explanatory posture of it] (pp. 215-216).

In the age of geoeconomics, the power of a nation is judged by its economic health (Lorot, 1997, p. 24; 2001, p. 43). According to French geoeconomics (Moreau Defarges, 1994, p. 180), states no longer derive their power from control over territories and resources, but rather from the ability to build, control, and use networks (trade routes, information channels, etc.). Power is derived from one's position in a network and the ability to exploit this position to one's advantage. Network power is used to pressure, influence, and permeate, and not to impose, command, or threaten. Demands and orders have been replaced with "adhésions irrésistibles" [irresistible connections] (Moreau Defarges, 1994, p. 180). Being

powerful means being able to build and to maintain a certain order (Moreau Defarges, 1994, pp. 180-181). Contrary to most modern definitions of geoeconomics that limit the state's means to economic ones, Lorot (1997, p. 29) foresees that in a geoeconomic system, states will mobilize all instruments available to meet their objectives.

While goals and instruments have changed, the logic of confrontation governing the relations between developed nations has not disappeared (Lorot, 2001, p. 44). When antagonism exists between industrialized countries, it is expressed primarily in economic forms, and not in classic "frontal" conflict (Lorot, 2001, p. 44). The realist logic of necessary interstate conflict persists, exactly like in Luttwak's approach to geoeconomics. While scholars in the 1990s were eager to give up their ideas about state goals and instruments, the logic that governs state relations had to remain the same. Similar to Luttwak, Lorot (1997, p. 34; 2001, p. 43) argues that, more than ever, states perceive free trade as a zero-sum game, where one can only gain market shares by eliminating one's opponent. Even though geopolitics is no longer the sole driving force in international relations, it is still supported by geoeconomic logic (Baumard, 1997, p. 145). Hence, Baumard agrees that the operating logics of geoeconomics and geopolitics are very similar, if not identical.

Reminiscent of Luttwak's approach, the French school of geoeconomics focused on the state and its economic policies (Gauchon, 2008, p. 2). The state is seen as the primary actor, tasked primarily with guarding non-state actors. Nevertheless, in this new geoeconomic era, states find themselves "bousculé" [challenged] and "déstabilisé" [destabilized] by the non-state actors they are meant to protect (Moreau Defarges, 1994, p. 158). The trends, studied via the lens of geoeconomics, were seen as disturbances of the natural order of things. Moreau Defarges (1994) calls these "paysages agités" [restless landscapes] (p. 158). Geoeconomics was meant to help states cope with the new and unfamiliar post-Cold War world.

French geoeconomics also underlines the diversity of actors involved in the international economic sphere, including states. French geoeconomics

encompasses both domestic and international economics. Both are slowly escaping the control of states but are still affected by their decisions (Moreau Defarges, 1994, p. 182). Contrary to Lorot, Gauchon (2008, p. 2) sees companies, banks, and workers as integrated into geoeconomics. He supports Lacoste, who argues that it is not enough to focus on inter-state rivalries, and that it is necessary to address the complex relations between all who influence the global economic space (Gauchon, 2008, p. 2).

The state is also the main actor in Baumard's (1997, p. 146) geoeconomic narrative. The state finds itself in a paradoxical situation, because it essentially takes the place of an enterprise by identifying, influencing, and implementing strategies of economic conquest. On the one hand, the state needs to defend its *raison d'être* that is based on equity and sovereignty. On the other hand, it operates as just another economic actor in the global economic arena. The state is central to any geoeconomic strategy, since it is the state that determines the geoeconomic mechanisms and positions, identifies threats, prepares defensive or offensive strategies, and distributes resources (Lorot, 2001, p. 46). Companies, that are sufficiently visible to the state and/or occupy a strategic sector, can be a driving force behind the state's geoeconomic strategies (Lorot, 2001, p. 46). However, Lorot highlights that the relations between states and national companies are not unidirectional. The state can act consciously, which is most often the case, but it can also be pushed by companies into implementing a geoeconomic and confrontational logic that will ultimately benefit said company (Lorot, 2001, p. 46). Companies might even instrumentalize the state in their international economic action strategies. However, more often than not, the state and the company act in concert—the former helping and supporting the ambitions of the latter—and in full awareness of the strategic imperatives of both (Lorot, 2001, p. 46). Baumard (1997, p. 133) even argues that state support for the conquest of markets is a founding element of the Judeo-Christian world. What is different in the era of geoeconomics though, is that the support of states is more organized and systemic than ever before, and borrows its methods, its tools, and no doubt part of its culture from the business world (Baumard, 1997, p. 133).

According to French geoeconomists, the control over flows of goods, capital, people and even ideas is one of the perpetual concerns of the state (Moreau Defarges, 1994, p. 161). Levies on these flows (looting, taxes, and duties, customs) provide resources without which the state could not exist. After the Cold War, flows of goods, services, and information are not tied to territory anymore and start escaping the state's hands. The state becomes a prisoner of its territory, while the exchange of goods, services, and information goes according to political and strategic realities and the calculations of economically active entities (Moreau Defarges, 1994, p. 161). Moreau Defarges (1994, p. 160) perceives the state and business to be in constant conflict, with the state constantly struggling for control over economic flows. Moreover, economic entities are constantly striving to emancipate themselves from the state (Moreau Defarges, 1994, p. 161). Hence, Fontanel (2005, p. 493) argues that geoeconomics is a substitute for military and diplomatic functions, and a way for the state bureaucracy to re-establish its power, under the pretext of protecting vital economic interests.

Like geopolitics, geoeconomics is considered a method for analyzing and interpreting power relations on the international level (Lorot, 1997, p. 32). Yet, Lorot identifies two fundamental differences between geopolitics and geoeconomics. First, different actors are involved. Geoeconomics is primarily about states and large companies with a global strategy. According to Lorot (1997, p. 32), other actors are relevant in geopolitics too, since not only states and companies, but also non-state actors (NSAs) participate in the conquering of territories. Such a view is unusual. Geopolitics is most often understood in a state-centered and realist way. Excluding civil society from geoeconomics, but including it into geopolitics, is rather rare. Second, different goals are pursued. The ultimate goal of geoeconomics is not control over territories—as it is the case in geopolitics—but the acquisition of technological and commercial supremacy (Lorot, 1997, p. 33).

While geopolitics refers to the relations between power and territory, geoeconomics refers to the relations between geography and economy. The traditional power of states must be replaced by a less conventional and

concentrated form of power: that of the economy (Baumard & Lorot, 1999, p. 216). Lorot (1995, p. 89) welcomes the replacement of geopolitics with geoeconomics and the promotion of the term "geoeconomics" in general. This highlights the increased influence of the economy in the definition of the state's powers, in state policies, and in the post-Cold War world. In Lorot's understanding, the term "geoeconomics" is not fundamentally different from geopolitics. Geoeconomics represents a shift towards economic power instruments, but not so much a change in the logic or main content of the concept. Baumard (1997, p. 137) believes that geoeconomics now precedes geopolitics. In the process, economic clashes are taking on a new nature, despite the fact that they have always been a feature in the history of nations.

Contrary to Lorot, who advocates for the replacement of geopolitics with geoeconomics, Lacoste (1997, p. 38; 2009, p. 40) argues that both approaches are complementary. Yet, Lacoste (1997, p. 38; 2009, p. 40) adds that geoeconomics goes beyond geopolitics, as it can help to explain issues that relate to both physical and virtual territories. According to Lacoste (2003, pp. 3-4), theorists and ideologists of globalization believe that geoeconomics will replace geopolitics because state rivalry, religious and military conflicts would lose all importance in the face of the global market, the acceleration of transport and the circulation of ideas. Strategic developments would then depend on international finance and its choices regarding the location of its capital investments (Lacoste, 2003, pp. 3-4).

Lorot (1997, p. 33) takes a strong stance against the idea that geoeconomics would mean the end of geopolitics overall. According to him, under no circumstances will the rise of geoeconomics mean the end of conflicts and territorial claims (Lorot, 2001, p. 48). As examples, he cites regions outside Luttwak's center of world affairs: former Yugoslavia, Central Africa, the Great Lakes region, or the Middle East. Thus, geopolitics as a method of interpreting power phenomena and rivalries over territories still has a bright future ahead of itself (Lorot, 1997, p. 33). While geopolitics is certainly receding in developed countries when it comes to explaining the actions and conflicts between states,

geopolitical interpretation remains pertinent for understanding many internal phenomena (e.g., the motivations of regional claims).

Lorot (1997) also differentiates geoeconomics from economic warfare. Both are similar since they analyze conflicts over the conquest of market shares or technological acquisitions between states. However, the two concepts also differ in three major ways. First, the actors practicing geoeconomics and economic warfare are different. While companies and NGOs can practice economic warfare, geoeconomics is pursued domestic and globally only by states, in liaison with companies considered to be strategic (Lorot, 1997, p. 30). Second, the means employed are also different. In economic warfare, states follow a Clausewitzian-style war rationality, something excluded from geoeconomics. Geoeconomic strategy can use some instruments of economic warfare, but it generally does not rely on the most offensive weapons of economic warfare, such as unilateral embargoes or organized boycotts (Lorot, 1997, pp. 30-31). Third, geoeconomics confers a new mission to state representatives and civil servants, making itself more popular with them as compared to the more destructive policies of economic warfare (Lorot, 1997, p. 31). Geoeconomics allows state servants to identify vital economic sectors or enterprises (so-called “national champions”), which they can then defend or promote internationally. The idea that state actors can once again work in the service of their country’s “supreme” interests constitutes a renewed source of mobilization for them (Lorot, 2001, p. 47). With the relative loss of national sovereignty induced by globalization, civil servants have a chance to recover some of their powers via geoeconomic policies. Compared to the more aggressive economic warfare, geoeconomics is more acceptable for civil servants and the international community overall (Lorot, 1997, p. 31).

While geopolitics studies the relationships between power, space, and territory, geoeconomics focuses on the link between power, space, and the economy (Lorot, 2009b, p. 22). For Moreau Defarges (1994) geoeconomics was meant to examine the interactions between homo economicus and space: “le poids des facteurs spatiaux dans les productions, les échanges humains; utilisations de

l'espace par l'homme pour le déploiement de ses activités économiques" [the weight of spatial factors in human production and exchanges; the use of space by man for the deployment of his economic activities] (p. 155). Geoeconomics was seen as a combination of geography, history, and economics (Moreau Defarges, 1994, p. 156).

Similar to Luttwak, Moreau Defarges divides space into a political and economic realm. While the economy is concerned with the creation, circulation and consumption of wealth, the goal of politics is to organize relations between people in collective frameworks (Moreau Defarges, 1994, p. 159). While economics is concerned with flows and exchanges, politics prefers to control and set rules (Moreau Defarges, 1994, p. 160). Hence, economics and politics treat space differently. Political space is aimed at permanence and cannot exist "sans clôture" [without borders], while economic space is fluid, constantly moving according to the supply and demand of goods and services (Moreau Defarges, 1994, p. 159). Lorot (1997, p. 29; 2009b, p. 22) also argues that in geoeconomics space is virtual, fluid, its borders constantly changing. In contrast to geopolitics, geoeconomic space is free from territorial and physical boundaries.

For politics, space is closely linked to legitimacy: states exercise their sovereignty over a specific territory. Without control over territory, states would not exist. For the economy, territorial realities are just another asset or constraint in the pursuit of money (Moreau Defarges, 1994, p. 160). It is worth pointing out that Moreau Defarges' division of space is not as natural and obvious as he makes it sound. Many economic entities are also interested in control over territory (e.g., regional monopolies, or the Mafia and their turf wars).

3.4 Italian school of geoeconomics

Savona and Jean made another important contribution to the study of geoeconomics. Together they edited the book *Geoeconomia: Il dominio dello spazio economico* [Geoeconomics: The domination of the economic space], published in 1995. Savona is an economist, politician and former Italian minister,

while Jean is a general and military strategist.[60] Typical for studies on geoeconomics, Savona (1995, p. 7) opens the book with the introductory remark that geoeconomics—rising in the wake of geopolitical studies—has not been defined yet. Despite the absence of an established interpretation, Savona (1995, p. 7) sees experts agree on the general aim of geoeconomics: to ground all the economic choices of a country in a strategy that takes the general conditions of the world into account. This means studying the structural adaptations necessary to face market globalization, the rise of the capital, and the "ghost of poverty" (Jean, 1995, p. 27). In this spirit, Jean (1995) defines geoeconomics as follows:

> La geoeconomia considera centrale l'interesse dello Stato di promuovere la realizzazione delle condizioni che consentano al proprio sistema economico di alimentare un meccanismo autopropulsivo di sviluppo, rendendo più efficiente il "sistema paese" nella competizione internazionale, come fine a sé, indipendentemente cioè dagli obiettivi politici o militari che la guerra economica si può proporre e che continueranno ad essere perseguiti con metodi analoghi a quelli del passato. [Geoeconomics considers central the interest of the state to promote the realization of conditions that allow its economic system to feed a self-propulsive mechanism of development, making the 'country system' more efficient in international competition, as an end in itself, that is, regardless of the political or military objectives that the economic warfare can be proposed and that will continue to be pursued with methods similar to those of the past.] (p. 27)

Jean's (1995, p. 29) definition of geoeconomics remains state-centered, arguing that states must remain the key players in international relations. It focuses on aspects of international competition where the main actors are not industrial banks and corporations, but states (Gladky, 2006, p. 515). Economic and political processes are analyzed based on a vision of interstate competition (Gladky, 2006, p. 515). Geoeconomics is seen as a way to help states adapt their structures,

[60] Both men held various positions in universities, government and/or politics, as well as private businesses. Both men were born in 1936.

strategies, and goals to the new realities of globalization, and economic and financial independence. States need to transform into geoeconomic states, in order to compete with other geoeconomic states and geoeconomic non-state actors operating on the international stage (Jean, 1995, p. 29).

The tools of geoeconomics are twofold: on the one hand, hi-tech colbertism, on the other hand, geoeconomic warfare (Jean & Savona, 1995, p. 186). Hi-tech colbertism is conceptually similar to the idea of preparing the nation for war. Instead of preparing armed forces and mobilizing troops in case of emergency, the economy is prepared for competition. The state needs to determine the prerequisites to increasing the country's power (competitiveness), so that the entire economic system can profit from it (Jean & Savona, 1995, p. 186). As part of a geoeconomic policy, states do not tend to respect the rules of good trade conduct, violating the agreed upon rules of the GATT and the WTO (Jean, 1995, p. 35). Each state tries to unilaterally set its own advantageous rules and tries to impose them on other competing countries.

While the French and American approaches are more vocal about giving the state direct control over the economic instruments needed for a geoeconomic policy, the Italian approach is more restrained. While in geopolitics the state has complete control over its instruments and knows their vulnerability and capabilities, in geoeconomics, such control is only partial (Jean, 1995, p. 32). Economic actors, especially transnational ones, can escape the state's control. States will have to provide appropriate incentives, such as tax cuts, special infrastructure projects, or labor regulations, in order to work with economic actors and to activate favorable enterprise behavior (Jean, 1995, p. 33). Jean and Savona (1995, p. 186) admit that geoeconomic subjects are not under state control and are only marginally influenceable, especially transnational forces (multinational corporations, finance, organized crime, etc.). Hence, states must take into account logic and internal mechanisms of such forces, if they want those actors to act on their behalf or according to their geoeconomic strategy. When states get involved in economic processes, states do so on a more eye-to-eye level (as compared to the French or American approach). Jean and Savona propose that the state should

get involved with individual economic actors, instead of taking control over the economy. This is a big difference, as it highlights cooperative elements in the relation between the state and the economy: The economy is not degraded to be a tool of the state.

Jean (1995) insists that geoeconomics is not the opposite of geopolitics, rather it is "l'analisi e la teoria dell'approntamento e dell'impiego degli strumenti economici per conseguire scopi geopolitici" [the analysis and theory of the preparation and use of economic instruments to achieve geopolitical goals] (p. 31). Even though the state transforms itself into a geoeconomic entity, its function and operating logic stay the same as in geopolitics and geostrategy (Jean, 1995, p. 31). Geoeconomics is just a new way to ensure the internal consolidation of the state, as well as its ability to participate effectively in multilateral and supranational bodies (Jean, 1995, p. 29). This underlines Jean's understanding of geoeconomics as a tool to achieve geopolitical goals.

The goals of geopolitics and geoeconomics are the same: the structural or contingent improvement of the competitive position of the economy on the world market (Jean, 1995, p. 31). Yet, geoeconomics is not seen as a substitute for geopolitics. Instead of replacing geopolitics, Jean and Savona (1995, p. 192) argue that geopolitics will meet geoeconomics. The spread and acceleration of economic flows does not imply the end of either geography or politics (Jean & Savona, 1995, p. 190). The relationship between economic means and geopolitical ends remains however unclear and whether changing one might have an impact on the other. Furthermore, it would be of interest to know if the economic and political goals of geopolitics always coincide or if they sometimes collide.

According to the new geoeconomic logic, the power and survival of a state depends on its ability to adapt to international technical-economic competition (Jean & Savona, 1995, pp. 190-191). Geoeconomics encourages the emergence of national champions and the internationalization of their business, in order to maintain the self-reproducing circuit of national wealth, and to avoid that foreign investments are transform into dependence on foreign countries (Jean & Savona, 1995, p. 186). Contrary to neorealist approaches, Jean (1995) argues that

geoeconomics is always non-zero-sum and that "il conflitto geoeconomico non è mai a morte" [the geoeconomic conflict is never a conflict to the death] (p. 32). Furthermore, states will have a general interest in avoiding economic wars, which would be too expensive. These assumptions clash with Jean's idea that geoeconomics shares the same logic with geopolitics. Conventional wars are as expensive, if not more expensive, than economic wars, yet states still engage in them.

Contrary to most contemporary scholars, Jean (1995, p. 34) explicitly differentiates geoeconomics from economic warfare, mercantilism, and protectionism. Unlike in economic wars, the central purpose of geoeconomics is not the weakening of the adversary's economy. Instead geoeconomics aims to strengthen its own economy, by making it more competitive (Jean, 1995, p. 35). Jean and Savona (1995, p. 184) also emphasize that geoeconomics is not a new form of protectionism or mercantilism. The latter is a characteristic of geopolitics and harms world trade because it pursues political-military goals (Jean, 1995, p. 36). Geoeconomics is different: it features mainly social and economic aims. In principle, this does not lead to a disruption in the unity of the global market and economic interdependence. On the contrary, the market and interdependence must be safeguarded in order to increase global wealth and to make more efficient use of the geoeconomic weapons (Jean, 1995, p. 36). While protectionism and mercantilism were about defensive and protective measures, exercised at the borders of territorial states, the new geoeconomic reality of porous economic borders does not allow for defensive, static strategies any longer (Jean & Savona, 1995, p. 184). Instead, geoeconomics forces states to go on the offensive. The current world economic competition is infused by "un 'culto dell'offensiva'" [cult of the offensive] (Jean & Savona, 1995, p. 184), where the best defense is a good offense.

What Luttwak calls "geoeconomics", Jean (1995, p. 35) calls economic warfare for economic purposes. Jean's geoeconomics has different objectives and operational logic as compared to economic warfare for political or strategic purposes. Jean's economic wars have an economic purpose, therefore, both the

means and the ends are of an economic nature. Economic wars are assessed according to their cost/benefit ratio (i.e., the balance between the costs incurred and the benefits derived from them). The expected benefits must be larger than the expected costs in order to engage in economic warfare. While military wars tend to follow a zero-sum logic, economic wars are of a more limited and transactional nature.

Contrary to most writings on geoeconomics, Jean (1995, pp. 34-35) argues that the essential purpose is no longer to cause damage to the adversary. It is rather to increase one's own wealth, especially by investing in basic skills that allow to increase productivity and, when possible and necessary, more or less blatantly violating the rules of free competition and free market. The damage inflicted on the opponent becomes a by-product, it is not an objective anymore.[61] Instead of advocating for an aggressive geoeconomic policy, Jean (1995, p. 40) argues that the most effective strategies are indirect ones, which do not provoke immediate negative reactions from other states.

While Gladky (2006, p. 515) comes to the conclusion that Jean and Savona's interpretation of geoeconomics is not particularly original, I do not fully agree with him. I find Jean's interpretation of geoeconomics remarkable for several reasons. First, even though he did not say it openly, the objective changed (wealth instead of power) and so the logic of the conflict did as well. Instead of trying to inflict damage and make others poorer, states should focus on increasing their own wealth. Second, Jean is one of the few, if not the only scholar, who explicitly mentions education as one of the most important tools in economic warfare. He incorporates liberal elements into his concept, which is something that I find promising and worth exploring further. While others concentrate on

[61] The exact quote being:

> Lo scopo essenziale non è più quello di arrecare danni all'avversario, ma di accrescere la propria ricchezza, soprattutto investendo nelle competenze di base che consentono di aumentare la produttività e, quando possibile e necessario, violando più o meno palesemente le regole della libera concorrenza e del libero mercato, con una forma particolare di neo-mercantilismo condotto dagli Stati in un contesto e con condizionamenti del tutto diversi da quelli del passato. Il danneggiamento dell'avversario è un *by-product*, cioè una conseguenza, ma non è un obiettivo. (Jean, 1995, pp. 34-35)

more immediate tools, such as tax cuts and tariffs, Jean's view is much more strategic and long-term oriented. He manages to name one of the most neglected ingredients of a competitive economy: an educated population. Yet, he omits the fact, that damage to the opponent will not necessarily happen anymore. It is, after all, possible to grow one's own wealth without making anyone else poorer. This is an important point, because it allows for systematic peaceful coexistence, that includes extensive relations between states.

Methodologically speaking, Jean and Savona (1995, p. 192) see geoeconomics as a multifaceted concept. On the one hand, it determines a particular world view and a particular evaluation of national interests. On the other hand, it is also an instrument for understanding reality and for planning accordingly. It is an approach oriented towards the future, rather than the present, and focused on the creation of competitive advantages to ensure prosperity and a state's survival (Jean & Savona, 1995, p. 192). This dual approach towards geoeconomics is something that can be observed in many other conceptions as well. It is highly problematic, as the analytical (descriptive) and the ideational (prescriptive) is often mixed together. This should be avoided for the sake of analytical clarity and in the name of good scientific practice. Even though Jean and Savona's conceptualization of geoeconomics is at times superficial, their ideas were more modern and strategically more comprehensive, as compared to the ideas of Luttwak and Lorot. Their contribution to the development of the concept and to its popularization, especially in Russian-speaking countries, should be acknowledged more often.[62]

[62] Savona and Jean's (1995) book is not very well known outside of Italy, partly because it was never translated into English, partly because their book is not widely available outside of Italy. According to WoldCat, the book is only available in three libraries in the USA, two in Germany, and one in Switzerland. Yet, Savona and Jean's book was one of the few western works on geoeconomics that was translated into Russian in the 1990s (1997). In contrast to English speaking publications, the book was heavily cited by Russian-speaking scholars: see, for example, Belousov and Lubsky (2013), Burenin and Igoshin (2007), Cymburskij (2003), Gladky (2006), Kochetov (2015, 2016), Neklessa (2008, 2009, 2013), Nuryshev (2012), and Schlundt (2020). When their book is cited in English-language publications, it is often done by Russian-speaking scholars: see, for example, Anokhin and Lachininskii (2015), Chernaya (2012), Kuznetsov and Lachininskiy (2014), and Lachininskii (2012). In Russia, Savona and Jean's book (1997) is widely available and can, for example, be found in the library of the

3.5 Soviet and post-Soviet school of geoeconomics

The end of the Cold War went hand in hand with the rise of new ideas on geoeconomics in the West. The same holds true for the states of the former Soviet Union, where the number of geoeconomic publications skyrocketed after 1990. Most of the publications were published in Russian and originate either in Russia or Ukraine. In contrast to the West though, in the post-Soviet space, geoeconomics was approached in a different manner. While post-Soviet academics have studied the term "geoeconomics" from all kinds of different perspectives, their studies are often only very loosely connected to the western scholarly discourse.[63] Compared to the other national approaches, the academic output on geoeconomics from this particular region remains distinct even today. While distinct regional approaches in other countries ceased to exit after the early 2000s, in the post-Soviet space—and in Russia in particular—they exist until today. For this reason—and unlike the previous sections on American, French, and Italian geoeconomics—this section also touches upon modern Russian-language contributions.

Many Russian scholars do not consider themselves part of the Western discourse on geoeconomics or try to distance themselves from it. Their ideas (particularly Russian ones) differ significantly from Western theoretical constructions (Belousov & Lubsky, 2013, p. 13). One of the big differences between Western and post-Soviet scholars is in the way they conceive the origins of geoeconomics. For many Western scholars, geoeconomics is born out of the end of the Cold War and the apparent end of military struggles between major global powers. The underlying assumption is that military war is less likely to happen between western or liberal states.

In contrast, post-Soviet scholars often adopt a more structuralist line of argument. According to them, geoeconomics is the direct result of (economic)

Russian State Duma or the Moscow State University. At the same time, Luttwak's books on geoeconomics are not available in the same libraries (as of 2020).

[63] Post-Soviet approaches often have their roots in the USSR, as most of the influential scholars of the post-Soviet tradition were either already professors or students during the time of the USSR.

globalization (see, e.g., Chernaya (2012, p. 14)). The international division of labor led to the blurring of the economic borders of national economies and of internal and external activity spheres of states.[64] The national economic space and the national territory do not necessarily coincide (notice the similarity with Röpke's argument). Geopolitical spaces are replaced by geoeconomic flows (Chernaya, 2012, p. 15). As long as states are integrated into global chains of production and consumption, geoeconomics could also take place and be observed outside Luttwak's central arena of world affairs. Since globalization did not start in the 1990s, but earlier, Gladky (2006, p. 513) rightly points out that geoeconomics had already been discussed by economic geographers in the Soviet Union since the 1980s. This stands in contrast to the Western discourse on geoeconomics, which only really started with the end of the Cold War.

Kochetov is one of the leading geoeconomic thinkers in the post-Soviet space. His role in Russia is comparable to the one of Lorot in France, given that he is seen as the founder of the Russian school of geoeconomics (Baidakov et al., 2010, p. 14; Chernaya, 2012). Kochetov is also the author of the first textbook on geoeconomics in the post-Soviet space (Chernaya, 2012, p. 23). He published and co-authored several books on geoeconomics, in which he manages to identify six meanings of geoeconomics (Kochetov, 2015, pp. 469, 471; see also 2016, pp. 73, 81). First, geoeconomics interprets the world through the lens of a set of economic factors. Second, geoeconomics is an international system of economic factors and economic relations that define the global economic space in which world economic processes take place. Third, geoeconomics is the symbiosis of national economies and state institutions, the intertwining of national and supranational economic structures. Fourth, geoeconomics is a state policy, determined by economic factors and operating on the "geoeconomic atlas" of the world

[64] Similar to the Soviet and Russian arguments on the origins of geoeconomics, US Senator Abraham Ribicoff makes the argument that based on his observations on international trade, he expects that "during the last quarter of the Twentieth Century geoeconomics will replace geopolitics as the prime concern of international relations" (Committee on Finance, 1971, p. 971). Ribicoff makes this prediction in May 1971, at the height of the Cold War. While is arguments were not picked up by the American scholarly community until the end of the Cold War, Ribicoff did indeed correctly predict the rise of geoeconomics.

(including within national borders). Fifth, geoeconomics is the inclusion of national economies and their subjects into world economic reproduction cycles. The purpose is to participate in the formation and distribution of world wealth on the basis of advanced geoeconomic and geo-financial technologies. Sixth, geoeconomics is a priority component of the national development strategy.

On top of that, Kochetov (2015, p. 471) also manages to identify four different approaches to geoeconomics. First, an approach that aims at raising awareness of the economic trajectory of the world's development, understanding and reflecting it. Second, achieving strategic development goals by methods based on geoeconomic priorities, instead of geopolitical and aggressive ones. Third, a multidimensional interpretation of the global economic map of the world and strategic methods of operating on it. Fourth, an approach that includes techniques, methods and tools for the appropriation and exploitation of the world economic space, against the background of global changes and the emergence of new priorities, such as the world's development.

Contrary to most of the zero-sum Western approaches, Kochetov (2016, p. 81) argues that geoeconomics gives a chance to all participants in world processes to come out a winner in the struggle. This is contrary to geopolitics, where there must be a loser, since the winner claims the entirety of the space. The latter must be homogenous, it cannot be divided. In geopolitics, there can be no other winners *a priori*. Geoeconomics divides space in accordance with the goals and interest of all involved parties (countries, stakeholders, economic and political systems), while taking into account the geoeconomic "weight" of each. As a result, no one feels like they are losing, since everyone gets a piece of the cake. Moreover, geoeconomics has created a platform for inter-civilizational dialogue by putting forward economic incentives and motivations for the *rapprochement* of peoples (Baidakov et al., 2010, p. 266). Geoeconomics has also given a powerful impetus to transcend borders in other areas of humanitarian sciences (Baidakov et al., 2010, p. 266). Contrary to realist understandings of geoeconomics, Kochetov's geoeconomics does allow for positive, non-zero-sum cooperation between different peoples.

The special non-zero-sum nature of Kochetov's theory is also pointed out by Baidakov (2010, p. 14). He observes that Kochetov focuses his research on ways to find a model of civilizational development that would allow all participants in the world process to benefit, unlike in geopolitics, where the victory of one means the defeat of the other. This idea of finding a civilizational model beneficial to all participants is quite ambitious, admirable, and not common in Western geoeconomic scholarship. Kochetov focuses more on the cooperative than the competitive elements in geoeconomics.[65]

Next to Kochetov, Dergachev is one of the most prolific geoeconomics scholars in the post-Soviet space. He alone wrote several books and articles on geoeconomics, most of which are completely unknown to Western audiences. His definitions of geoeconomics are as manyfold as his publications. I have selected three out of his many works on geoeconomics, which will allow one to get a rough overview of his geoeconomic ideas. Dergachev (2002, 2003) defines geoeconomics as the science that describes the strategy behind the state's development. The latter is aimed at achieving world or regional power, mostly by economic means. He considers geoeconomics to be modern geopolitics. Geoeconomics determines the worldwide economic integration of states, and the creation of regional economic conditions that allow for competition: all under the influence of globalization and regionalization factors.

According to Dergachev (2002), geoeconomics encompasses the study of geoeconomic wars, that is to say the struggle for advantageous regional positions (commodities markets, transport corridors) in the world economy, without use of military means. In history, there are well known examples of economic blockades

[65] In a similar vein, Chernaya (2012, p. 238) argues that geoeconomics is the study of the state's strategy of development and the achievement of global or regional power, mainly through economic means. The goal of a state's geoeconomic strategy is to improve its competitiveness in the international arena, by providing competitive advantages to its national companies (Chernaya, 2012, p. 17). Interestingly, geoeconomic states do not aim to weaken to the economy of other states (Chernaya, 2012, p. 17). On the contrary, the purpose of such geoeconomic cooperation is to strengthen own economy and make it competitive. In contrast to the zero-sum logic of constant conflict and competition, Chernaya considers that geoeconomics is the one approach that would allow for the balanced and proportional development of the entire world economic relations (Chernaya, 2012, p. 18).

used against an enemy, for example, the continental blockade during the Napoleonic wars. Geoeconomic strategy is the art of achieving political goals mainly through long-term economic methods of redistribution of resources and wealth, and the creation of competitive regional economic conditions. Dergachev (2002) identifies two main origins of geoeconomics: classical political economy and geopolitics. The European thinkers of classic economic thought have laid the foundations for geoeconomics, which was later used to build geopolitical concepts.

Dergachev (2002, 2003) argues that given the multidimensionality of the modern world, it is impossible to explain the creative effort of humankind through geographic or economic specifics alone. Dergachev therefore suggests studying the theoretical foundations of geoeconomics through the lens of a multidimensional communications space. This space provides high quality of life in a given place and social time, and is subjected to the influence of external and internal challenges.

In 2009, Dergachev introduced four new interpretations of geoeconomics. First, geoeconomics is geopolitics in the sense of the economic power of a state or an alliance of states, it is therefore the achievement of foreign policy goals, or of global and/or regional power mostly by economic means. Second, geoeconomics explores the transformation of international economic relations, world economic integration and creation of competitive regional economic conditions under the influence of globalization factors. Third, geoeconomics is the policy of redistribution of resources and world income. The main super incomes go to the leading world hubs of economic and technological development. Fourth, geoeconomic strategy is the art of achieving economic goals on the world market and preventing potential conflicts with the help of geoeconomic tools. It is also control over energy and resource flows, and aims at allowing international economic actors to participate in creating and redistributing the gross world product. It may consist in the internationalization of the economy.

A more modern dominant Russian research approach is Neklessa's (2009, pp. 13-14) hexagonal construction of the global geoeconomic universe. Broadly

speaking, Neklessa (2009, p. 13) understands geoeconomics as the spatial grounding of different types of economic activity within the global context and the new formula of world labor division related to this phenomenon, as well as the convergence in international relations of politics and economics, ending in the creation of a system of strategic (global) interactions.[66] Neklessa (2008, p. 17; 2009, p. 10; 2013, p. 113) identifies five fields of study.

First, geoeconomics studies geographic realities that manifests themselves in the natural connection between the economy and space, the former being under the influence of climate and the landscape. Second, geoeconomics studies power, instruments of power, and the shift of powerplay from the military-political to the economic sphere, resulting in a new type of conflict: geoeconomic collisions. Third, geoeconomics studies the policy and strategy aimed at improving the competitiveness of the state in a globalized economy. Fourth, geoeconomics studies the localization of various economic activities and the division of labor in a new globalized world. Fifth, it studies the convergence of politics and economics in international relations, and the formation upon this this basis of a system of strategic interactions and global governance.

Three out of these five interpretations are very similar to the most common Western ones (see, e.g., Luttwak or Lorot). First, the idea of geoeconomics as the study of "power and its instruments"; meaning the use of economic power as an alternative to military-political one, resulting in "global geoeconomics collisions" (Ageev, Neklessa, & Yurtaev, 2014, p. 218). Second, the understanding of geoeconomics as the merger of politics and economics in the field of international relations, with the purpose of forming strategic relationships and foundations of global governance (Ageev et al., 2014, p. 218). Third, geoeconomics understood as a strategy for enhancing a state's economic power and position in the global market vis-à-vis other states (Ageev et al., 2014, p. 218).

[66] The exact quote being: "пространственная локализация типов экономической деятельности в глобальном контексте и связанная с этим феноменом новая формула мирового разделения труда, а также как слияние политики и экономики в сфере международных отношений, как формирование на этой основе системы стратегических (глобальных) взаимодействий" (Neklessa, 2009, pp. 13-14).

Tumanyan (2018, p. 146) defines geoeconomics as a study of territorial, socio-economical, cultural, and strategic aspects of the use of resources. The goal remains to obtain a sustainable competitive advantage. The concept of geoeconomics is applied to the analysis of globalization processes. Therefore, it represents the interests of a state and of multinational companies in the world economy. The competitiveness of a state manifests itself through the optimal use of resources necessary for successful future competition: science, education, technological production and trade. Geoeconomics provides a framework for the creation of a geostrategy. The latter aims at determining the strategic course necessary to strengthen the state's position (Tumanyan et al., 2018, p. 146), for example, by aiming at becoming a leading economic power, or regional participant in intercountry economic relations, taking into account the geographical position of the country. The essence of geoeconomics is not about creating conditions that will transform the state into a new economic superpower. The real question is whether states can transform the acquired economic power into political, or perhaps even military power, that strengthens national interests (Tumanyan et al., 2018, p. 149). However, Tumanyan does not specify how states can perform this transformation.

Russian approaches to geoeconomics also include geographic ones (Gladky, 2006, p. 522). One of the most prominent proponents of this approach is Gladky (2006, p. 514), who explains that geoeconomics is an interdisciplinary branch of scientific knowledge combining geography and economics (as well as history, sociology, law, diplomacy, etc.).[67] For Gladky, geoeconomics is a subset of geography and regional science.[68] It is related to the study of economic space,

[67] Similar to Gladky, Lachininskii (2012) defines geoeconomics as "science, which studies the peculiarities of the institutional environment formation and elements of the world globalized economic space, as well as the processes of formation of cross-border geoeconomic systems at different levels" (p. 81). He (2012, p. 82) classifies geoeconomics as a geographical science. In contrast to other geographical disciplines, it has a diverse array of connection to other non-geographic scientific disciplines. Similar to the research undertaken in the West, in Russia "there is no unanimous opinion concerning the geographical level at which geoeconomic studies can be carried out" (Lachininskii, 2012, p. 84).

[68] Gladky (2006, pp. 513-514) argues that geoeconomic space is the same as economic space, meaning that the "geoeconomic" attribute can be, in principle, used in relation to any spatial economic system. Gladky (2006, p. 52) points out a disharmony between "economic space"

economic geosystems, features and patterns of the distribution of productive forces and regional development under the influence of various factors, mainly natural resources (Gladky, 2006, pp. 530-531). This interpretation of geoeconomics emerged long before economists became interested in it (Gladky, 2006, p. 531).

According to Gladky, geoeconomics studies the peculiarities of the formation of transnational economic geosystems. This includes studying how states use important geographic factors in determining and achieving their economic and social objectives (Gladky, 2006, p. 52). Those factors are both natural (mineral reserves, raw materials for export, the land itself as an economic resource), as well as economic, social, and political (available fixed assets, labor resources, national and regional markets, exchanges, etc.). However, geoeconomics is more than the dependence of a state's trade policy on the state's geographical location. It is the dependence of a state (i.e., an actor in international relations) on existing material factors, which can help, or impede, the creation of an efficient economy (Gladky, 2006, p. 52).

For Gladky (2006, p. 529), geoeconomics analysis includes three dimensions. First, the study of specific geoeconomic situations in terms of geographic, temporal and other factors and conditions. Second, the comparison of real-world data with different and often opposite ideas one might have about the nature of same territory. Third, predictions and issuing recommendations for the development of a geoeconomic strategy of the state (on the regional level, possibilities of integration processes, etc.). One of the universal principles of geographical research is the study of the subject at different levels. Thus, a detailed geoeconomic analysis creates "snapshots" of geoeconomic objects and processes, at different points in time, and considers the varying speed of said processes (Gladky, 2006, p. 529).

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and "geoeconomics". The former is associated with any territorial and economic administrative division. "Geoeconomics" is only used for the analysis of interstate (transnational) economic entities. For Gladky (2006, p. 52), this is a well-established terminological convention, and should probably be taken for granted.

Gladky (2006, p. 517) recognizes the non-standard and sometimes profound research of economists in the field of geoeconomic international economic relations. However, he also observes their obvious desire to reduce the importance of the geographical component of geoeconomics (Gladky, 2006, p. 517). They merely see geography as a basis for the national trade doctrine without actually giving due attention to the territory. Gladky suggests that the prefix "geo" has merely a formal function in order to create the illusion of "scientificity". Hence, it is no surprise that in many recent Russian economic publications geoeconomics has been associated merely with the creation of a foreign economic strategy and the formation of a foreign economic doctrine (Gladky, 2006, p. 519). Most often, they rely on three elements. First, the world economic system and its internal economic regulation. Second, a foreign economic model that links the national economy and the external sphere. Third, a foreign economic doctrine and the strategic toolset, needed for its implementation.

In Russia, potential practitioners[69] of geoeconomics and members of the Russian State Duma have also written about geoeconomics. Burenin and Igoshin (2007, p. 10) differentiate geoeconomics from mercantilism: while mercantilism considers foreign trade as a zero-sum game, geoeconomics allows for the possibility of gains by all participants (non-zero-sum). A geoeconomic actor is

[69] The former president of Russian Railways, Vladimir Yakunin, has also written about geoeconomics in his 2005 book *Формирование геостратегий России: транспортная составляющая [Formation of geostrategies of Russia: The transport component]*. His writings on geoeconomics are recognized and referenced by Russian academics (see Chernaya (2012, pp. 29-30)). Yakunin (2005, p. 61) explains that traditional geopolitics loses its importance, gradually giving way to a new geopolitics, focused on forms of economic, cultural, social and other forms of penetration and influence. Geoeconomics has become the core of geopolitics and the entire system of foreign policy relations of modern states. Especially developed states have begun to promote the growth of a networked, polycentric organization of international relations (Yakunin, 2005, p. 62). According to Yakunin (2005, p. 63), geoeconomic states focus on achieving and maximizing profits, while acquiring additional resources for the state at home. Abroad, geoeconomic states strive to expand the political influence of the ruling regime, to increase the stability of its own position by influencing the centers of power in other countries, to create more favorable relations with partners, and to achieve a higher political positioning of the country on the world stage (Yakunin, 2005, p. 63). In the process, economic losses and unprofitable investments are not uncommon. These excursion by Yakunin show that members of the Russian political elite make use of the concept geoeconomics, and that the concept is used in a way that allows the state to sacrifice economic means to gain political advantages abroad.

not necessarily set on harming its competitors, unless it would result in his economic gain. While mercantilism tends to maximize gold reserves, geoeconomics aims to gain an advantage in the fields of knowledge, competence, and technology. These objectives of geoeconomics serve the ultimate goal of wealth creation for the nation in the spirit of Friedrich List (Burenin & Igoshin, 2007, p. 12). Mercantilism and geoeconomics only have the proactive role of the state in common (Burenin & Igoshin, 2007, p. 10).[70]

Burenin and Igoshin (2007, p. 13) highlight the fact that war and geoeconomic confrontation are different phenomena. The world has seen the emergence of major players who are essentially unarmed but who exert enormous geoeconomic influence, such as Germany and Japan. In a geoeconomic environment, military means have a new function. While in geopolitics the economy was servicing the armed forces, in geoeconomics the situation is reversed. Conventional armed forces no longer exist to protect against direct attacks. Today their primary function is to reduce the political risk associated with investment and trade relations (Burenin & Igoshin, 2007, p. 13). Geoeconomic strategy is not aimed at destroying the enemy, seize its territories or limit its legal sovereignty. In many cases, it is only by strengthening the opponent that geoeconomic gains can be most significant in the long run (Burenin & Igoshin, 2007, p. 13). Most wars, even local and peripheral ones, let alone large-scale ones, are not justifiable from a geoeconomic point of view (Burenin & Igoshin, 2007, p. 13).

These arguments are remarkable for several reasons. First, giving geoeconomics a positive-sum logic is not very common. Most often, it is interpreted in a realist, zero-sum spirit. In contrast, geoeconomics is understood

[70] This definition of geoeconomics helps to illustrate how the ends of a strategy can shape its logic. When striving for the maximization of gold, the end in itself is limited. Hence, the competition between two players over gold is necessarily zero-sum. The gain of gold for one player means the loss of gold for another. In contrast, the quest for knowledge and competence cannot be zero-sum, as knowledge and competence are limitless. The same applies on the level of competing states. Increasing a countries expenses on R&D does not have a negative impact on other countries. Mostly likely, the impact will be positive as most state funded inventions proliferate over time throughout the world (e.g., aviation technologies, semiconductors, the internet, etc.).

to be best able to unfold in peaceful competition, in which states do not aim to destroy others. Second, Burenin and Igoshin do highlight the difference between war and geoeconomic competition and their incompatibility. Third, it might come as a surprise to a Western audience that these liberal ideas are proclaimed by Russian public officials, as Russia is often portrayed as a Hobbesian state that does not believe in positive sum games.[71]

Post-Soviet approaches towards geoeconomics feature three key characteristics. First, the approaches towards geoeconomics are much more interdisciplinary (Gladky, 2006, p. 524) and much less centralized. Scholars of different backgrounds study geoeconomics. In Russia and other post-Soviet states, there is no theoretical (e.g., a field of study such as IR),[72] practical (e.g., a

[71] In a similar vein, Chernaya (2012, p. 23) explains that all Russian scholars have in common the search for a geoeconomic world order that would create equilibrium between strategic interests, a balance between zones of geoeconomic influence that already exist in reality, while taking into account civilizational factors. Ishchenko-Padukova's (2019) approach to geoeconomics is also different from other Russian approaches, as it focuses on domestic economic development. Ishchenko-Padukova does not understand geoeconomics to be a sub-discipline of geopolitics. Instead, she argues that they are directly opposed to each other. While geoeconomics is aimed at defining means of achieving socio-economic growth by using economic methods of development, geopolitics aims at insuring leadership via direct political and administrative pressure (Ishchenko-Padukova, 2019, p. 2). Moreover, the difference between geopolitics and geoeconomics is not only of theoretical, but also of ideological nature. Geoeconomics is understood to be more liberal, as it uses economic methods of development, in contrast to geopolitics, which aims to insure leadership by direct political and administrative pressure.

[72] Even though most publications originate from Russian faculties and scholars with a focus on IR, political sciences, or economics, many interesting contributions can be found outside these spheres. Nuryshev (2012) was affiliated with the St. Petersburg State University of Refrigeration and Food Processing Technologies when he published his article on the theoretical and methodological foundations of geoeconomics, while Vakhrusheva (2009) published her article on geoeconomics as the new economic policy in the Vyatka Medical Journal. As one can imagine, some approaches cannot be easily combined with traditional IR or political theory. Another example is Neverov (2019), who advocates for the development of behavioral geoeconomics. Having analyzed existing approaches to socio-economic evolution, he argues that behavioral geoeconomics "perceives states as single-order actors in the external and internal segments of the economic space" (Neverov, 2019, p. 36). In his approach, states are seen as economic agents that are more than the sum of all of the economic agents working on its territory. Moreover, states compete in attracting as many effective economic agents to their territory as possible (Neverov, 2019, p. 44). Neverov predicts that "behavioural geoeconomics will dramatically change research discourse on the role of the state in the economy" (2019, p. 36).

specifically dedicated journal), ideological (e.g., Marxism),[73] or geographic (e.g., Moscow) center for studying geoeconomics. In Russia, the term "geoeconomics" was first rediscovered by the economic sciences and gradually filled with new content (Gladky, 2006, p. 514). Pototskaya (2019, p. 126) sees geoeconomics emerge from economics, while it has become part of geography in the meantime.[74] This rediscovering of geoeconomics by various academic disciplines does create difficulties, as it can lead to confusion with regard to the meaning and usage of the term.[75] Until now, there does not exist an established and generally accepted definition of the term "geoeconomics" in Russia (Chernaya, 2012, pp. 10, 50).

Second, as a side effect of the interdisciplinary nature of geoeconomic studies, geoeconomics enjoys a very rich theoretical background in Russian-language publications (Chernaya, 2012, p. 23). To this day, the Russian school of geoeconomics is one of the most theoretically developed and diverse geoeconomic traditions (Baidakov et al., 2010, p. 14). Chernaya (2012, p. 26)

[73] In Russia, the term "geoeconomics" is employed by a wide range of ideological schools, from Marxism to Eurasianism. The different scholarly backgrounds enrich the debate. However, they also come at the cost of complicating theoretical navigation. This happens when the theoretical basis for one's approach is not explicitly stated but merely hinted at. More often though, arguments about geoeconomics are not explicitly embedded into a theoretical school, or set of approaches. While Ignatyeva and Isaev (2018) and Ageev, Neklessa and Yurtaev (2014) base their geoeconomic approaches in the field of international relations, they do not specify any of their underlying theoretical and ideological assumptions. From a policy point of view, this is quite problematic, as Ignatyeva and Isaev also regard geoeconomics as an "territory-organizational tool of creating state geo-economical strategy, determining countries position in global geo-economical space" (Ignatyeva & Isaev, 2019a, p. 516). When designing a strategy, the underlying ideological assumptions should always be openly disclosed, as they provide the framework in which the strategy is being operationalized.

[74] Russian economists consider geoeconomics as a method of studying economic processes, being part of economics, while Russian geographers understand it to be part of geography, studying features of the formation of transnational economic geo-systems (Ignatyeva & Isaev, 2018, p. 215). Ageev, Neklessa and Yurtaev (2014, p. 217) define geoeconomics as a social sciences branch that combines economics and political science. According to them, geoeconomics looks at several aspects that combine issues of various scientific disciplines, including economic history, economic geography, economics, political science, conflict studies, and theory of managerial systems (also see Neklessa (2009, p. 10; 2013, p. 112)). The term "geoeconomics" is also requisitioned by political economists, who study global and regional political and economic mechanisms of development, relations between states and economic unions of countries, political and economic structure of the world (Ignatyeva & Isaev, 2018, p. 215).

[75] This confusion could be avoided if scholars would work more interdisciplinary, being aware of the research of their colleagues in other fields.

even goes so far as to argue that the Russian school of geoeconomics is characterized by a wider range of theoretical approaches than the American, Italian, and French scientific schools. Yet, Russian theoretical geoeconomics does not strive to integrate or to unite the different approaches, as it recognizes the diversity of world development (Chernaya, 2012, p. 50). Instead, it favors methodological pluralism (Chernaya, 2012, p. 50).

Third, similar to their colleagues in the West, Russian-speaking scholars are also struggling with awareness issues. They are often not aware of the findings of their compatriots working in other disciplines, nor are they aware of the variety of works of their foreign colleagues. Russian scholars, similar to western scholars, most of the time do not include the work done outside their national research tradition (see, e.g., Lachininskii (2012, 2013a, 2013b)).[76] The contributions to the Russian geoeconomics debates are often only very loosely connected to the western scholarly discourse on the term. Language barriers still play a huge role, for Russian and non-Russian speakers alike. Cross references remain rare in both directions. Hence, some excellent publications in Russian on geoeconomics (see, e.g., Dergachev (2002, 2003, 2009), Gladky (2006), Kochetov (2015, 2016), Neklessa (2008, 2013)) are still unknown in the West today. The post-Soviet geoeconomics discourse is only lightly integrated into the English-language debates on the topic. Yet, post-Soviet academics have recently also started to publish more and more in English too.

Despite the richness of the post-Soviet literature on geoeconomics, there exists a lack of awareness for the concept's history and the theoretical origins of geoeconomics. Gladky (2006, p. 513) observes that authors, who have not studied the history of geoeconomics and were poorly acquainted with (Soviet) geographic sources, began to erroneously believe that the term "geoeconomics" was

[76] Since Russian scholars are still only very loosely connected to the dominant western scholarly discourse on geoeconomics, their research results have at times been quite different. Losev, for instance, argues that "the absence of serious political challenges to the U.S. leadership, economic globalization and the financialization of markets have resulted in geopolitics degenerating into geo-economics" (2018, p. 68). He finds geoeconomics in the work of central banks, which, according to him, influence economic processes "much more than democratically elected politicians and parliaments" (Losev, 2018, p. 68).

introduced into scientific and literary circulation in the 1990s (allegedly by Luttwak). While most articles written in Russian locate the origins of geoeconomics in the 1990s (see, e.g., Ageev, Neklessa and Yurtaev (2014, p. 217), Chernaya (2012, pp. 6, 23)) or the 1980s (see, e.g., Chernaya (2012, p. 49)), they do not seem to agree on the place of origin, whether it is the USA, France, Italy, or Russia.[77] What most researchers seem to completely miss though, is the fact that theoretical traces of geoeconomics can already be found in the Soviet Union.[78] The terms "geoeconomics", "geoeconomic space", and "geoeconomic field" have been used long before the 1990s in Soviet geographical literature (Gladky, 2006, p. 513). As an example, the 1983 edition of the Soviet standard "conceptual-terminological" geographic dictionary, published by Alayev, includes all three mentioned terms (1983, pp. 171, 229, 233, 258).[79]

3.6 Concluding remarks

The 1990s is the decade in which national schools and regional conceptions of geoeconomics flourished. This time period is sometimes referred to as the "heyday" (Thirlwell, 2010, p. 2) of geoeconomics, since it led to its revival. At the same time, until the early 2000s, there was not much linkage and intellectual exchange between the different regional schools. For most parts, scholars were,

[77] One time, Neklessa states that geoeconomics emerged in the first quarter of the 20th century (Neklessa, 2013, p. 112), another time that it was formed in the middle of 20th century (Neklessa, 2009, p. 10), yet both times at the junction of economics and political science. Lachininskii (2013b, p. 15) and Neklessa (2013, p. 115) believe that the development of geoeconomic tools by researchers and the adoption of geoeconomic policies by state institutions (e.g., by the Ministry for Foreign Economic Relations) began immediately after the collapse of the USSR. The growing influence of economic factors on foreign policy fueled the growing interest in geoeconomic studies in Russia (Pototskaya & Silnichaya, 2019, p. 126).

[78] Forgetting or ignoring the Soviet theoretical origins of geoeconomics, might however, also be an act of emancipation from the Soviet Union and Russia, especially for the smaller post-Soviet states. In post-Soviet Georgia, Kvinikadze (2017) writes that geoeconomics "is a relatively new branch of social sciences" and that "Georgian scientists […] have laid a remarkable basis for the further development of geo-economical studies in Georgia" (Kvinikadze, 2017, pp. 43-44).

[79] Alayev (1983, p. 39) suggests the usage of the term *геоэкономика* to describe the analysis of territorial economic systems, complexes, and hubs, which until then was studied under the label of Territorial-Production Complex (ТПК). For more information on Territorial-Production Complex, please see Lonsdale (1965).

for various reasons, unaware of each other's work and ideas on geoeconomics (seen, e.g., in the quality and number of references). Often, scholars did not include the ideas and findings of other scholars outside their national research tradition. One reason for the awareness issues being the Cold War and the connected political and technical hurdles. Another reason was the language barrier, as most geoeconomic writings were published in the respective native tongue of the scholar. A third barrier was of technical nature. Articles and books were not as easily accessible as it is the case today (e.g., via the internet).[80] As a consequence, cross-referencing between regional schools was quite rare.

At the start of the 21st century, national and regional traditions were beginning to disappear. This was due to the dismantling of political and technical hurdles that led to limited referencing between the different national traditions in the first place. Geoeconomic approaches became more international, allowing for a better classification according to core ideas and ideological affiliations. The next chapter focuses in detail on contemporary approaches and their core ideas. The findings of this and the next chapter, allow for a better understanding of how the notion of geoeconomics has been developing, what its strength and weaknesses are, and what analytical insights it has to offer.

In this survey on regional approaches, I can say with some certainty that I covered most of the Western conceptions of geoeconomics. However, I cannot say the same about Asian ones. Discovering the still existing post-Soviet approaches and realizing how little they are referenced in English-language publications, made me realize that other regional approaches might also exist. In particular, it is possible that Japanese (see, e.g., Bremmer & Mitachi, 2015) and Chinese national geoeconomic traditions exist, of which Western scholars are not aware. Japan is an obvious candidate, as most of the American geoeconomics literature, written in the 1980s and 1990s, focused on Japan. Japan has also had access to Western academic literature for over a century. It is possible that also China has a national geoeconomic tradition. In the last two decades, the number

[80] Mass usage of the internet did not really kick off until the early 2000s. At the time of the Dot-com crash, less than 7% of the world's population was online. For more information see (World Bank Group, 2020).

of Chinese publications, available in English, has grown exponentially. These articles made me aware of an active scholarly community in China that focuses on geoeconomics. Yet, it is possible that geoeconomics research already existed before in China but was not published in English. Hence, I suggest that future research should look into Japanese and Chinese geoeconomics approaches.

Chapter 4: Contemporary conceptions of geoeconomics

4.1 Introduction

After 2001 and the following "War on Terror", many scholars lost their optimistic and idealistic post-Cold War attitude. Hence, the popularity and usage of the term "geoeconomics" declined (Thirlwell, 2010, p. 2). Over the last decade, however, the term has experienced a resurgence, among other thing due to great shifts in wealth and power in the international system. Current conceptions of the term "geoeconomics" are often related to the perceived crisis of the liberal world order. Recurrent topics include the 2008 financial crisis, the rise of China, the BRICS, and state capitalism, Brexit, the US foreign policy under Donald Trump, failed intervention in Libya and Syria, etc. These events and developments affected the worldviews of observers and commentators of international relations. Ways of thinking were reconsidered and the term "geoeconomics" was rediscovered to describe some of the events that took place in these economically turbulent times. Since then, the term "geoeconomics" has experienced a revival not only in terms of quantity, but also of quality.

The group of academics that has included the term in their research is more diverse than ever, and so are their interpretations of the term. The resurging geoeconomic approaches became more international. This has led to some confusion with regards to the meaning of the concept, not only between disciplines, but also among academics that belong to the same field, such as IR. Their approaches can now be grouped according to their core ideas, the way geoeconomics is used, the envisaged nature of the term, and its ideological affiliations. In contrast to earlier discussions on the topic, geoeconomic debates became more closely connected thematically, as well as internationally. Hence, this chapter surveys contextual definitions of geoeconomics. Contextual definitions pose the question "what a term means or should mean within a narrower context, perhaps a specific research site or research problem. It reaches beyond the myriad semantic possibilities offered in a general definition towards

a particular resolution of attributes and referents" (Gerring & Barresi, 2003, p. 204).

The aim of this chapter is to give an overview of different current understandings of geoeconomics so that the next chapter can analyze their strength and weaknesses. This chapter answers the following question: *What are current understandings of geoeconomics?* To best answer this question, this chapter groups geoeconomic approaches by their core ideas and not by their regional affiliation.[81] The chapter is structured thematically around the four main approaches identified: first, geoeconomics as the use of political means for economic ends; second, geoeconomics as the use of economic means for political ends; third, geoeconomics as a combination of geography and economics; fourth, critical, constructivist, and Marxist approaches.

Interpreting geoeconomics as either the use of political means for economic ends (geoeconomics ends-approach), or the use of economic means for political ends (geoeconomics means-approach), are currently the two most popular approaches employed by IR scholars. When comparing these two approaches directly, it must be noted that the geoeconomics means-approach is much more popular than the geoeconomics ends-approach. Both approaches focus on some form of "economic power transitions in the international system" (Baracuhy, 2019, p. 23). The other two approaches are either less relevant, meaning they are located in a different field of study (geography-economics-approach), or less appropriate (critical approaches), meaning they employ a different methodology that raises and answers different questions.[82] Hence, this review focuses heavily on the first and the second approach, while only touching upon the third and the fourth approach. The following four sections review each of these four groups of interpretations, before turning to the main shortcomings of current geoeconomic approaches in the next chapter.

[81] Regional affiliations were beginning to disappear at the start of the 21st century.
[82] The goal of critical approaches is to question the existence and foundations of established ideas and concepts, instead of constructively developing them further.

4.2 Use of political means for economic ends

The geoeconomics ends-approach typically defines geoeconomics as "the use of statecraft for economic ends" (Youngs, 2011, p. 14) or as "the use of political means to achieve economic goals" (Mair, 2018). This approach focuses on foreign policy ends and not on the means of achieving them. Youngs (2011), a representative of the geoeconomics ends-approach, argues that it has "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" (p. 14). Statecraft is used to enhance the economic interests of the state, its businesses, and/or its citizens. The state's economic interests prevail over its other interests (e.g., military). The state can make use of any of its available means (statecraft), which includes the state's "four primary instruments: diplomacy (negotiations and deals), information (words and propaganda), military force (weapons and violence), and economics (goods and money)" (Troxell, 2018, p. 10). Those means are employed to achieve different policies, which include trade and investment agreements, trade promotion and export credit guarantees, supporting domestic businesses abroad, securing raw materials for domestic businesses (Mair, 2018).

Choosing the ends over the means when defining a geoeconomic approach is problematic, as one classifies the object of study (i.e., a geoeconomic trend) not by the means used, but by its ends. In IR and political science, the means used in achieving one's goals, and not the striven-for ends, are often the differentiating factor. The logic of the ends-approach allows navies and cyber forces to be classified as geoeconomic instruments (see, e.g., Tangredi (2020)). Their purpose is to continuously control "the fluid mediums in which global trade is conducted", meaning the sea and the internet (Tangredi, 2020). When focusing on the "intended effects rather than the means for achieving those effects" (D. A. Baldwin, 1985, p. 36), any means with an economic effect can be called economic. Such simplistic ends approaches are no help in differentiating between diplomatic pressure, propaganda, and military attack, as all three means "can be used to affect the economic values in a target state" (D. A. Baldwin, 1985, p. 36). Blackwill and Harris (2016b) explain that choosing the ends over the means can

be quite problematic, as "when it comes to classifying various forms of statecraft, it is the means, not the ends, that should dictate" (p. 23). After all, "if a library is destroyed by cruise missiles, one would not speak of cultural warfare; if a factory is destroyed the same way, one would not call this economic warfare" (Scholvin & Wigell, 2018a, p. 7).

O'Hara and Heffernan (2006) also define geoeconomics by the desired ends and not the employed means. For O'Hara and Heffernan geoeconomics is about the potential impact of territories' natural resources on the global balance of power (2006, p. 55), with the aim being to control and to exploit these resources. When putting the focus primarily on the state's economic ends, the term "geoeconomics" is downgraded to nothing more than "an economically oriented geopolitics" (Mattlin & Wigell, 2016, p. 129). The underlying logic of geopolitics stays the same and is not questioned. Instead of vying for territory and geographical riches with all means necessary, states with a geoeconomic policy will compete over markets, resources, and other economic goods.

The ends-approach, that puts the focus primarily on the state's economic ends, is often described as an upcycled version of mercantilism. Youngs' interpretation, for example, is described as "state-centric, essentialist, and rooted in (neo)mercantilist theory" (Mattlin & Wigell, 2016, p. 128). According to Wallerstein, "mercantilism involved state policies of economic nationalism and revolved around a concern with the circulation of commodities, whether in terms of the movement of bullion or in the creation of balances of trade" (Wallerstein, 2011, p. 37). In the past it used to be possible to sink trade ships or to cut off continental Europe from trade by sea blockade, achieving "economic" aims by military means. In mercantilist times, economic and political objectives were often very closely linked. A small ruling class held all the political and economic power. The emperor was the center of it all. Differentiating between political and economic motivations or policies was much harder than it is the case today in liberal states, with a free market economy. Hence, the comparison of the geoeconomic ends-approach with (neo)mercantilism, is especially warranted in cases where political and economic powers converge (e.g., state capitalism).

Diesen (2018) offers an interpretation of geoeconomics that bridges the divide between the ends- and means-approach. For him, geoeconomics is defined "as state intervention in the market to procure a privileged economic position, while the resulting economic instruments of power are utilised to extract political gain" (2018, p. 12). The first part of his definition is typical for the "economic ends" approach, as the state intervenes in favor of the domestic economy. The focus is on the ends, which is to improve the standing of the domestic economy. However, the second part of the definition entails using this newly won power and turn it into political leverage. This second step is characteristic of the economic means-approach, as it focuses on using economic means to achieve political gains. The relationship between political and economic power is considered to be mutually beneficial.

4.3 Use of economic means for political ends

Next to the geoeconomic ends-approach, there also exists the means-approach. In the latter, the "economics" in geoeconomics refers to the to the employed economic means instead of the economic ends. Scholars define the means-approach as the state's "use of economic means to achieve political goals" (Mair, 2018). States are seen as "agents of economic power" (Mattlin & Wigell, 2016, p. 128), which they employ in favor of political gains. According to Grevi (2011), geoeconomics "encompasses both the conversion of economic assets into political influence and the mobilisation of political power to achieve economic goals through a mix of competition and cooperation" (p. 28). Grevi's (2011), like most other means-approaches, is still influenced by geopolitics, as for him "competition for relative power remains the predominant driver of state behaviour" (p. 27). Typical policies of the means-approaches include gaining control over markets, investments in strategic industries, sanctions, etc. (Mair, 2018).

One of most influential definitions of this ends-approach comes from Blackwill and Harris (2016b). They define geoeconomics as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations' economic actions on a

country's geopolitical goals" (2016b, pp. 9, 20). In comparison to many of the ends-approach definitions, Blackwill and Harris explicitly state the used means (the use of economic instruments) as well as the desired ends (national interests and beneficial geopolitical results). They regard geoeconomics as geopolitics by economic means, or "the use of economic instruments to accomplish geopolitical objectives" (Blackwill & Harris, 2016a, p. 99). According to their analysis, states are being "comfortable employing economic tools to advance their power" (Blackwill & Harris, 2016a, p. 108). These tools include investment policies, economic sanctions, economic assistance, financial and monetary policies as well as national policies on energy and commodities (Blackwill & Harris, 2016b, pp. 49-92).

Blackwill and Harris's approach has been described as "realist power politics by other means; national interests remain pre-eminent, and geoeconomics provides one increasingly important way of pursuing them" (Beeson, 2018b, p. 244). With their definition of geoeconomics, Blackwill and Harris merely select a few economic instruments from the geopolitical toolbox and reclassify them as geoeconomics. The underlying logic of geoeconomics is geopolitics, as geoeconomics "combines the logic of geopolitics with the tools of economics, viewing the economic actions and options of a given state as embedded within larger realities of state power" (Blackwill & Harris, 2016a, p. 24). This approach is not convincing. It represents nothing more than a limited form of geopolitics (i.e., geopolitics with a limited toolset), "a more narrow form of statecraft that is exclusively based on economics" (Scholvin & Wigell, 2018b, p. 78). Blackwill and Harris fail to clarify "how to employ these tools in support of an effective grand strategy" (Troxell, 2018, p. 18), especially if the grand strategy is to maintain the rules-based international order and to boost free trade. Their theoretical fundament remains realist and state-centered, failing to provide more insights to already existing geopolitical analyses.

Leonard (2015) argues that today's "main battlefield is economic rather than military", that "the pursuit of power is as important as the pursuit of profit", and that "economic warfare is undermining economic integration" (p. 4). He

defines geoeconomics as "both the antithesis and the greatest triumph of economic globalization" (2015, p. 4), while being "about competition for relative power rather than a placebo for war" (Global Agenda Council on Geo-economics, 2016, p. 4). Shutting countries out of the global economy, on which they depend due to their interconnectedness, is seen by Leonard as a geoeconomic strategy. He also regards states' behavior as geoeconomic when they manipulate their economic ties to gain advantage and leverage over each other. As a result, the lines between economic and geopolitical competition are being blurred again (Global Agenda Council on Geo-economics, 2016, p. 4). Leonard predicts that "geo-economic competition will become more prevalent and influential in the global economy and global politics" (Global Agenda Council on Geo-economics, 2016, p. 5).

Rose (Global Agenda Council on Geo-economics, 2016) shares Leonard's understanding of geoeconomics. For him, geoeconomics is "about countries using economic actions to further not simply the maximization of economic value, but also their political and strategic position vis-à-vis other countries" (Global Agenda Council on Geo-economics, 2016, p. 11). A geoeconomic policy would "seek to achieve economic returns, but would also seek political returns" (Global Agenda Council on Geo-economics, 2016, p. 11). According to Rose, economics does not trump politics, or national interests, because a geoeconomic policy does allow for deviation from the economic maxim of absolute gains maximization.

The WEF's Global Agenda Council on Geo-economics reports have received some critical reviews. Scholvin and Wigell (2019) argue that apart from the terminological muddle, Leonard "do[es] not say anything specific about how power is used" (p. 6). The same holds true for Rose. The way in which the term "geoeconomics" is used in the WEF's report, "turn[s] geo-economics into an overly broad and somewhat semi-scientific form of international political economy" (Scholvin & Wigell, 2019, p. 6). This does not help to understand the theory behind the concept of geoeconomics.

One of the latest contributions to the various approaches to geoeconomics comes from Wigell et al. (2019). Academics, as well as practitioners with an IR,

security, or political science background, contributed to the book. The latter's homogeneity with regards to its authors promises some consistency vis-à-vis the term's interpretation and application. In the introduction, Scholvin and Wigell (2019) promise that "all chapters in this book adhere to th[eir] definition of geo-economics" (p. 9). Even though the book struggles to define the intrinsic functioning and to showcase the added value of their geoeconomics, it still makes valuable and important contributions to the study of the concept.

Geoeconomics, so Scholvin and Wigell (2019) argue, is an "alternative form of power politics" (p. 1), with economic power being the mean to engage in strategic competition. Today's strategic competition "is largely driven by economic means" (Scholvin & Wigell, 2019, p. 2). To better highlight the use of economic leverage in pursue of national interests, Wigell suggests "merging geopolitics and economics" (2016, p. 137). As a foreign policy strategy, Scholvin and Wigell argue that geoeconomics "refers to the application of economic means of power by states so as to realise geostrategic objectives" (2019, p. 9), "providing an alternative option to military-based power politics" (2018a, p. 4). Wigell (2016) refers to it as "the geostrategic use of economic power" (p. 137).

Scholvin and Wigell (2019) derive their understanding of geoeconomics from a study by Hirschman (1945/1980), in which he shows how Germany used its trade relations as a geostrategic tool (Scholvin & Wigell, 2019, p. 3). In another publication, Scholvin and Wigell (2018b) admit that "geoeconomics is not […] about a fundamental shift in the international system" and that "the logic is still interstate rivalry; superiority over others is still the end" (p. 80). In Scholvin and Wigell's (2019) view, geoeconomics as an analytical framework, "stands in the tradition of IR realism, which emphasises how competition for relative power drives state behaviour" (p. 9). Scholvin and Wigell are two of the very few academics that consciously anchor geoeconomics in IR theory. In their book, they offer "realist […] approaches and concepts for geo-economics as an academic discipline" (p. 10). Nevertheless, these "novel" approaches provide little additional analytical value, as they ground geoeconomics in the same underlying IR theory as geopolitics. Not much is gained from developing a new concept by

trying to differentiate it from pre-existing ones, if the underlying theory and the operating principles remain the same.

Wigell et al. (2019) fail to show how geoeconomics is fundamentally different from geopolitics. Power is used "geostrategically" to achieve "geostrategic" objectives. Only the means seem to change, switching from military to economic ones. Mackinder (1904), one of the founding fathers of geopolitics, already highlighted the "importance of economic factors […] for geostrategic ends" (Baracuhy, 2019, p. 20; Scholvin & Wigell, 2019, p. 2) in 1904. If the geoeconomic means and tools are also available for geopolitics, one might wonder what the fundamental difference between the two concepts is. The means, the ends and the underlying IR framework stay the same. Judging by the definition that Wigell et al. (2019) give and use, geoeconomics has the same conceptual approach as geopolitics, but with a more limited geostrategic toolset.

Baracuhy (2019) argues that "geo-economics and geopolitics are two sides of the same coin", and that "they are both expressions of the geostrategic competition among great powers" (pp. 14-15). He tries to differentiate them by their instrumental and operative logic. The difference in instrumental logic is explained in much detail. On the one hand we have the geostrategic use of political power (geopolitics), including diplomatic and military means. On the other hand we see the geostrategic use of economic power (geoeconomics), including control over markets, resources, and rules (Baracuhy, 2019, p. 15). The objectives of both are geostrategic. Yet, Baracuhy neglects to explain the difference in their operative logic. If both strategies are based on a realist, geostrategic framework, the operative logic must be the same too. The means change, but the way the means are employed does not. Geoeconomics and geopolitics are strategies that work with the same operative logic to the same end: "gaining influence in geostrategic competition among states" (Baracuhy, 2019, p. 23), while striving to improve the "geostrategic positioning of states in the international arena" (Baracuhy, 2019, p. 24). In fact, in an earlier article Scholvin and Wigell (2018b, p. 80) already admitted to the logic (interstate rivalry) and ends (superiority over others) staying the same.

In contrast to Baracuhy (2019), and Scholvin and Wigell (2019), Moisio (2019) asserts that geoeconomics and geopolitics have, in fact, different operational logics. Hence, the effects of the geoeconomic and geopolitical ways to project power differ as well. Similar to Baracuhy, Moisio sees governments as "rational geostrategic agents who operate in the world of 'relative gains,' 'cost–benefit calculation,' and 'counter reactions'" (Moisio, 2019, p. 3). Yet, Moisio (2019) claims that state governments selectively apply, depending on individual circumstances, either geoeconomic or geopolitical strategies in their pursuit of strategic interests. What is questionable though, is whether state governments can indeed function according to different operational logics at the same time (assuming that geoeconomics and geopolitics do in fact have different operational logics). I doubt that this is the case, as it would require the government to adopt a state of conscious schizophrenia.[83]

In a special section of *Geopolitics* dedicated to geoeconomics, Vihma (2018a) expressed his view on geoeconomics as being "about shaping and managing the strategic environment in which the states operate for the pursuit of their national interests by economic means" (p. 4). For him, "geoeconomics is more akin to a point of view, which could include several theories" (2018a, p. 14). Vihma agrees with Scholvin and Wigell that more work is needed on the subject to fully grasp the matter. In the same issue of *Geopolitics*, Moisio (2018) criticizes Vihma for having "a fundamentally instrumental outlook on geoeconomics", "recommending a form of geoeconomic realism in the IR sense of realism" (p. 30).

For Winter (2018), geoeconomics equals economic statecraft, which she defines as "the use of economic instruments to achieve foreign policy goals". Since she understands statecraft as "foreign policy defined as a purposive behavior that is actively oriented toward an objective", her focus is on the means used by actors, and not the actors themselves or their respective goals (Winter, 2018). For Winter (2018), adopting a geoeconomic policy means that states

[83] The term "schizophrenia" is not used in the medical, but in the literal sense: "schizo" (split) and "phren" (mind).

pursue geopolitical goals with economic instruments, whereby securing their national interests. Geoeconomics addresses the question of "how to shape economic policies to serve state interests best, including welfare and national security" (Winter, 2018). Similar to Wigell et al. (2019), the difference between geopolitics and geoeconomics exists only on the surface, in the means used, but not the way in which states operate.

Olsen understands geoeconomic diplomacy as governments being "willing and able to employ national economic capabilities to preserve and realise its national interests when conducting relationships with other international actors" (2018, p. 42).[84] According to Olsen (2020), geoeconomics "stresses that a government engaging in the geoeconomic sphere must not only be willing to apply its economic means of power strategically as part of its foreign policy, but also be able to do so as part of its diplomatic activity" (p. 127). Sources of economic power, which states can use for incentivization or coercion purposes in the name of their foreign policy interests, include, among others, economic sanction regimes, trade and investment policies, financial and monetary policies, politically driven economic assistance, and cyber instruments (Olsen, 2018, p. 42). Once again, the line between geopolitical and geoeconomic tools is being blurred, as cyber instruments are non-economic capabilities in the hands of a state's executive power. Moreover, Olsen argues that the "strategic utilisation of economic, monetary or financial capabilities to advance their own geopolitical objectives has, in historic terms, been a defining aspect of almost every geographical entity's foreign policy behaviour" (2018, p. 42). Contrary to most contemporary scholars, Olsen sees geoeconomics as being present through most of history. This view is rather uncommon, as most academics associate geoeconomics with new trends in world politics.

Another scholar researching the term "geoeconomics" is Søilen. He claims that geoeconomics is "the study of spatial, cultural, and strategic aspects of

[84] Two years later, Olsen (2020, p. 127) defines geoeconomic diplomacy similarly "as the particular realm in which governments pursue the ability to employ national economic capabilities to realise specific geostrategic objectives in their conduct of relationships with other international actors" (p. 127).

resources, with the aim of gaining a sustainable competitive advantage" (2012, p. 8). In an earlier publication, he defined geoeconomics as the "the study of factors of power that are directly related to the Competitive Advantage of a nation" (2010, p. 3). Søilen also characterizes geoeconomics as "a discipline that studies the macro environment of organizations through what we today should call a multidisciplinary approach consisting of history, geography and political science (the realpolitik assumption)" (2017, p. 31). He sees multinational enterprises (MNEs) as an important factor of power. Similar to other scholars, he sees geoeconomics as the "continuation of the logic of geopolitics" (2012, p. 8), or as "the new version of geopolitics" (2017, p. 6). If this is the case, one wonders why one needs to create a new label for it. Søilen also sees a shift in "the power balance from the nation state to private organizations" (2017, p. 6). He does not specify exactly to what extent this power shifts occurs. For the concept to be labelled as the new version of geopolitics, the state should remain the central actor. Otherwise, one would lose a core characteristic of geopolitics.

According to Csurgai (2009b) geoeconomics is "a concept and approach to analyse economic power rivalries of states in the international system" (p. 213). Csurgai reads geoeconomics as "an interdisciplinary analysis that includes geopolitical factors, economic intelligence, strategic analysis and foresight", with "the objective to provide a tool for states and businesses to develop and implement successful strategies to conquer markets, and protect strategic segments of the domestic economy, among other things" (2018, p. 39). At the same time, he also considers geoeconomics as "modern economic warfare" (Csurgai, 2019, p. 153). Contrary to most researchers, Csurgai (2009a) explicitly makes the point, that domestic considerations shape these objective, namely "to ensure socio-economic cohesion and create favourable conditions for development" (p. 83). State agencies and private economic sectors work together to "enhan[e] the power position of states in the contemporary international system" (Csurgai, 2019, p. 153).

In geoeconomics, the state's objective is "to attain and preserve a privileged position in the world economy […] to protect their national economic system, to

obtain and master important technologies, to penetrate new markets and to maintain a predominant power position in traditional markets" (Csurgai, 2009b, p. 214). The states will primarily employ soft power and indirect strategies, instead of military confrontations, to achieve their objectives (Csurgai, 2009a, p. 83; 2009b, p. 214). To exercise power, states will rely on strategies of influence, meaning "the control or the capacity to shape different networks" (Csurgai, 2009a, p. 83), but also on other indirect strategies, such as "information operations, destabilisation, lobbying, influencing trade negotiations, and aid policies" (Csurgai, 2019, p. 153). Yet, Csurgai does not regard geoeconomics as a substitute for geopolitics. Instead, he says that in order "to analyse the distribution of power in contemporary international relations both geopolitical and geo-economical factors must be taken into account" (Csurgai, 2009a, p. 84).

Hakala (2018) suggests that geoeconomics is "a useful analytical framework for the political implications of climate change as it shifts the focus from military force to economic means of exerting power" (p. 2). She understands geoeconomics as a useful approach to explore strategic, economic interests of states, by analyzing "globalised resource flows, growing interdependence and asymmetric trade relations", instead of the use of force (2018, p. 4). Besides defining the nature of geoeconomics as an analytical framework, it is also used to describe actual foreign policy practices. This can at times confuse the reader, especially when the term "geoeconomics" is used interchangeably for both ideas described (Hakala, 2018, p. 4).

Case in point, Liang et al. (2019) see geoeconomics as "the core of policy analysis and formulation" (p. 2). It is understood to "wield economic power to fulfill geostrategy" (Liang et al., 2019, p. 1), whereby reconstructing the contemporary political geographic space (Liang et al., 2019, p. 2). As a research discipline, geoeconomics studies the interaction between economic and political relations, and in China it is often done "quantitatively from the perspective of economic interdependence" (Liang et al., 2019, p. 2). In contrast to most Western interpretations of geoeconomics, Liang et al. (2019) claim that "in the geoeconomic era, openness, cooperation, mutual benefit and development have

become the consensus, and a win-win situation is the ideal state pursued among countries" (p. 2). In claiming that, Liang et al. hold a view contrary to most of the Western, realist interpretations of geoeconomics. For instance, Vihma and Wigell argue that geoeconomics is "about advancing geostrategic goals, not mutually beneficial trade relations" (Vihma & Wigell, 2016, p. 606). Similar to Vihma and Wigell, Vidigal (2020) believes that geoeconomics is about "employing economic instruments with a view not to enhance welfare and attain mutual gains but to pursue geopolitical goals" (pp. 46-47).

Beeson (2015, p. 244; 2018a) argues that geopolitics and geoeconomics are intimately linked. However, in the absence of war, geoeconomics will trump geopolitics as it already has for the last half century. Grosse (2014) defines geoeconomics as the merger of geopolitical and economic goals, "especially [the] subordination of the economic policy and its instruments to primary goals of geopolitical strategy" (p. 40). Economic policy is used to develop geopolitical capacities, while at the same time being a tool of political influence (Grosse, 2014, p. 41). It can be seen as "a new cognitive perspective in political economy" and it "poses significant challenges for public governance as a scientific discipline" (Grosse, 2014, p. 41). For Martikainen and Vihma (2016), geoeconomics is about the strategic or geopolitical motivation of states, "broadening and deepening the sphere of political influence and getting others to do what they would not otherwise do" (p. 3).

For Ward and Koshino (Gady, 2020), geoeconomics is "the deployment of economic power by a country to achieve strategic goals in foreign policy". They regard geoeconomics to be "broader in scope than mercantilism" (Gady, 2020). However, it is narrower than geopolitics, since it does not employ military means (Gady, 2020). Asymmetries in economic interdependence are used to wield power and to coerce other states. Sukru (2005) perceives geoeconomics as a "synthesis of economics, history and politics", an applied science that "aims to clarify the foreign economic policies of states and to describe the state's economic interests on the globe" (p. 43). He continues to explain that "neomercantilism and geomercantilism are the geoeconomic policies for states that can be practiced

according to their geographies and economic powers" (Sukru, 2005, p. 43). Geoeconomics is also an "old version of state rivalry" and aimed "to place international politics on an economic basis" (Sukru, 2005, p. 32).

Babić (2009) argues that geoeconomics is a science in development and that "geo-economics as applied science is 'over-border political economy' based on 'unfair competition'" (p. 53). For Cini (2015) geopolitics "focuses on military power, natural resources and demographics as measures of national influence", while geoeconomics "emphasises factors such as productivity, trade balances and foreign investment" (p. 3). Siddiqi (2018) suggest that geoeconomics is "a form of competition between states" and that "recent developments suggest a move towards this trend" (p. 36). Kim (2019) defines geoeconomics as states using their "foreign economic policy to promote and defend mid- to long-term strategic interests" (p. 155). Kostecka-Tomaszewska and Krukowska (2020) understand geoeconomics as a field, in which only states and companies (state and private) are active, "mobilised for the supreme national interest, using tools of peaceful economic persuasion (e.g., anti-competitive practices, restricted access to public contracts, enforcing national monopolies, industrial espionage, or trade barriers) in order to achieve economic and political goals" (p. 274).

4.4 Combination of geography and economics

Another recurring way to interpret geoeconomics is to think of it as a combination of geography and economics. This literature review does not study this approach in great detail, as it is mostly embedded in the field of geography and economics. It is of little relevance, as the focus of this study is on the application of geoeconomics in international relations. Yet, surveying the main approaches outside the field of international politics and international economics is still important to fulfil the goal of laying the foundations for the conceptual development of geoeconomics in the field of IR. A complete and thorough overview of the term's different interpretations allows one to see the use of the term in a broader perspective. Being familiar with the ideas of other disciplines is an advantage, especially when exploring the conceptualization of a heavily

disputed multidisciplinary term. One discovers, for example, that geoeconomics has a long and rich history outside the field of political science and IR. In his book from 1925, Dix observes that geology scholars have used the term "geoeconomics" before him, to describe the connections between geology and practical economics: "die Wirtschaft des Bergbaus" [the economy of mining] (pp. 14-15). Contrary to the most widespread belief, geoeconomics was neither created in the 1990s, nor was it first used by political scientists.

In 1963, Rea defined geoeconomics as "the economic or current monetary value of the geology of petroleum or natural gas" (p. 695). A geoeconomic analysis would therefore address the "the current monetary or market value of any potential or producing oil or gas property" (Rea, 1963, p. 695). In reaction to Rea's ideas on geoeconomics, Schlatter (1963) pointed out that there is in fact a "violent opposition" to Rea's proposed term (p. 1886). If one were to create the neologism geoeconomics, it would need to "be defined as economics of the earth or worldwide economy" and be used for "worldwide economic studies of cotton, or strawberries, or petroleum" (Schlatter, 1963, p. 1886). The fierce opposition stems from the fact that coining a new expression "is only justified when it is linguistically self-explanatory", otherwise "a slightly longer term is preferable and to no disadvantage" (Schlatter, 1963, p. 1886). Schlatter is one of the few, if not the only scholar, who discusses methodical aspects of the creation of the novel term "geoeconomics". Scholars of other disciplines often overlook his academic contribution.

When geoeconomics is being theorized and analyzed by geographers, they often understand it as a way to analyze the economic aspects of geographical space and the geographic conditions that shape economic outcomes. Being one of the advocates of the geographic approach, Gasimli argues that geoeconomics is "the study of the interconnection between geography and economics", including the "interrelations of economics, geography and politics in the infinite cone rising from the center of the planet Earth - apex, to the infinity of the universe—to the extent that this is possible" (2015, p. 11).

The geographic perspective has been described as the "closest to the traditional view of the relationship between politics and geography" (Mattlin & Wigell, 2016, p. 129), held by 20th century geographers and founders of geopolitics (Scholvin & Wigell, 2018b, p. 78). Instead of focusing on how geography shapes political outcomes, this approach studies "the effects of geographic features on the organisation of politics or the economy" (Mattlin & Wigell, 2016, p. 129). Scholvin and Wigell find that some academics "concentrate on the impact of material structures in geographical space" (2018a, p. 8), while others try to "explain that geographical conditions induce states to cooperate" (2018b, p. 78).

While the term "geoeconomics" increased in popularity in the fields of IR and political science after the end of the Cold War, the same did not happen in the field of human geography. Moisio observes that "as much as the study of geopolitics experienced a renaissance in human geography in the 1990s the same cannot be said about geoeconomics" (2019, p. 2). Strategic approaches to geoeconomics were not advanced in human geography, instead geoeconomics "has been silenced as a form of theory" (Moisio, 2019, p. 3). Moisio (2019) even notes that until today, "the leading dictionaries, readers, or encyclopaedias of human geography do not include an entry on geoeconomics" (p. 2). Going back to the regional post-Soviet approaches of geoeconomics, Moisio most likely did not consult any Russian encyclopedias.

Even though geoeconomics did not receive the same attention in human geography as in IR, some human geographers did nonetheless contribute to the understanding of the term. Similar to IR, the term "geoeconomics" is used "to denote a number of things" (Moisio, 2019, p. 4). Moisio proposes his reading of geoeconomics as "political geographies of knowledge-intensive capitalism" (Moisio, 2019, p. 7). Cowen and Smith suggest that a "geoeconomic conception of security underlines conflicts between the logics of territorial states and global economic flows, the proliferation of non-state and private actors entangled in security, and the recasting of citizenship and social forms" (2009, p. 25). They understand geoeconomics to "denote different modalities of the social" (Moisio,

2019, p. 6). The geopolitical past is recast into the geoeconomic future through the transformation of political geography, due to territorial borders loosing "the defining role they used to play for the economy and society" (Scholvin & Wigell, 2018b, p. 79). Geoeconomics aims to accumulate wealth through market control, which makes the acquisition or control of territory "a tactical option rather than a strategic necessity" (Cowen & Smith, 2009, p. 42). Geoeconomics reverses the logic of geopolitics, which, according to Cowen and Smith (2009), aims to accumulate wealth through control of territory. According to Beeson (2018b, p. 244), the reading of Cowen and Smith is more nuanced, capturing more of the geoeconomic complexities and contradictions, compared to realist approaches.

Similar to geoeconomics in political science, scholars that adopt a geographic approach often do not manage to establish clear boundaries between new terms and existing concepts. Kurecic (2015) maintains that geopolitics and geoeconomics are concepts that are closely connected. He explains that "geoeconomic rivalries as factors of geopolitical economy are the causes of resource conflicts, making resource conflicts one of the outcomes of geopolitical economy" (Kurecic, 2015, p. 523). For him, geoeconomics is about "resource management (exploitation and exports)", while geopolitics relates to the "direct or indirect control of territories (which contain resources)" (2015, p. 531).

Geographic approaches also feature a wide variety of different uses of the term "geoeconomics". In the field of geography alone, a discipline less abstract and more tangible than IR, Mercille (2008) identifies three major strands of interpreting geoeconomics: "natural resources contained within a region and the politics of controlling and exploiting such resources", "economic imperatives of the global economy", and "flows of trade, finance and capital over global space and across borders, taking into consideration the political aspects behind such movements" (2008, p. 576).

Some scholars use the term without providing a definition for it, while others do shortly explain what they mean by it. Pollard and Sidaway (2002) describe the "Euroland" as a geoeconomic entity under construction. Avango, Hacquebord and Wråkberg (2014) write about technoscience and geo-economics

in the history of northern whaling and mining, all in the context of the industrial extraction of Arctic natural resources since the sixteenth century. Other geographic approaches include the study of strategic minerals, resource geopolitics and global geoeconomics (Anderson & Anderson, 1998), the study of geoeconomics of fluorspar as a strategic and critical mineral in Iran (Masoudi, Ezzati, Rashidnejad-Omran, & Moradzadeh, 2017), and the study of dynamics in the soybean production chain in Brazil and worldwide (Espíndola & Cunha, 2015). It can be about the idea of geoeconomic gravity model (Karkazis, 2019), or the investigation of the geoeconomic importance of Mexican rivers, and how to correctly divide territory into hydrographic basins for a geographic study that would tend to provide vital aid to economic development (Batalla, 1957, p. 13). Adrian Smith argues that "the geopolitical repositioning of East-Central Europe […] must be part of an understanding of the relationship between geopolitical and geo-economic interests" (2002, p. 650). Neil Smith asserts that "war forces geopolitics to the fore, but it should not blind us to the wider geo-economic aspiration for global control" (2003, p. xiv), after all, "even as World War II raged, geo-economics supplanted geopolitics" (2003, p. 319). Schlevogt (2001) defines geoeconomics as "the study of geographic influences on economics and management" (p. 524). In the past, these two aspects used to be analyzed independently from geography and culture. However, Schlevogt's geoeconomics "states that geographical entities differ in their stock of visible assets (such as manpower) and invisible assets (such as culture)" (Schlevogt, 2001, p. 524). O'Loughlin (1993b) comes up with a new kind of geoeconomic analysis in geography, that "draws equally on the traditions of spatial analysis, international relations and political geography" (p. 439), blending politics and economics and using methods of spatial econometrics. Holden (2020) emphasizes the importance of geoeconomic approaches that highlight "the relevance of geographically located configurations of spatial economic power", while "emphasising the spatial and geographical power dimension of economic interaction" (p. 2). Such statements might be easily comprehensible for proponents of geographic approaches. Nevertheless, they provide little insight to most IR scholars.

4.5 Critical, constructivist, and Marxist approaches

Similar to the interpretations of geoeconomics as a mixture of geography and economics, this literature review does not survey critical, constructivist, and Marxist approaches in much detail. Even though much of constructivist and critical work on geoeconomics can be found in political and social science, their approaches are not aimed at developing the concept further. This is mainly due to their methodological nature (see, e.g., transfactualism), which raises and answers completely different questions. Geoeconomics is being fundamentally questioned, criticized, and at times even condemned, mainly for ideological reasons. Hence, these approaches are of little use for my research project, which relies on a different set of methodological assumptions and aims to develop the concept further. Even though there exists a variety of critical approaches, all different from each other, grouping them together in one section is still reasonable due to their methodological similarities.

Postmodern, critical, constructivist, and discursive approaches want to actively intervene in and comment on global politics. They always start from a particular point of view, contexts, and partial realities (Reuber & Wolkersdorfer, 2004, p. 380). Instead of developing their own alternative ideas on geoeconomics, critical, constructivist, and Marxist scholars often prefer to criticize existing ones. They often paint geoeconomics as a "form of geopolitical reasoning with dubious political implications" (Moisio, 2019, p. 3). Geoeconomic theories are meant to be scrutinized, but not used as intellectual stimuli (Moisio, 2019, p. 3). To be critical towards a dominant, long established discourse can be very fruitful. However, to launch attacks against an underdeveloped concept (often only due to its assumed association with geopolitics), is destructive and hindering its conceptual development. Having said that, these approaches do provide some insights when it comes to the discussion on the shortcomings of current usages of the term "geoeconomics".

Observers of critical, constructivist, and Marxist approaches often notice that their proponents see geoeconomics as a discourse and limit themselves "to simply deconstructing geo-economics" (Scholvin & Wigell, 2018a, p. 9). Sparke (1998, 2007, 2017b, 2018) is a good example of a critical scholar, researching

geoeconomics. He argues that "geopolitics and geoeconomics are better understood as geostrategic *discourses*" (2007, p. 340). The argued effect of these discourses is that they "shape the worldviews of security strategist and their audiences" (Moisio, 2019, p. 6), possibly resulting in neoliberalisation (geoeconomics) or militarisation (geopolitics). Sparke (2017b) even goes so far as to "theorize the relationship between geopolitics and geoeconomics in terms of cogenerational dialectics" (p. 1). According to Vihma (2018a), Sparke shows a discursive understanding of geoeconomics, "where 'geoeconomic hope' enables the imagination of an 'expanding economic flatness', anticipates 'capitalist inclusion', and fantasizes about 'connectivity and pace' and 'global integration'" (pp. 8-9).

Morrissey (2017) is another scholar who regards geoeconomics as a strategic discourse. He (2017) argues that "geoeconomic imaginings have long coexisted with geopolitical formulations" (p. 97). Morrissey (2017) investigates how the "CENTCOM's contemporary mission is predicated by a geoeconomic imagination replete with universalist claims about guarding the free-market global economy" and how the "CENTCOM's security mission seeks to facilitate geoeconomics in practice on the ground in the form of commercial markets" (p. 97). He (2017) tries to show "how US global ambition centrally involves a geoeconomic interventionary imagination prompts us to see how corporations and the military coalesce in the strategic and technological enactment of military–economic securitization" (p. 107). Geoeconomics is a way for Morrissey (2009) to signal "ideological and geopolitical logics of intervention" (p. 117) of the USA.

In a similar way, Sellar, Lan, and Poli (2018) argue that geoeconomics is a "discursive strategy deployed by governments to frame and justify foreign policy", which "emerged in conjunction with qualitative changes in the mutually constitutive relations between states and territories" (p. 693). Essex (2013) argues that geoeconomics is a discourse that guides a state's strategies and policies, as well as provides a "powerful frameworks for shaping how development-oriented actors such as USAID […] view the world and act upon it" (p. 4). Geoeconomics, understood as a discourse, has "material meaning, use, and impact in their

application in specific power-laden institutional settings" (Essex, 2016, p. 101). Essex (2016) calls for further research to investigate how geoeconomics continues to "evolve in the shifting terrain of austerity-driven neoliberalization, global climate change, and intensive economic and social connectivity" (p. 102). In an earlier article, he discusses the geopolitics and geoeconomics of hunger (Essex, 2012).

Critical and Marxist scholars often do not separate the state and the market. Instead, they prefer to treat them as one entity, in order to highlight the "unity of the economic with the political" (Moisio, 2019, p. 11). Hence, critical approaches tend to criticize traditional IR theories, since they are seen as failing to theorize "how the international is constitutive of not just state strategies, but broader capitalist social relations" (Chacko & Jayasuriya, 2017, p. 86). Lee, Wainwright, and Glassman (2017) see the geoeconomic logic in "a wider set of economic practices, strategies, and imaginaries—not necessarily dictated by the capitalist imperative—working both within territories and across borders" (p. 419). They criticize most of the IR approaches to geoeconomics, as the "attempt to separate the economic and the political reifies a problematical aspect of bourgeois thought" (Lee et al., 2017, p. 421). Geoeconomic processes are derived "from class-relevant social struggles" (Lee et al., 2017, p. 421). Jaeger and Brites (2020) define geoeconomics as the "study of the effects and the material causes of power disputes between different actors on the international order" (p. 22), which justifies its "analysis within the IPE" (p. 23). According to Jaeger and Brites (2020), "[g]eoeconomics can be analyzed as a synthesis of the convergences and oppositions between classical geopolitics and Marxist materialism" (p. 32). For Jaeger and Brites (2020), imperialism is "a geoeconomic system of power-seeking, in which geographical expansionism accompanies economic disputes" (p. 32).

Deterministic statements are also typical of critical and Marxists scholars. Davidson (2010), for instance, predicts that "the trajectory of geo-economic competition ultimately ends in geopolitical rivalry" (p. 93). Other examples of this approach can be found in Morrissey (2017) and Domosh (2013). For Domosh

(2013) geoeconomics is not a "description of economic spatial strategies" (p. 945), nor does it describe a fixed situation. Rather it has "a range of meanings, cultures, and places through which description can happen", encompassing "a way of seeing the world in which those strategies come to be seen as plausible and desirable" (Domosh, 2013, p. 945).

Scholvin and Wigell have provided several overviews of constructivist and critical approaches to geoeconomics (2018a, 2018b, 2019). They point out some of their shortcomings. First, these approaches assume "that geo-economic policy advice and research is essentially ideological, comprising intentional misinformation that serves disguised interests" (2018a, p. 9). This often leads to conclusions "that are hard to fathom" (2018b, p. 79). Second, constructivists often understand geoeconomics as a securitizing discourse, "fail[ing] to capture material structures that influence international relations and are beyond the control of those who shape discourses" (Scholvin & Wigell, 2019, p. 8). As a consequence of taking a discursive approach, constructivists enjoy "imagining and re-imagining geographical space" (Scholvin & Wigell, 2018a, p. 8), which is often not compatible with the hard facts of empirical realities. Third, constructivist and critical scholars "usually keep quiet about the fact that the alternative interpretations that they advance implicitly are […] neither better/more correct nor worse/less correct than the discourses that shape geo-economic practices" (Scholvin & Wigell, 2019, p. 8). Hence, it is important to be aware of constructivists elements present in geoeconomics approaches,[85] as these can creep into the wider neorealist and neoliberal discourse.

4.6 Concluding remarks

The rapid increase in popularity of geoeconomics over the last thirty years, coupled with the increasing number of its diverse and often incoherent usages and applications, resulted in a significant problem: great confusion over the meaning,

[85] Vihma and Turksen (2015), for example, argue that geoeconomics is limited and enabled by political ideology, as "some states resist acting geoeconomically for institutional, doctrinal, and political reasons, especially if they are deeply committed to moral politics or a *laissez-faire* attitude" (p. 37).

definition, and usage of the term "geoeconomics". This concept is still in the early stages of its theoretical and conceptual development. Its research agenda is still under construction (Jaeger & Brites, 2020, p. 23) as geoeconomics "still does not constitute itself as a consolidated theoretical field" (Jaeger & Brites, 2020, p. 35). Until now, there exists no consensus on the concept's overarching nature[86] and its possible characteristics[87]. After surveying the literature, one can conclude that scholars do not even agree on the nature of the concept.

To illustrate the contradictory and at times unclear definitions of the term "geoeconomics", it suffices to look at some of the ideas on the nature of geoeconomics. These ideas include, among others, geoeconomics being understood as: an "autonomous field of study that addresses a particular type of foreign-policy practices" (Baracuhy, 2019, p. 24); "borderless economic zones, strategic economic instruments of foreign policy, both neoliberalism and economic nationalism" (Vihma, 2018b, p. 48); "a framework for foreign policy analysis" (Vihma & Turksen, 2015, p. 35); "managerial concerns over the competitive economic positioning of states and cities", "the basic 'post-Cold War' strategic notion that economic competition has now eclipsed military confrontation at the center of interstate relations", "regional economic impacts of military base closures", "the emergence of postnational commercial strategies", "the political consolidation of Euroland" (Sparke, 2007, p. 339); "an analytical framework for international relations and foreign policy", "a particular form that the international system has taken", "the impact of geographical conditions on economics" (Scholvin & Wigell, 2018b, p. 80); "abstract economic power", "institutional framework which allows the state to project its power", "the complicated mechanism of the interaction of economic actors in order to get both political and economic gains" (Lomagin, 2017, p. 94); "a rising paradigm for analysing foreign and economic policies of states and the evaluation of their national interests" (Martikainen & Vihma, 2016, p. 3); "a complex notion: the intersection of economics and finance with global political and security

[86] *Is geoeconomics a discourse, a form of statecraft, or something completely different?*
[87] *If geoeconomics is a type of statecraft, does it follow an IR realist or a liberal logic?*

considerations" linking "the 'big picture' with the practical realm of markets" (Kubarych, 2004); "a nation's pursuit of strong economic performance and sustainable economic competitiveness" (Yu, 2017, p. 354); "an economic interpretation of the relation between politics and space", "geostrategies with economic means, emphasising change through the global world market system of tools" (Bernek, 2015, pp. 11-12); not a substitute for geopolitics, but a new significant component that "must be added to the understanding of State behavior and of the international system", an extension of realist geopolitics (Gagné, 2007, p. 5); a rival to "geopolitics as a strategic desideratum for a country's national interest and policy choices" (Hsiung, 2009, p. 113); "a strategy of great power competition that is intimately related with grand strategy" and "the use of economic measures to advance mid- to long-term strategic interests of a great power in a geographical region of the world" (Kim, 2020, p. 323); "a means to achieve strategic geopolitical interests; a process to expand global market integration; and as a remapping of state power in a multipolar world" (Benabess, 2017, p. 211); "a new perspective for the understanding of international disputes" (Jaeger & Brites, 2020, p. 24); a "foreign policy that uses economic means to pursue strategic objectives", "foreign policy in pursuit of economic objectives" (Kundnani, 2019, p. 61); "all economic policies, domestic or foreign, […] as long as they have strategic implications" (Kim, 2019, p. 154); the strategy of geoeconomic private actors as opposed to geopolitical public actors, a geo-dimensional or policy oriented analytical approach, a discourse that is socially constructed, a type or form of statecraft, etc.

Some scholars focus on changed means (political vs. economic), while other focus on changed objectives (economic vs. political). Some scholars see geoeconomics as a foreign policy strategy with economic means, others see it as an analytical framework connected to IR realism, while a third group thinks it is both (Scholvin & Wigell, 2018b, p. 74). Hence, Olsen (2020) diagnoses geoeconomics with having conceptual problems, including confusion on "whether a geoeconomic policy should primarily be identified by analysing the means or ends of a certain foreign policy decision, and to what extent

geoeconomics should be studied as a foreign policy strategy, an analytical framework — or both" (p. 130). Scholars cannot even agree on whether "geo-economics and geopolitics are two complementary" approaches (Baracuhy, 2019, p. 23), or in fact two contradictory approaches, with geoeconomics being "a counterweight to the geopolitical approach" (Khanna, 2012, p. 3). Most of the times, the fine line between geoeconomics and geopolitics is blurred (Olsen, 2020, p. 130). Most scholars fail to establish clear boundaries between key terms and existing concepts, resulting in the confusing use of terminology. Most of the time, "it remains unclear what the actual difference between geoeconomics and geopolitics is and whether the former is in some way a means toward the latter, a component of it, or, […] a fundamentally different alternative" (Scholvin & Wigell, 2018b, p. 77). Often, the meaning and function of "geo" in geoeconomics is also not explained.

One could argue that different scholars have given the term just a "variety of definitions" (Blackwill & Harris, 2016b, p. 8), or that geoeconomics is simply an "elastic concept" (Gady, 2020). Diesen (2018), for example, observes that "the term geoeconomics is used with increasing frequency by both scholars and practitioners, albeit often with different meanings and assumptions" (p. 12). Realistically speaking though, the term "geoeconomics" is "almost always [used] without a specific working definition" (Blackwill & Harris, 2016b, p. 19). Especially "journalists, policy pundits, and debaters" use geoeconomics to express simple ideas, such as "continuation of war by other means" (Moisio, 2019, p. 2). If one wants a concept to work, one cannot use it to describe phenomena that are different in their very essence.[88] Yet, this is exactly what happens when scholars argue that geoeconomics is a new form of making connections and cooperation, as well as competition and confrontation between countries (Hakala, 2018, p. 12). Every time the term is used, one needs to first figure out in what sense and with what meaning the term is used. Often this is not even possible, as the term "geoeconomics" is often mentioned, but its meaning is

[88] Concepts "should, to the extent possible, not group objects together that do not share similarities" (Dingwerth & Pattberg, 2006, p. 187).

not clearly explained. Even if the meaning is explicitly stated, the definitions are often overly broad, allowing to rationalize most of a state's behavior, ranging from cooperative to confrontational.

In the post-Soviet space, Kiktenko (2017, p. 42) comes to the similar conclusion that even though the term "geoeconomics" is widely used today, most of the time it comes without any specific definition. The ideas on geoeconomics tend to be rather broad and all encompassing.[89] That is why some scholars concluded that geoeconomics belongs to the ambiguously interpreted concepts (Gladky, 2006, p. 513). As a result of the constant ambiguity and broadness, ideas on geoeconomics are only sparsely applied to case studies. Similar to geoeconomic studies in the West, empirical geoeconomics research remains rare, partly because geoeconomics, its methods and indicators, has not been operationalized yet (Chernaya, 2012, p. 27). The possibilities of its practical application to scientific analysis are insufficiently described (Chernaya, 2012, p. 28). Hence Chernaya (2012, p. 27) concludes that, the geoeconomic approach has not yet been properly conceptualized, since the conversion of methods and indicators into criteria describing the activity of various structures and organizations has not happened yet. This hinders the transformation of geoeconomics into practical policy advice.

Due to the vast amount of different interpretations, Moisio (2019) concludes that "geoeconomics is a contested concept" (p. 2), which "encompasses a significant number of contested visions" (Jaeger & Brites, 2020, p. 23). Olsen (2020) agrees, as he also sees geoeconomics as "contested in both academic and popular literature" (p. 130). However, I do not agree with the assessment that geoeconomics is a contested concept. Contestation is the result of a debate or a dispute. A debate over geoeconomics has not taken place so far. Instead, most

[89] Baidakov et al. (2010, p. 273) try to define several terms linked to geoeconomics. First, geoeconomic methodology is a toolkit for raising awareness and understanding the world in the context of its transformation and the emergence of new priorities (e.g., development). Second, the geoeconomic paradigm is a theory built on a system of geoeconomic concepts and factors. It outlines the model of the modern world economic system (Baidakov et al., 2010, p. 274). Third, geoeconomic national interests are a system of long-term objectives, tasks, priorities, and activities in the geoeconomic space (Baidakov et al., 2010, p. 274).

researchers prefer to simply throw their own definition into the ring. The number of competing definitions is therefore growing, however, the fight (i.e., the productive engagement with the ideas of others in form of a scholarly discourse) is not taking place. Hence, this array of interpretations is not a sign of contestation, but rather of conceptual muddle that stems directly from the lack of a fundamental discourse on the term's meaning. Geoeconomics, similar to the concept of security, "is more appropriately described as a confused or inadequately explicated concept than as an essentially contested one" (D. A. Baldwin, 1997, p. 12).

The lack of an agreed upon meaning, whatever that meaning might be, can be "a source of policy and analytic confusion" (Glaser, 2019, p. 54). The numerous contemporary connotations of geoeconomics, frequently remain implicit and are often contradictory. To be clear, the confusion does not exist with the individual scholar. Rather, it is of collective nature. While individual confusion is the result of a scholar's "own obscurity and/or inconsistency of meaning", collective confusion attests "to an unfelicitous state of a discipline as such: It is a situation in which (at the limit) each scholar ascribes his own meanings to his key terms" (Sartori, 1984, p. 35). This is quite problematic, as "collective ambiguity can be rampant — to the point of destroying a discipline as a cumulative fabric of knowledge — even if no individual ambiguity subsists" (Sartori, 1984, p. 35). With regards to geoeconomics, the cumulative potential of research findings has been limited by the "muddle of sometimes incompatible ideas of what geoeconomics is about" (Scholvin & Wigell, 2018b, p. 80).

As a result, several scholars warn against geoeconomics becoming "something of a buzzword amongst analysts and policymakers" (Vihma & Wigell, 2016, p. 378). Already in 1995, Lorot called geoeconomics a "nouveau mot à la mode" [new buzzword] (p. 87). Two years later, Hsiung (1997) criticized that while "geoeconomics has been bandied about by many, […] nobody has to date offered a precise definition of what it means" (p. 203). In 1998, Mamadouh recognized that geoeconomics had become a "fashionable cry", that does not mean much more than "economic-geographical" (p. 244). While geoeconomics

"was 'the fashion' at the end of the last century" (Allio, 2020, pp. 233-234), geoeconomic debates were "most frequently taking place at a journalistic and media level rather than in an academic environment" (Allio, 2020, p. 218). Even today, Wesley (2016) observes that "geoeconomics has remained an occasional piece of analytical rhetoric rather than a serious framework to guide analysis and policy" (p. 4), "wax[ing] and wan[ing] in discussions of what forces are shaping the world of the 21st century" (p. 3). Scholvin & Wigell have to point out that the "concept of geo-economics has […] become increasingly fashionable in scientific and semi-scientific debates" (2019, p. 4), "often only used as a catchword that generates an audience for policy-oriented, semi-scientific outlets" (2018b, p. 74).

Yet, these warnings are not new. It was Dix, who in 1928 already warned that the neologisms "Geopolitik" and "Geoökonomie" should not be used as "Modeworte" [buzzwords], where the German words "Weltpolitik" [world politics] and "Weltwirtschaft" [world economy] are perfectly sufficient (p. 314). Despite the nationalist undertone of this warning, Dix was ultimately right, as the term "geoeconomics" has degraded over the last 20 years to become a buzzword, used and abused by academics and the general public alike. Most of the time, it is used to label phenomena that can sufficiently be described with already existing concepts.

The unconscious usage of the term "geoeconomics" by experts and layman alike, has resulted in it becoming a buzzword. An example[90] of this is the recent DGAP[91] report *Making America Great Again versus Made in China: The US Geo-Economic Rivalry with China* by Mildner and Schmucker (2019). Even though the title of the report promises some insights on a geoeconomic rivalry, the term "geoeconomics" is in fact only used once in the entire report.[92] The report does

[90] Another example is the book chapter *The geoeconomics of cryptocurrencies: An institutional perspective* by Isaak, Bort, and Woywode (2021). The term "geoeconomics" is mentioned prominently in the chapter's title but only once in the entire body of the text ("The aim of this study was to investigate how corruption and market effectiveness impacted bitcoin trading from 2010 to 2018 in different geoeconomic, i.e., institutional, settings" (Isaak et al., 2021, p. 98)).
[91] German Council on Foreign Relations.
[92] „The following study analyzes the geo-economic rivalry between the United States and China, pointing the flash-light on the United States and trade, in particular" (Mildner & Schmucker, 2019, p. 6).

not define the meaning of the term “geoeconomics” and leaves the reader puzzled and confused. Hence, Ferchen (2017) notes that whenever the term “geoeconomics” is used in relation with China (just as the DGAP report does), one is very likely to observe a “failure to carefully define the concept of geoeconomics, a failure to carefully measure and evaluate how well or how poorly China is employing its geoeconomic tools, and an almost complete disregard for the rich academic and historical record surrounding the concept of economic statecraft”.

Ferchen (2017) even sees geoeconomics as a prime example of flabby thinking and leaderless thought, in the sense that “an increasingly popular but vague concept has been allowed to take on a life of its own with little critical evaluation”. The real danger here is that flabby thinking might find its way into policy discussions on high-stake issues such as foreign policy strategies. In response to this exemplary case of leaderless thought, “academics, think tanks and also traditional funding institutions should be on the frontline supporting, presenting and advocating for careful, in-depth research, the outcomes of which reflect meticulous critical reflection and feedback” (Ferchen, 2017).

Chapter 5: Shortcomings of contemporary conceptions

5.1 Introduction

In this literature review, I set out to investigate the meaning and usage of the term "geoeconomics". I took stock of the existing theoretical and empirical literature, comparing and contrasting the different ways of theorizing, interpreting, and employing geoeconomics. This includes historical, regional, and contemporary approaches. This chapter concludes the literature review and assesses the coherence, consciousness, and persuasiveness of the surveyed approaches. It critically analyses the weaknesses of current approaches[93] to geoeconomics, by answering the following question: *What weaknesses or shortcomings do current understandings of geoeconomics display?* By uncovering and analyzing the weaknesses one is able to correct them and to improve current understandings of geoeconomics.

As a result of the analysis, this structured literature review identifies four specific shortcomings in current approaches and understandings of geoeconomics. First, the unclear, analytically weak, and at times contradictory definition of the term "geoeconomics". Second, the lack of a clear conceptual differentiation between geoeconomics and existing concepts. Third, the vagueness regarding the underlying ideological paradigm. Fourth, the unconscious use of the term "geoeconomics". This chapter is structured accordingly and presents all four weaknesses, one after another.

5.2 Weakness of definition

The previous chapters show that the types and qualities of geoeconomics' definitions vary greatly. In the field of IR alone, various interpretations of the term "geoeconomics" exist: "If the range of geopolitics is fluid, that of geoeconomics is even more so, seeing that its specific nature is often controversial and contested" (Allio, 2020, p. 232). Some scholars use the term to describe "the use

[93] This also included the post-Soviet approaches, as they are the only current approach of all the four different regional approaches surveyed.

of geopolitical or military power for economic ends", while others try to construct an all-encompassing definition, defining it as "the entanglement of international economics, geopolitics, and strategy" (Blackwill & Harris, 2016b, p. 19). Yet, what most surveyed definitions have in common though, is that they are quite weak. "Weak" is used in a descriptive way, pertaining to the definition's analytical strength, and the possible lack thereof. It is not used in a normative sense (i.e., not being good enough). This widely observed weakness is not surprising, if one believes that geoeconomics "is a difficult concept to specify abstractly" (Gearóid Ó Tuathail, 1993, p. 182).

At this point, it would be too easy to simply present the many weak definitions in existence,[94] as the previous chapter has already surveyed most of these definitions. Moreover, it would not help to explain why those definitions fail to produce meaningful insights. However, this has to be done if one wants to come up with a stronger definition of geoeconomics.

One can use the Ogden-Richards triangle, also known as the triangle of reference, to arrive at this understanding. Geoeconomics, just like any other concept, is a symbolic entity that consists of three elements (Schedler, 2010, p. 4). First, their meaning: "the properties or attributes that define them (the intension, connotation, definiens, or definition)" (Gerring, 1999, p. 358). Second, their referents: "the events or phenomena to be defined (the extension, denotation, or definiendum" (Gerring, 1999, pp. 357-358). Third, a term or word, meaning a label covering both the intension and the extension (Gerring, 1999, p. 358). If any of the three elements were to be off (missing, incomplete, or unclear), the concept could not be a strong one. Instead, analytical weakness and confusion would be the result. Schedler (2010) identifies three sources of confusion: "confusing relations between terms and meanings (ambiguity), confusing relations between meanings and referents (vagueness), and confusing stipulations of meaning

[94] As an example: In his article labelled Geo-Economics behind BRI, Yujie Dong (2020) explains what he means by geoeconomics only in the following sentence: "When the economic growth meets with political activity, those two elements will always create geo-economy" (p. 21). The weakness of such definition should be obvious.

(definitional defects)" (p. 5).[95] Therefore, a strong definition of geoeconomics must cover all three elements. Yet, until today, at least one of the three sources of confusion identified by Schedler can be found in most contemporary definitions of geoeconomics.

The first source of confusion is ambiguity. Often the intension of geoeconomics is not clearly specified, meaning it is not always clear what geoeconomics entails (e.g., what kinds of means for what ends). One of the most ambiguous issues in the definition of geoeconomics is the idea of economic means, in other words the relationship between the term "economic" and its meanings. As an example, Blackwill and Harris' definition of geoeconomics (the use of economic instruments to promote and defend national interests and to produce beneficial geopolitical results) is also applied by military scholars with regards to private military and security companies (PMSC). PMSC's and cyber warfare sources are regarded as economic means by some scholars. As an example, Arnold (2019) argues that "Russian PMSCs […] also have geopolitical and economic—geoeconomic—utility" (p. 6), that "the geoeconomic role of PMSCs in the Kremlin's foreign policy becomes clear" (p. 6), that the "power economy conceives PMSCs as geoeconomic tools to secure Russian national interests" (p. 11), and that "Russian PMSCs […] remain an enduring geoeconomic tool of Russian foreign policy" (p. 14). Yet, even Blackwill and Harris themselves contribute to the ambiguity of the intension of geoeconomics, when they argue that for "geoeconomic actors, geoeconomic and political-military dimensions of statecraft tend to be mutually reinforcing" (Blackwill & Harris, 2016b, p. 9). The idea that geoeconomic actors also employ military means, while defining geoeconomics as the use of economic instruments, leads to confusion amongst scholars (Scholvin & Wigell, 2018b, p. 77). They start to question the consistency of geoeconomic terminology. Moreover, as a theoretical

[95] Also see Sartori's (1984) first rule of concept formation: "Of any empirical concept always, and separately, check (1) whether it is *ambiguous,* that is, how the meaning relates to the term; and (2) whether it is *vague,* that is, how the meaning relates to the referent" (p. 28). Sartori (1984, p. 34) also identifies three grounds on which a concept can be declared unsatisfactory: first, "defects in the intension (disorganized or trivial characteristics)"; second, "defects in the extension (undenotativeness or vagueness)"; third, defects in the term (ambiguity).

concept, specifying the intension of geoeconomics also includes the concept's underlying logic or paradigm, according to which geoeconomics functions. The third section on the vagueness regarding the underlying ideological paradigms focuses on this weakness.

The second source of confusion is vagueness. It stems from the confusing relations between geoeconomics and its referents (i.e., the phenomena it is meant to apply to). Often, the extension, or application scope, of geoeconomics is not defined properly (either missing or too wide), resulting in conceptual vagueness or stretching. The conceptual stretching of geoeconomics happens in two ways. One way concerns the scope of application. Geoeconomics, as a tool to analyze a state's foreign policy, has been applied to a wide array of countries, including Germany, China, Saudi Arabia, Brazil, Pakistan, etc. The wide scope of applicability only allows for limited insights. Vihma (2018b) observes that some scholars try to develop an "all-encompassing" definition and understanding of the concept (p. 49). This way the concept becomes "overly extensive and lose[s] its analytical power" (Vihma, 2018b, p. 49). Hence the need for a more precise and less abstract definition. Otherwise, "if all discourses that have to do with the international economy are 'geoeconomics', then nothing really is" (Vihma, 2018b, p. 49).

A second type of "stretching" occurs with the course of time. The world changes and concepts need to change accordingly. Throughout the decades, the term "geoeconomics" has regularly resurfaced in academic and public debates. However, the concept itself did not change much. While kings, emperors, mercantilism, and the gold standard have disappeared, the core ideas and assumptions of these concepts are still present in the logic of realist geoeconomics to this day. Hence, the concept of geoeconomics was stretched by time. It did not manage to keep up with major economic and political developments. In other words, as the world became flatter and more "stretched", the concept remained static for the last hundred years. In 1970, Sartori already wrote that "the larger the world, the more we have resorted to *conceptual stretching*, or conceptual straining, i.e., to vague, amorphous conceptualizations" (p. 1034).

The third source of confusion resides in the difficulty to find a label which covers the concept's intension and extension. However, instead of starting with the concept's intension and extension, most scholars have been working their way backwards. They first start with the label "geoeconomics", and only then define the term's intension and extension. This can lead to confusion, as the intension and extension described is often already covered under different labels. Often, other existing labels cover the defined intension and extension more accurately. These definitional defects are the result of a lack of differentiation of geoeconomics from other existing concepts. This weakness is covered in more detail in the next section.

Moreover, confusion and frustration are also created if the label (geoeconomics) does not contain what its terms (geo+economics) promise. Often, the role and function of the prefix "geo" in geoeconomics is not sufficiently explained, as scholars "seldom explain what the 'geo' in geoeconomics means" (Scholvin & Wigell, 2018b, p. 74). If they do, one might find a vague formulation such as "geographical proximity is a key element affecting geoeconomics" (Liang et al., 2019, p. 2). This can result in the bewilderment of the research's consumers, as the prominent example of Blackwill and Harris' approach shows. Their approach has received criticism because they do not "properly explain the geo-dimension" in geoeconomics (Scholvin & Wigell, 2019, p. 6). First, Blackwill and Harris classify economic performance and military capabilities as geographic factors. This is problematic as geographic factors are normally "limited to place-specific features" (Scholvin & Wigell, 2018a, p. 7). This is not the case for economic performance and military capabilities, as their existence and operation are not limited to a specific place. Second, they include economic factors as reference points for geopolitics as well as geoeconomics, arguing that geoeconomics "is about providing a parallel account of how a state builds and exercises power by reference to economic factors rather than geographic ones" (Blackwill & Harris, 2016b, p. 24). Therefore, in Blackwill and Harris' understanding of geoeconomics as driven by economic factors, it is unclear where the geo-dimension arises from.

One of the most recent books on geoeconomics exemplifies conceptual shortcomings with regards to analytically weak definitions of the term. Indeed it offers a collection of different, superficial interpretations and applications of the term "geoeconomics". In the first chapter of the book, its editor Mark Munoz (2017), provides his definition of the term:

> Geoeconomics is the dynamic economic relationships of countries shaped by a multitude of intervening factors such as geography, politics, and business. Geoeconomics differs from geopolitics, in a sense that economic thought and action constitute the framework of its implementation. Macroeconomic and microeconomic variables exert a salient influence in its practice. (p. 1)

Instead of explicitly referring to the definition of geoeconomics outlined by the editor of the book (by, e.g., accepting, rejecting, or modifying the definition), the different contributors to this book each use very different definitions of the term (if they define the term at all). Pisani (2017) defines geoeconomics as the "convergence of geographic space and economic dynamics within the scope of global interactions" (p. 189). Criekmans (2017) adopts Luttwak's definition of geoeconomics, arguing however, that "geoeconomical and geostrategic competition can exist at the same time, and can be mutually supportive" (p. 114). Cini (2017) argues that geoeconomics can be defined as the "intersection between geopolitics and economics" (p. 160). Looney (2017) holds the view that in contrast to geopolitics, "geoeconomics is based more on neo-mercantilism and focuses on the interaction between economic strategies and economic power" (p. 236).

Munoz's definition of geoeconomics (2017, p. 1) it typical of the many current definitions of the term that are analytically weak. After reading the definition, it is still not clear what the essence of geoeconomics is (i.e., its object of study), how to apply or use geoeconomics (analytical framework vs. statecraft), and what would be the benefits of using it (i.e., what insights does this approach have to offer). For IR scholars, such definitions are inutile and hold little analytical value.

In other words, the intension and extension of Munoz's geoeconomics remain unclear. In the case of the extension, Munoz reasons that geoeconomics are "dynamic economic relationships" (2017, p. 1). However, he does not specify between whom those relations occur, and whether they include state actors only, or non-state actors too. With regards to the intension, his definition also does not specify any underlying ideological paradigm, nor does it explain how intervening factors shape economic relationships, or how the salient influence of macroeconomic and microeconomic variables can be observed. To increase the analytical strength of this definition, one would need to know more about the mechanisms behind the concept, in other words how geoeconomics works and the framework in which the concept could be applied.

Failing to explain these mechanisms is also one of the main weaknesses of the geoeconomic approaches centered on economic-means or economic-ends. An analytically strong economic-means definition of geoeconomics would specify how states transform economic capabilities into political power. It would also specify whether there is a difference in applying geoeconomics to different regime types and whether a difference in the entity wielding economic power (e.g., state companies vs. private enterprises) matters for the geoeconomic analysis. Diesen (2018), for example, admits that "economic power does not automatically yield political power, and political power often fails to produce economic benefits" (p. 13). How economic power can be converted or turned into political power and vice versa, remains a difficult question to answer, especially if the envisioned model state is a capitalist, republican democracy. Hence, Olsen points out that some substantial points have so far been overlooked by geoeconomic definitions, because they have "failed to acknowledge that the mere existence of a country's economic power does not automatically translate into the applicability of specific geoeconomic instruments in a state's diplomatic practice" (2018, p. 43).

Studying the analytical weaknesses of various geoeconomics' definitions leads one to examine the second shortcoming: the lack of a clear conceptual differentiation between geoeconomics and existing concepts, such as geopolitics.

5.3 Lack of conceptual differentiation

Missing a good label that covers a concept's intension and extension can be a weakness and source of conceptual confusion. Most ideas (intension and extension) that are currently described under the label of "geoeconomics" are often already covered by different labels. Most of the time, the other existing labels cover the defined intension and extension even more accurately. In other words, current definitions of geoeconomics suffer from of a lack of differentiation from existing concepts. When geoeconomics is used as neologism, as it is currently done (because most scholars do not refer to the previous work of other researchers, but prefer to "invent" the term all over again), it creates synonymy. The same term, in our case "geoeconomics", is used to label completely different ideas. In order to avoid problems of synonymy, differentiation from existing concepts is important.

This dissertation focuses primarily on the term "geoeconomics", neglecting other concepts that have a different label but share the same intension and/or extension with some of the modern definitions of geoeconomics. Nevertheless, there is much to be said about the synonymity of current definitions of geoeconomics with long observed phenomena and corresponding concepts. Thinking about geoeconomics as the use of economic means for political ends has a long tradition. Hirschman is one of its most often cited representatives. Even though Hirschman did not use the term "geoeconomics", many modern definitions of geoeconomics are very similar, if not identical, to his ideas. In 1945, Hirschman (1945/1980) wrote that "the extensive use of international economic relations as an instrument of national power policies has been, together with the 'war of nerves,' one of the main characteristics of the period preceding the outbreak of the present war" (p. xv). Hence, using economic means for political ends is not a thought as modern, as some contemporary scholars would like us to believe.

Very similar to Luttwak and most contemporary geoeconomics scholars, Hirschman (1945/1980) also studied the idea of "economic aggression as a substitute for and complement to military aggression" (p. 72). Hirschman (1945/1980) points out that foreign trade "may become a direct source of power",

and that "commerce, considered as a means of obtaining a share in the wealth of another country, can supersede war" (p. 14). However, with commerce becoming an alternative to war, it can also become "a method of coercion of its own in the relations between sovereign nations" (Hirschman, 1945/1980, p. 15). If war were to be eliminated, "foreign trade would lead to relationships of dependence and influence between nations" (Hirschman, 1945/1980, p. 15). What Hirschman (1945/1980, p. 15) calls economic warfare (taking "the place of bombardments") and economic pressure (taking the place "of saber rattling"), many contemporary scholars call geoeconomics.

The study of the use of international economic relations as an instrument of national power policies has taken place under different names over the centuries. Current realist geoeconomics concepts are just repeating long existing ideas. Olsen (2020) notes that "*geoeconomics*, meaning the application of economic means of power to promote a state's geostrategic objectives, is certainly no novelty in historical terms" and that "European policy-makers' reliance on various types of geoeconomic instruments is as vigorous as ever" (p. 127). Moraes (2019) also admits that "geoeconomics is not a new development", that "most actors have resorted in one way or another to geoeconomic measures", and that "economic relations have always been about pursuing national strategic interests, even as these relations were spearheaded by market actors" (p. 8). If the ideas and studied phenomena are nothing new, one can ask *What is the reason for introducing a new term to describe old ideas and phenomena?*

One can frequently observe this lack of a clear conceptual differentiation between newly defined geoeconomics and already existing concepts. This happens with many different concepts, such as economic statecraft (Kim, 2019, p. 154), geopolitics (Wigell & Vihma, 2016, p. 605), or mercantilism (Diesen, 2018, p. 13).

Scholars cannot agree on whether geoeconomics and geopolitics are "two complementary dimensions of the foreign policy" (Baracuhy, 2019, p. 23), with geoeconomics being a "complément" [complement], an "prolongement" [extension] of geopolitics (Gauchon, 2008, p. 1) that "complète la géopolitique"

[complements geopolitics] (Gauchon, 2008, p. 2); two contradictory approaches, with geoeconomics being "a counterweight to the geopolitical approach" (Khanna, 2012, p. 3); or two completely unrelated analytical tools. It is common to see scholars argue that "geopolitics and [geoeconomics] are two sides of the same coin, the political dimension of geoeconomics being strongly intertwined with the competitive economic dimension of geopolitics" (Yu, 2017, p. 354). Du Castel (2001) sees geoeconomics "née, en quelque sorte, d'une situation géopolitique et géostratégique qui a évoluée" [being born, in a way, from a geopolitical and geostrategic situation that has evolved] (p. 17). For Jaeger and Brites (2020), geoeconomics—"a field of knowledge [that] comes from classical geopolitics", "an unfolding of geopolitics"—is understood as "restrict[ing] the field of analysis of geopolitics" while at the same time being "an extension of the sphere of geopolitics applied to international economic relations" that "incorporates a special type of geopolitical competition" (p. 24).

In contrast, Nester (1995) argues that "geopolitical conflicts almost invariably have some geoeconomic basis" (Nester, 1995, p. 5), while Sukru (2005) argues that "Geoeconomics is replacing Geopolitics as the major force behind inter-state relations" (p. 31). According to Burenin and Igoshin (2007, p. 34) geoeconomics does not replace but complements geopolitics. While some authors juxtapose geopolitics and geoeconomic, Bezrukov (2012a, p. 151; 2012b, p. 40) goes so far as to argue that "geopolitical interests of the world powers are predetermined by their belonging to a particular geoeconomic type". In Kim's (2020) understanding, geoeconomics is about "the effects of economic-based policies on national geopolitical ends", meaning that a "government operates within the logic of geoeconomics when it relies on the usage of economically based instruments […] to advance its strategic objectives" (p. 130). Mamadouh (1998) believes that "geoeconomics supersedes more and more often geostrategy as the twin sister of geopolitics" (p. 246).

As a result of this perceived conceptual proximity between geopolitics and geoeconomics, the latter appears to be a "décalque de la géopolitique" [decal of geopolitics] (Gauchon, 2008, p. 1), with scholars "usually fail[ing] to establish

borders between geo-economics and geopolitics" (Scholvin & Wigell, 2018a, p. 4). The main strategy to differentiate geoeconomics from geopolitics is to caricature geopolitics as the use of military power, while depicting geoeconomics as relying on economic power. However, adopting such a narrow conceptualization is quite superficial. It overlooks the fact that "geopolitics and economy are inseparable; geopolitics refers to the production of territories of wealth, power, and belonging" (Moisio, 2019, p. 3). Excluded economic factors from geopolitics presupposes an arbitrary reduction of the proper field of geopolitics, which also includes economic and technological issues, as long as they are understood in their territorial and conflicting dimensions: "Par voie de conséquence, l'économie et ses enjeux – dès lors qu'ils sont appréhendés globalement et sur le plan des affrontements de puissance -, entrent aussi dans le champ de la géopolitique" [Consequently, the economy and its challenges–as soon as they are understood globally and on the level of power struggles–also enter the scope of geopolitics] (Mongrenier, 2013). In practice, one quickly faces irreconcilable analytical and logical problems when trying to work with superficially differentiated approaches of geoeconomics and geopolitics. If geoeconomics is understood in such a realist and means-focused fashion, a clean distinction between geoeconomics and geopolitics becomes ultimately impossible to achieve (Yeh, 2016, p. 284).

Fjäder (2019) admits that this lack of a clear conceptual differentiation is currently a real problem for scholars studying geoeconomics. As the result of hybrid warfare and the merging of the use of economic and military power, "a clear distinction between geopolitics and geo-economics […] is not always feasible" (Fjäder, 2019, p. 35). In addition, Scholvin, Wigell and Aaltola (2019, p. 224) also point out that it is often hard to distinguish between geoeconomics and geopolitics, if classified by their means. The export of military equipment has an economic and a military component. On the one hand, military equipment can be exported with the goal to gain "market control and strategic leverage through interdependence" (Scholvin et al., 2019, p. 224) and thus create reliance on spare parts and the knowledge to maintain and repair that equipment. On the other hand,

military equipment can be exported with the goal of "changing the regional military balance of power" (Scholvin et al., 2019, p. 224). Either way, when classifying geoeconomics by its means, it can be hard to differentiate it from geopolitics. If one were to define geoeconomics differently from geopolitics, one would need to critically assess the effect that a more limited toolset has on the geostrategic ends, the operating logic, and the underlying worldview (i.e., the IR framework).

Providing some examples seems in order to better illustrate the lack of conceptual differentiation between geoeconomics and geopolitics. Baru (2012) defines geoeconomics in two ways: First, "as the relationship between economic policy and changes in national power and geopolitics (in other words, the geopolitical consequences of economic phenomena)" (p. 47). Second, "as the economic consequences of trends in geopolitics and national power" (Baru, 2012, p. 47).[96] Baru (2012) sees geoeconomics as rooted in 17th century mercantilism. In practice, this means, on the one hand, that "the projection of national power has economic consequences", and, on the other hand, "that there are geopolitical consequences of essentially economic phenomena" (p. 47). With reference to Baru, Diesen (2018) defines geoeconomics as "the economics of geopolitics" (p. 3), as "denot[ing] the geopolitics of neomercantilism" (p. 13), and as "defensive neomercantilism" (p. 15). These definitions are a good example of the confusing mixture of geopolitics with economics, the lack of conceptual differentiation between both concepts, and the ensuing "terminological muddle" (Scholvin & Wigell, 2019, p. 5). As a result, several authors have noted that this conceptualization of geoeconomics, and other similar ones, do not help to advance the theoretical understanding of geoeconomics. Their main points of criticism are as follows: First, it is unclear what the difference between a geoeconomic and a geopolitical power is (Scholvin & Wigell, 2018b, p. 77). Second, it is unclear why geoeconomic states refer to military means (Scholvin & Wigell, 2018a, p. 7).

[96] It would be interesting to know what the described relationships and consequences are and what mechanism are in place to guide their functioning.

Third, it is unclear why only the successful application of policy qualifies as geoeconomic (Scholvin & Wigell, 2019, p. 6).

The operating logics of geoeconomics and geopolitics are also subject to a lack of conceptual differentiation. Ó Tuathail argues that "Luttwak's reasoning is merely an extension of the essentialist realist assumptions" (1998, p. 107) and that geoeconomics is "characterized by a style of reasoning which is similar to the classic geopolitical discourses they seek to displace" (1993, p. 184). Other scholars also observe that even though "geo-economics and geopolitics refer to different instruments", in fact they "ultimately share the same grand-strategic objective: the geostrategic positioning of states in the international arena" (Baracuhy, 2019, p. 24). As an example, according to Nester (1995), "when participants in a geoeconomic conflict consider using violence, it stops being geoeconomic and becomes geopolitical" (p. 5). If the ends and the operating logic of geoeconomics and geopolitics are the same, and only the means differ, the value of introducing the new term "geoeconomics" is quite questionable. After all, if the goal is to crush an enemy, it seems hardly conceptually justifiable to differentiate between attacking them militarily or starving them with the help of an economic blockade. The means differ indeed, however, the ends and the operating logic stay the same.[97] Nevertheless, if one wishes to make this difference in means clear, one may do so by using a defining attribute (e.g., "economic geopolitics" or "geopolitics by economic means"). Especially those definitions of geoeconomics that define the term as "restrict[ing] the field of analysis of geopolitics and emphasizes the relevance of economic power as a factor of analysis" (Jaeger & Brites, 2020, p. 24), might be better off with sticking to geopolitics, only adding a defining attribute.

The relationship between geoeconomics and geopolitics is also an often-debated topic in the post-Soviet space. While Ignatyeva and Isaev (2019b, p. 72)

[97] Blackwill and Harris (2016b) also make the argument that choosing the ends over the means can be quite problematic, as "when it comes to classifying various forms of statecraft, it is the means, not the ends, that should dictate" (p. 23). After all, "if a library is destroyed by cruise missiles, one would not speak of cultural warfare; if a factory is destroyed the same way, one would not call this economic warfare" (Scholvin & Wigell, 2018a, p. 7).

see geoeconomics as a structural element of geopolitics, Rozov (2012) differentiates between geoeconomics and geopolitics in terms of control over resources: “everything related to control over economic resources within the framework of the existing structures of territorial rule is geoeconomics. Everything related to the struggle for this territorial control itself is geopolitics” (p. 77). According to Rozov (2010, p. 6), geopolitics and geoeconomics are two closely interrelated spheres, sometimes almost merging, but still autonomous from each other, due to different ends. However, Rozov does not mention how control is being exercised and what are the rules of this struggle. The underlying mechanisms, rules and means of geopolitics and geoeconomics stay the same and only the ends and field of application seem to differ.

According to Belousov and Lubsky (2013, p. 15), scholars guided by Western European scientific traditions consider geoeconomics as the newest form of geopolitics and propose a state-centered model of geoeconomics. Others believe that in the post-industrial era, geoeconomics absorbs geopolitics. They suggest an economically centered model of geoeconomics. Some believe that the predicted end of the geopolitical epoch—due to the reduction of the importance of military force in world affairs—is not justified. Hence, there is no reason to claim that after the Cold War geoeconomics replaced geopolitics. Others again believe that geopolitics and geoeconomics describe the same realities of geospatial relations (economic or political) between states, which is why there is no reason to consider geoeconomics as something secondary to geopolitics (Belousov & Lubsky, 2013, p. 15). Overall, post-Soviet approaches suffer from the same theoretical drawbacks present in Western approaches: they are often very broad, and they struggle to clearly differentiate geoeconomics from geopolitics.

A lack of a clear conceptual differentiation can also be found between geoeconomics and the much older concept of mercantilism. Sukru (2005) points out that some economists prefer to use the term “neomercantilism instead of geoeconomics”, even though neomercantilism only applies to the “geoeconomic policy that ‘three big states’ practice” (p. 33). The geoeconomic policies of middle

powers and developing states are in fact "geomercantilism" and not "neomercantilism" (Sukru, 2005, p. 33). Allio (2020) considers geoeconomics to be economic warfare, a kind of behaviour typical of mercantilism (p. 234).

The lack of differentiation becomes especially apparent, when one compares current conceptions of geoeconomics to zu Mecklenburg's definition of mercantilism: "die möglichste Stärkung des Staatsorganismus durch wirtschaftliche Maßnahmen" [the greatest possible strengthening of the state organism through economic measures] (1929, p. 203). Even though this definition is much older than any of current definitions of geoeconomics, the parallels and similarities are still striking. The same is true for the concept of neomercantilism. Nester (1995) defines neomercantilism as a way in which "states can assert geoeconomic power", as a "strategy whereby a state targets its most important industries with subsidies, import protection, and export incentives in order to capture wealth that otherwise would have flowed to more efficient overseas producers" (p. 112). As a result of this similarity, Diesen (2018) correctly observes that "geoeconomics is frequently conflated with neomercantilism" (p. 13). Ferchen (2016), for example, claims that "the geoeconomics paradigm characterizes China as a mercantilist power" (p. 1). At the same time, Diesen (2018) defines geoeconomics as "defensive neomercantilism" (p. 15), arguing that neomercantilism "usually relies more on war, while [geoeconomics] aims to accommodate adversaries in asymmetrical formats to avoid 'pure conflict'" (p. 14). His attempt to conceptually differentiate between the two, while labeling geoeconomics as defensive neomercantilism is not convincing either.

Often, one can also observe the fallacy of equating mercantilist state capitalism with geoeconomics. In studies on the "geoeconomic" policy of emerging economies such as China, India, Russia, or Brazil (Kärkkäinen, 2016; Mattlin & Wigell, 2016; Vihma & Turksen, 2015), geoeconomics is indiscriminately portrayed as a feature of state capitalism. Geoeconomics is used to "characterizes China as a mercantilist power whose state-led economy and increasingly assertive foreign economic initiatives will enhance the country's regional and global power and leverage" (Ferchen, 2016, p. 1). Hence the need,

for Baracuhy (2019), to emphasize that "geo-economics is not a synonym of mercantilism and state capitalism" (p. 22). After all, if geoeconomics were to be interpreted in a state capitalist way, then the concept would not be compatible and could not be applied to any countries following a liberal free market economic model. However, it is often the case that geoeconomics is applied indiscriminately to countries like China and the USA.

The more dominant economic ends approach of geoeconomics places its emphasis on the pursued ends, while the less prevalent economic-means approach shifts the focus to the used means. Both approaches are limited in their analytical capabilities, as ends and means always have a reciprocal effect on each other. Today, geoeconomics is predominantly being defined along realist lines, in the same spirit as geopolitics. The underlying mechanisms, rules and aims of geoeconomics and geopolitics stay the same, and only the means of achieving realist strategic objectives differ. Nevertheless, the means and the ends always go hand in hand. One may not prevail over the other when analyzing a state's policy. The contemporary interpretations of geoeconomics are only superficially different from other realist concepts such as geopolitics or mercantilism, as they only redefine the means used, but not the ends of a geoeconomic strategy.

To advance the geoeconomic debate, one would need to clearly define how the geoeconomic logic, and its connected ends or objectives, differs from the geopolitical one. This brings one to the third shortcoming, encountered when studying geoeconomics: the vagueness regarding the underlying ideological paradigms of its definitions.

5.4 Vagueness of the underlying paradigm

When designing a theoretical concept, explicitly specifying the underlying paradigm[98] and overall logic is paramount. However, most often geoeconomics is used without stating the underlying paradigm, thereby contributing to the ambiguity on the concept's intension. Often it is not clear how and in what framework geoeconomics functions, as it is seldomly defined as a concept or

[98] Paradigm refers to IR grand theories, such as realism or liberalism.

theory that is embedded in an underlying paradigm. Most of the times, the underlying ideological paradigm is not specifically mentioned, or missing altogether. However, the fact that the paradigm isn't mentioned does not mean that it does not exist. Sometimes, what is absent is the explanation and justification for adopting a certain paradigm for one's concept.

Knowing the paradigm in which the conceptualization of geoeconomics operates is of upmost importance, as "concepts are the hand-maidens of theories, and consequently may be judged only so good as the theories they serve" (Gerring, 1999, p. 364). To judge a geoeconomic conception, one first needs to know the theory or paradigm it serves, meaning the theoretical context in which the concept is employed. A concept of geoeconomics employed in a constructivist framework has a different meaning than one used in a realist fashion. Hence the paramount need for explicitly specifying the underlying paradigm and overall logic of geoeconomics. This theoretical understanding of concept formation is also the reason I devote much of the next part to explaining the underlying paradigm of my geoeconomics approach. In line with Gerring's (1999) explanation, "concept formation is rightfully subservient to theory formation", making concept formation "clearly, and legitimately, theory-driven" (p. 364). To underline this point, Gerring cites Hempel (1965, p. 113), who also argues that "theory formation and concept formation go hand in hand; neither can be carried on successfully in isolation from the other." (p. 113).

The vagueness regarding the underlying ideological paradigms can also be attributed to scholars assuming that it is possible to adopt an eclectic approach when defining and using an analytical concept. For instance, Fjäder (2019) argues that since liberal and realist approaches have had trouble keeping up with recent developments in international relations, scholars that use geoeconomics "must adopt an eclectic approach to the study of geo-economics and power" (p. 40). Yet, as Waltz (1979) eloquently demonstrated, this is hardly possible in IR. Paradigms, theory, and theoretical concepts are always needed to guide the scholar through the mist of endless reality, filled with unlimited amounts of data.

Wigell (2016) elaborates on Fjäder's idea, arguing that "theoretical eclecticism serves as a way to create analytical differentiation", and that this approach "seeks to bridge different paradigms and combine them so as to allow for a more diverse and flexible framework of analysis" (p. 139). Combining different IR paradigms in search of a more "flexible" framework of analysis is not without risk and can prove to be problematic. Underlying paradigms define a concept and the ways in which it can be used. Having a neorealist or a neoliberal understanding of the world makes a great difference, as states, and in fact the international system as a whole, are assumed to operate according to different logics. IR paradigms define the framework in which a concept can be applied.

Wigell goes on to define geoeconomics broadly enough to "include both liberal and realist approaches" (2016, p. 147). Such an approach is hardly understandable from an analyticist's viewpoint, because geoeconomics, as a theory or concept, needs to be based on a paradigm, whatever IR grand theory that may be. Without a theory about how to understand the world and the international system, no theoretical concept can be applied meaningfully to reality. A paradigm, e.g., liberalism or realism, is always needed to provide the framework in which geoeconomics can be operated. Some scholars, like Csurgai (2018), even try to argue that "geoeconomic analysis questions the validity and usefulness of the main theories and paradigms of International Relations (IR)" (p. 39). In line with paradigmatic eclecticism, Hakala (2018) believes that the "realist or liberal conceptualisations of geoeconomic policy do not have to be mutually exclusive", allowing states to "choose between competitive or cooperative policies depending on their objectives and prevailing conditions" (p. 5). I question the quality of such analysis, that assumes that states, idealized as unitarity actors, can function according to different operational logics at once.

Whenever scholars attempt to define geoeconomics, most of them do so in relation to already existing concepts, such as mercantilism or geopolitics. As a result, whenever an ideological paradigm is mentioned, geoeconomics is often connected to "IR realism and to the orthodox definition of geopolitics" (Moisio, 2019, p. 2). Even if the underlying paradigm is not mentioned, geoeconomics can

indirectly be linked to IR realism. Scholars like to base geoeconomics in IR realism, due to geopolitics having the same theoretical IR foundation. When Luttwak defined geoeconomics in 1990, he did so with having a geopolitical blueprint in mind. Geoeconomics was deduced from geopolitics, instead of being treated as a separate, independent phenomenon. The underlying paradigm used—defining the values and mechanisms of geoeconomics—was still realist. With the geopolitical DNA being passed on to geoeconomics, realism still forms the theoretical foundations of most current geoeconomic approaches, a fact that is often ignored or forgotten. This is problematic if one assumes that the underlying paradigm of a new concept is chosen as carefully as the new concept is constructed.

Most current scholars underestimate though one fact, when they primarily focus on the economic means of their "new" geoeconomic approaches: the means used by states do not actually tell the observer anything about what game is being played. The rules of the game are always written by the underlying ideological paradigm. It suffices to look back 40 years, to find a good example to illustrate this reasoning. In the 1970s, Henry Kissinger called the unconditional grain sales to the Soviet Union "very painful" (Blackwill & Harris, 2016a, p. 106). He did so while having the "national interest" in mind. Kissinger advocated for using grain sales as an economic instrument to achieve geopolitical objectives. At that time, no one would have called such a strategy geoeconomic. To the contrary, Henry Kissinger, a geopolitician *par excellence* (Bull, 1980), is especially remembered for his geopolitical policies.

Negligence towards the underlying paradigm and the tacit assumption that geoeconomics is automatically based on a realist fundament, has taken its toll on geoeconomics' conceptual development. When Scholvin, Wigell and Aaltola (2019) set out to explore the nature of geoeconomics, they silently accepted many of the realist underpinnings provided by geopolitics. One of these tacit realist assumptions is the idea that the international system functions according to a zero-sum logic. Scholvin, Wigell and Aaltola (2019) are not alone in adopting geopolitical assumptions without conscious scrutinization. Other scholars also

imagine the "global political economy in terms of a zero-sum competition" (Mattlin & Wigell, 2016, p. 128) when defining geoeconomics. Adopting the underpinnings of a new concept from an older one by default is practical for the individual scholar on the short-term, as it saves time and mental energy. However, on the mid- and long-term it will substantially hinder the development of the new concept.

What differentiates Scholvin, Wigell and Aaltola (2019) from other geoeconomics' researchers, is that they do acknowledge, although only at the very end of their book, that geoeconomics is not necessarily about "zero-sum-games" and that there might be "ways of creating mutual benefits" for all parties involved (2019, p. 225). Only in their book's conclusion, they start to question their "conviction that international relations are, in general, about zero-sum-games, […] might not be true" (2019, p. 225). However, if the international system does not operate in a zero-sum fashion, the use of the realist paradigm, serving as the fundament of geoeconomics, must then be questioned. Hence, I argue that geoeconomics, being a new and underdeveloped concept, has to be consciously redefined from the ground up, questioning its currently, widely accepted realist fundament. Scholvin, Wigell and Aaltola (2019) support such an approach, as they argue that "more attention must be paid to the chances for and probability of geo-economics as a mutually beneficial form of relations amongst states" (p. 225).

Constructive discourse is being facilitated when clearly stating the underlying paradigm of one's own concept and when being aware of the underlying (ideological) paradigms (and their connected implications) of the concepts of other scholars. Ignorance towards the underlying paradigms of geoeconomics hinders the scientific and societal discourse on it. Many critiques of geoeconomics' definitions miss their mark, as they are unwittingly directed against the underlying paradigms and norms, and not against the structure of the concept itself. Productive discussions—ones that can lead to the structural development of the concept of geoeconomics—become ever more difficult to have. Thus, being aware of the underlying paradigm of a concept is a prerequisite

for a constructive discourse. Today's researchers should clearly state geoeconomics' underlying paradigms when using it.

5.5 Unconscious use of geoeconomics

Developing a new coherent theoretical concept of geoeconomics would be in vain if then the term is not used in a more careful and conscious manner. Without a more conscious use, geoeconomics cannot develop its full explanatory potential. The unconscious use of the term "geoeconomics" is the fourth, often encountered shortcoming, when studying geoeconomics. Unconscious[99] use of geoeconomics has a twofold meaning. On the one hand, it describes the awareness of other scholars' works and the different ways of using the term (external consciousness): *How and why is, or was, the term used (conceptual history)?* On the other hand, it describes the awareness of one's own usage of the term (internal consciousness): *How do I use the term "geoeconomics" (underlying paradigm, methodology), and why do I use this specific term (geoeconomics) and not another one (economic geopolitics, neomercantilism)?* Up to now, geoeconomics was rarely consciously applied in scholarly writings.

5.5.1 Lack of external consciousness

The lack of awareness for other scholars' works and the unconscious use of geoeconomics can be observed in the ignorance towards the term's conceptual history and the connected lack of conceptual differentiation between geoeconomics and related concepts. Most of the pre-WWII conceptual history of geoeconomics is largely forgotten (see Dix (1925c) and Röpke (1922, 1925)). Du Castel (2001, p. 105), for example, speculates on geoeconomics having roots in the past, without giving any further detail, and Sukru (2005) claims to know that "geoeconomics was initially part of geopolitics" (p. 31). Jaeger and Brites (2020, p. 24) boldly claim that geoeconomics was first used by Edward Luttwak in 1990, while Song, Cheng, Liu, and Liu (2017, p. 1464) believe that it was originally proposed by the latter. Norrlof even alleges (at the *FIIA FORUM 2020: Towards*

[99] For more information on "unconscious thinkers", see Sartori (1970, p. 1033).

a Geoeconomic World Order[100] (Finnish Institute of International Affairs – FIIA, 2020) and on Twitter (Norrlof, 2020)) that the concept of geoeconomics was introduced by Angel Bassols Batalla in his study of water distribution in Mexico. As far as I know, the only scholar with the right idea about the origins of geoeconomics was Friedrich Korkisch (1987, p. 20). In 1987, he speculated that the origins of geoeconomics might be found in the German Reich around the 1930s.[101] As I showed in the literature review, he was not that far off.

The conceptual history of related concepts, such as geopolitics, is also often ignored. This led to a paradoxical situation: Some of the contemporary interpretations of geoeconomics are quite similar to early 20th century interpretations of geopolitics. For traditional geopoliticians, the term "geopolitics" originally did not refer to the pursuit of strategic objectives by military means. This interpretation was only introduced later with the application and usage of the term by practitioners such as Zbigniew Brzezinski and Henry Kissinger. Traditionally, geopolitics was understood "as a science about the impact of geography (independent variable) on politics (dependent variable)" (Scholvin et al., 2019, p. 222). Thus, much of the modern usage of the term "geoeconomics" "was labelled geopolitics in the first half of the past century" (Scholvin et al., 2019, p. 222).

Most scholars also forget to check how the term "geoeconomics" is used in different disciplines and by other stakeholders. At the height of Luttwak's realist interpretation of geoeconomics, Foldvary (1996) publishes the book *Beyond Neoclassical Economics: Heterodox Approaches to Economic Theory*. In it he defines geoeconomics as a new form of Georgism or Geolibertarianism. Not being aware of how others use–or have used–the term is problematic, as it can hinder constructive discussion on the term and its usage. For IR scholars, this awareness

[100] Norrlof was one of the key speakers to give a presentation at the conference (date: 30.09.2020, time: 16:00 - 18:00). For more information see: https://www.fiia.fi/en/event/fiia-forum-2020 and https://www.youtube.com/watch?v=v-TpkhdelXk.

[101] „Die erstmalige Verwendung [von dem Begriff „Geoökonomie"] ist unklar und dürfte im Deutschen Reich in den dreißiger Jahren aufgeschienen sein" [The first use [of the term "geoeconomics"] is unclear and may have appeared in the German Reich in the 1930s] (Korkisch, 1987, p. 20).

does not only need to apply to the work of scholars in the same, but also in other disciplines. One must also be aware of how the legislative (e.g., the statements by US Senator Abraham Ribicoff) and the executive branches of states (e.g., the military) use the term. Many contemporary geoeconomic researchers would be quite puzzled, if they were aware of the usage history of the term "geoeconomics" by the executive power.

The military's interest in non-military geoeconomics (already mentioned in the chapter on the history of geoeconomics) seems counter-intuitive and paradoxical to most contemporary geoeconomic scholars. However, such interest was not only confined to Germany, but spread to other states too. For example, the U.S. military showed interest in the term "geoeconomics" at the beginning of the Cold War. In the 1950s and 60s, the Industrial College of the Armed Forces even offered courses on geoeconomics. The course materials define geoeconomics as a "branch of geopolitics having to do with economics" and as "relating to, or characterized by economic conditions or policies that are influenced by geographic factors and exist or are carried out on the international level" (Industrial College of the Armed Forces, 1965, p. 267). This definition comes very close to some of current definitions, reinvented by American researchers (see, e.g., Blackwill and Harris (2016b)). The U.S. military even made the effort to translate a Spanish article that touches upon geoeconomics, written by a member of the Spanish armed forces. In 1955, de Zavala Castella defined geoeconomics as:

> Rama prolífica sobre el terreno casi virgen de la economía aplicada a las necesidades racionales de una colectividad humana. Entronca con los problemas militares y con las reivindicaciones políticas y económicas y da lugar, al cerrar sobre lo nacional, a la doctrina autárquica y a la economía aplicada de guerra. Así como a las planificaciones en general.
>
> [The prolific branch on the almost virgin soil of economics applied to the rational necessities of a human collectivity. It is connected to military problems and political and economic demands and gives way, when

> considered nationally, to autarkic doctrines and to applied war economy as well as to planning in general.] (p. 36)

The continued interest of the armed forces in geoeconomics in the 1920s, the 1950s and 1960s is neither discussed nor mentioned in the academic literature.[102] This discovery is surprising, because a geoeconomic strategy is often portrayed as an alternative to a military, geopolitical strategy. Geoeconomic strategies are imagined to be applied when military means are not part of the strategic toolbox. According to an overwhelming majority of modern understandings of geoeconomics, military means and the use of force are explicitly excluded from the geoeconomic toolset. Therefore, knowing that the German and U.S. military studied the topic already half a century ago, seems quite paradoxical in light of current interpretations of the term "geoeconomics".

Geoeconomics, understood in a realist means-focused way, faces an insurmountable logical hurdle as the military is or becomes a practitioner of geoeconomics themselves. However, one only becomes aware of this logical hurdle, after having studied the history of the concept and its relationship with the military. Hence, ignoring the history of geoeconomics and focusing instead only on its means is not sufficient for understanding and defining the concept in a comprehensive manner. The underlying operating paradigm must always be considered simultaneously. Otherwise, the military will quickly become one of the biggest geoeconomic actors. Such ideas are already being expressed. Gilbert (2019), who defines geoeconomics as "the use of money and finance to geopolitical ends" (p. 100) argues that "militaries themselves have taken up geoeconomics: these are not separate forms of power, but deeply co-constitutive" (p. 101). She concludes with the comment that "geoeconomics has become so deeply embedded in military engagement", an observation that "runs counter to much of the expository literature on geoeconomics that sees it as an alternative to military intervention" (Gilbert, 2019, p. 108).

[102] Already before the 1990s, the term "geoeconomics" was also championed by Korkisch (1987, p. 19) in the Austrian Military Journal (OMZ).

Contributing to the reconstruction of geoeconomics, by "attempt[ing] to restore the conceptual foundations of the edifice", mitigates its current "state of noncumulability, collective ambiguity, and increasing incommunicability" and "restore[s] intelligibility — and, with intelligibility, an awareness of the enormous intellectual waste brought about by our present-day indiscipline (and methodological unawareness)" (Sartori, 1984, p. 50). However, contributing to geoeconomics' historical awareness and conscious use also has an impact on the wider social science discipline overall. What I call unconscious use of concepts and conceptual fragmentation, Gerring and Barresi (2003) refer to as "lexical confusion", which they regard "as both a primary cause of the ongoing fragmentation of the social sciences at the turn of the 21st century and a principal medium through which that fragmentation occurs" (p. 202). Drawing attention to the term's unconscious use by many scholars is important and goes beyond the concept of geoeconomics itself. While this chapter's findings allow to fight against the fragmentation of geoeconomics, they also contribute to slowing down the ongoing fragmentation of social sciences in general.

5.5.2 Lack of internal consciousness

Applying the term "geoeconomics" consciously means being explicit about the nature and characteristics of the concept, as well as the reasons for using the term. However, only "few articles dealing with geoeconomics actually provide a clear definition of the term" (Mattlin & Wigell, 2016, p. 128). More so, if the term "geoeconomics" is invoked, it "is often used without much critical reflection as to what is actually meant with it and few studies have attempted to explicitly define it" (Wigell, 2016, p. 147).[103] Scholvin and Wigell (2019) find it "striking how many scholars use the term geo-economics as a catchword without defining it clearly, or at least taking into consideration how others use it" (p. 4). As a result of such unconscious use, most current interpretations of geoeconomics have striking similarities with already existing concepts (e.g., geopolitics or mercantilism).

[103] See, for example, Jitendra (2010).

Awareness for one's own usage of the term is often lacking. Scholars fail to explain why they use geoeconomics, and not geopolitics or mercantilism, even though their interpretations of geoeconomics are often very similar to pre-established concepts. The result is synonymy (geoeconomics meaning approximately the same thing as other terms) and polysemy (geoeconomics being defined in completely different ways). Both make knowledge cumulation and productive argumentation very difficult (Gerring & Barresi, 2003, p. 202).[104] Polysemy by itself is not a problem, as most words are polysemes. The problem is not "the multiplicity of the meanings of each word per se (out of context)", but "their entanglement, in the fact that it is unclear (in context) which meaning is intended", in other words the "*confusion of meanings*" (Sartori, 1984, p. 26). Thus, the focus of scholars should not lie on attaining univocity, but rather on clarity of meaning, "reducing ambiguity and dispelling equivocation" (Sartori, 1984, p. 26).

Applying the term "geoeconomics" consciously also means being explicit about the methodology underlying the concept. Yet, scholars often fail to explain what methodology they are using, thus contributing to the confusion between different geoeconomic approaches. As I show in the next chapter on the methodology of geoeconomics, many scholars tacitly adopt a positivist methodology. They think that there is such a thing as geoeconomics out there. The only struggle lies in matching one's own concept as closely as possible to the real-life version of geoeconomics. A positivist methodology is not a problem, as long as methodological affiliations are explicit. When this is not the case and ignorance towards the concept's methodology prevails, productive discussions on the content of geoeconomics become difficult or even impossible.

[104] Gerring (2003) bemoans that

> lexical confusion may be regarded as both a primary cause of the ongoing fragmentation of the social sciences at the turn of the 21st century and a principal medium through which that fragmentation occurs. Because we cannot achieve a basic level of agreement on the terms by which we analyze the social world, agreement on conclusions is impossible. (p. 202)

5.6 Concluding remarks

The loose handling of the term "geoeconomics" and related shortcomings seem to be a systematic problem. Julien (1995) reasons that the vaguer the concept of geoeconomics, the more appealing it is to "experts". After all, the more loosely a concept is defined, the more universally applicable it becomes. However, this applicability comes at the cost of analytical insight. Baldwin's (1997) warning, concerning the concept of national security, perfectly applies to geoeconomics as well: "Careless use and abuse of the concept may have already rendered it useless for everyone but the politicians" (p. 26). It would be a shame if a concept with such a rich history and analytical potential would be rendered useless.

It is obvious that today there is no widely accepted definition of geoeconomics. However, this is not the real problem. The real problem is the overall lack of conceptual awareness for geoeconomics and the confusion that has accumulated around the term. This is caused by the absence of systematic debates on the ways in which the term has been, or should be, used. Hence, this literature review aims to contribute to jumpstarting the conceptual debate on geoeconomics. It should have become apparent by now that such a debate is long overdue and much needed. The eager usage of the term, with only limited systematic and theoretical academic work behind the concept, is still a notable characteristic of geoeconomics.

By highlighting the shortcomings of current conceptions and by acknowledging their problems, this literature review lays the groundwork for the development of a new, more coherent conceptual approach to geoeconomics. I argue that there is a need to consciously develop an analytical concept of geoeconomics in the field of IR. Awareness of current shortcomings provides one with knowledge about potential ways to further scientific development and the opportunity to remedy the aforementioned problems. Such an advanced version of geoeconomics could provide insights that can help understand incongruent observations made with regards to interstate relationships (see part III).

The next part is motivated and guided by this literature review's findings. It aims to address the mentioned shortcomings by developing a new, more useful analytical approach to geoeconomics. My ideas stemmed from the shortcomings

I identified. They are about developing a conceptual approach to geoeconomics that clearly differentiates geoeconomics from other existing concepts (such as geopolitics), by consciously choosing the underlying paradigm. Current understandings of geoeconomics often reduce the term to merely an outgrowth of geopolitics. I argue that there are better, more useful ways, to think about the concept, all the while preserving the true legacy of the term. Ignoring the term's history is a limiting approach, when it comes to the conceptual development of geoeconomics. Instead of understanding geoeconomics as an offspring of geopolitics, it is more useful to understand that both concepts are part of the same geostrategic family, with common intellectual roots (Baracuhy, 2019, p. 19).

Instead of basing geoeconomics directly or indirectly on a realist paradigm, one must consciously redefine the whole concept, down to its theoretical groundings. In doing so, one realizes that geoeconomics can also be interpreted through a neoliberal lens, with IR neoliberalism theory at its paradigmatic foundation. I believe that geoeconomics, based on IR neoliberalism, is much better suited to cope with many current phenomena, such as economic integration and cooperation, that result from the current "liberal" (Scholvin & Wigell, 2018a, p. 5) international relations system. Thus, the goal of the next part is to develop a new geoeconomic approach, one that avoids making the mistakes identified in this chapter. In this process, I also hope to increase the general empirical usefulness of the concept.

Part II—Theory

Introduction to the de- and reconceptualization of geoeconomics

Geoeconomics has dramatically increased in popularity over the last 30 years. Yet, it is still in its early stages of theoretical and conceptual development. Despite attempts to conceptualize the term, its theoretical nature remains substantially underexplored.[105] While there is a steadily growing literature that tries to make empirical use of the concept, geoeconomics has failed to fully unfold its explanatory potential and to live up to the expectations of empirical researchers.

One reason for the underdevelopment of geoeconomics is the lack of constructive debate on its theoretical nature. Often, the absence of an agreed-upon definition is mistakenly identified as the main stumbling block for geoeconomics' theoretical development. Scholars claim that in their studies they apply geoeconomics in different ways, without however providing insights on how the concept was restructured into something new (e.g., by changing the concept's theoretical fundament). Many scholars rush to develop another "new" and "original" theoretical approach to geoeconomics, instead of positioning themselves in the academic discourse and explaining what earlier conceptualizations of geoeconomics lack in their opinion. Often, they draft "new" approaches by merely changing the scope of application or by changing the wording of the concept's definition.

As the literature review has shown, most common usages and applications do share very similar core assumptions. The wording of the concept's definitions and the scopes of application may differ. However, the theoretical fundament and core paradigmatic assumptions on how the world and the actors in it work, often remain the same. As such, the intrinsic paradigmatic nature of the concept stays the same. Due to these paradigmatic similarities, the "different" geoeconomic

[105] See, for example, Kim (2020), who observes that IR scholars, especially the positivist, causal theory-oriented ones, have "remained largely inattentive to developing theories based on a geoeconomic viewpoint" (p. 322). These reservations by scholars focused on IR theory are contrasted with the "enthusiasm" of scholars who regard geoeconomics as a foreign policy practice (Kim, 2020).

approaches are failing to engage into constructive debates. However, constructive debates are necessary to further the development of the concept. Without these debates, geoeconomics is condemned to stay conceptually underdeveloped.

Theoretical and paradigmatic similarities are explained mainly by the direct deduction of modern geoeconomics' from geopolitics. Realist understandings of geoeconomics often reduce geoeconomics to merely an outgrowth or offspring of geopolitics. Until now, the main strategy to differentiate geoeconomics from geopolitics has been to caricature geopolitics as the mere use of military power, while geoeconomics relies on economic power. Consequently, most current geoeconomic conceptions are only superficially different from geopolitics, as some form of realism still forms the theoretical foundations of most geoeconomic approaches. The underlying mechanism, logic, and objective stay the same, and only the means to achieve the realist ends differ. Part II aims to tackle this general problem of differentiation: between geoeconomics approaches as well as from other concepts. To allow for a clear conceptual differentiation between geoeconomics and existing concepts—such as geopolitics, mercantilism, or economic statecraft—common but also diverging characteristics of geoeconomics should be made clear.

In this part, I argue that realist approaches to geoeconomics are not the most useful way to construct the concept, as they suffer from a lack of significant additional insight, when compared to geopolitics. Moreover, it also misconceives the legacy of the term. When trying to develop geoeconomics conceptually, ignoring the term's history is restricting one's endeavor. Instead of understanding geoeconomics as an offspring of geopolitics, it is more useful to understand both concepts as part of the same geostrategic family, sharing the same intellectual roots. Equipped with the knowledge of the concept's history, I aim to contribute to the conceptual development of geoeconomics.

This is done by addressing problems identified in part I. It identifies four specific shortcomings[106] in the way geoeconomics is currently conceptualized.

[106] First, the unclear, analytically weak, and at times contradictory definition of the term "geoeconomics". Second, the lack of a clear conceptual differentiation between geoeconomics and existing concepts. Third, the vagueness regarding the underlying ideological paradigm.

These problems serve as motivation and guidance for part II, while also explaining the theoretical relevance of this part's theoretical contributions. While the literature review argues that geoeconomics has to be consciously reconceptualized from the ground up, part II shows how this can be accomplished. I reconceptualize geoeconomics by developing a coherent, conscious, and transparent[107] conceptual approach to the theoretical concept of geoeconomics.

The reconceptualized version of geoeconomics is meant to increase its empirical usefulness and analytical value, while providing greater explanatory potential and analytical fruitfulness. This becomes especially clear when looking at currently incongruent or unaccounted phenomena. This part answers the following question: *In light of the identified shortcomings, what does a more consciously conceptualized geoeconomics look like?*, all the while being in line with and directly contributing to answering the overarching research question (*What is one to understand by geoeconomics?*).

This reconceptualization adopts a different strategy than previous attempts that tried to create a new version of geoeconomics, since it reconceptualizes geoeconomics in a systematic manner. Before reconceptualizing geoeconomics, the concept is first "deconceptualized" (deconstructed*)*. The deconceptualization and the reconceptualization takes place on three levels: historical, methodological, and functional/semantical. I did the historic deconceptualization in chapter 2. This process of historical deconstruction led to greater awareness of the concept's history. It revealed how geoeconomics' history, its different meanings and usages throughout time, have so far either been passively forgotten or actively ignored. Knowing the conceptual history of geoeconomics can help differentiate between geopolitics and geoeconomics conceptually (second shortcoming), be precise on the underlying ideological paradigm (third shortcoming), and make conscious use of the term "geoeconomics" (fourth shortcoming).

Fourth, the unconscious use of the term "geoeconomics". Unconsciousness includes unawareness of the history of the concept, as well as ignorance towards its intellectual roots and historical usage.

[107] Transparency refers to the term's history and its underlying ideological paradigm.

In this second part of the dissertation, geoeconomics is reconceptualized methodologically, as well as functionally/semantically. The part is structured accordingly. Before engaging into debates of *what* to think of geoeconomics, we first need to make sure we understand *how* we think about it. The part starts with a chapter on deconceptualizing and reconceptualizing the term methodologically. For a fruitful debate between proponents of different conceptualizations of geoeconomics to take place, the methodological assumptions have to be made explicit. Being aware of the hidden methodological contradictions allows one to develop a better understanding of today's numerous definitions of geoeconomics. The chapter on the methodological assumptions is divided into four sections. They discuss the analytical and ideational aspects of geoeconomics, its methodological history, the problems associated with mixing analytical and ideational aspects of geoeconomics, as well as issues related to positivist methodology.

The chapter on the methodological assumptions is followed by five chapters which deconceptualize the term semantically and functionally. Geoeconomics, just like any other concept, is a symbolic entity that consists of three elements: a meaning, a referent, and a term.[108] The meaning (also known as intension, connotation, definiens, or definition) refers to properties or attributes that define the concept. The referent (also known as extension, denotation, or definiendum) refers to the phenomena that are to be defined. The term is the label that covers both the intension and the extension. If any of the three elements were to be off (missing, incomplete, or unclear), the concept would suffer from analytical weakness. This, potentially, would confuse the user and/or recipient of

[108] This functional/semantic approach is compatible with Lake's (2011) idea of an international studies lexicon. According to Lake (2011), geoeconomics as a theoretical concept has to "connect more or less well to other theories to carry out larger explanatory tasks" (Lake, 2011, p. 473). To do so, any complete political theory must cover all of the following elements:

> units of analysis (for example, individuals, groups, organizations, and states), their interests (for example, power, wealth, and identity), the nature of their interactions (for example, zero-sum bargaining, multisum cooperation, reproduction of inherent inequalities, socialization), and how thickly institutionalized is the world (for example, ranging from institutions are epiphenomenal to the units' ability to interact at all requires a dense system of shared cognitive and language structures). (Lake, 2011, p. 473)

The chapters on geoeconomics' intension, extension, and label cover all of the three mentioned elements.

the concept. Confusion regarding the meaning is called ambiguity; confusion regarding the referent, vagueness; and confusion regarding the label's coverage, definitional defect. A strong definition of geoeconomics must avoid all three.

Chapter 7, 8, and 9 focus on the unclear relations between geoeconomics and its intension. Failing to sufficiently (completely and clearly) define the intension of geoeconomics results in conceptual ambiguity. Ambiguity describes unclear relations between geoeconomics and its meaning. Meaning refers to properties or attributes that define the concept. To apply the term "geoeconomics" consciously, one needs to be explicit about the intension of the concept. Hence, the three chapters investigate the following question: *What can a more consciously conceptualized intension of geoeconomics look like?* To answer this question, the intension of geoeconomics is first deconstructed and then reconstructed.

Chapter 7 looks at the relationship between the means and ends of geoeconomics. It raises and answers the following question: *Is it possible to exchange a theoretical concept's means without touching the ends*? I find that changing a concept's means has consequences for the rest of it, too. Means and ends always go hand in hand. One may not prevail over the other when analyzing international relations, as means and ends always have a reciprocal effect on each other. To advance the geoeconomic debate, one needs to clearly define how the geoeconomics' operational logic and its ends differ from geopolitical ones.

Chapter 8 discusses the economic means of geoeconomics and their specific characteristics. It addresses the ambiguity of the economic means in geoeconomics, by answering the following three questions: *What makes the economic means of geoeconomics "economic", what are their characteristics, and how are they different from economic means in geopolitics?*

Chapter 9 discusses the ends of neoliberal geoeconomics, their specific characteristics, and how those ends differ from the ends of neorealist geoeconomics. Based on the insights gained in chapter 7 on the means-ends relationship, we already know that changing a concept's means has consequences for its ends. How ends look in practice depends on how and with what means they

were achieved. As a result of my findings in the previous chapters, I set out to answer the following two questions: *What are the ends of geoeconomics and how are those ends different from the geopolitical ones?*

Chapter 10 focuses on the scope of application of geoeconomics and the connected vagueness. Vagueness describes the confusing relations between geoeconomics and its referents, and is the result of conceptual over- or under-extension. I set out to answer the following question: *What can a more consciously conceptualized extension of geoeconomics look like?* The question can be further subdivided into entitic and spatial referents. In the first part of the chapter, I study the entitic referents of geoeconomics: *Can all states be equally agent and patient states or do certain exceptions apply?* The second part focuses on the spatial referents: *What and how is the geographic space understood, to and in which geoeconomics applies?*

Chapter 11 discusses the label "geoeconomics", which covers the mentioned intension and extension of the concept. The label "geoeconomics" features several weaknesses, to which this chapter proposes solutions. The role of the prefix "geo" in geoeconomics is not always clear, especially when considering deterritorialization trends. Hence, the first section asks: *What is the role of the prefix "geo" in geoeconomics?* I explain why it is still relevant today, especially in light of and despite the persistent deterritorialization trends. The current use of the label "geoeconomics" is also suffering from overextensions. To address this problem, the second section raises the following question: *How can different approaches to geoeconomics be better differentiated, without creating more neologisms*? I suggest specifying one's usage of geoeconomics by putting a qualifier in front of it, such as "neoliberal" or "neorealist".

Chapter 6: Methodological aspects of geoeconomics

6.1 Introduction

Applying the term "geoeconomics" consciously means being explicit about the methodology of the concept. Nowadays, neglect for the methodological implications of most geoeconomic conceptions is common. Scholars often fail to explicitly mention or to explain what methodology they are using. With the undetermined epistemology and ontology of geoeconomics, Baumard and Lorot (1999) conclude that "la géoéconomie n'est pas encore une science" [geoeconomics is not yet a science] (p. 218).

Methodological neglect makes arguments about the "correct" definition of geoeconomics less productive. Disagreements often focus on the "right" meaning and the "correct" referents of the concept. However, these arguments between scholars overlook that differences between their interpretations are not only in the content of the concept, but often also in the underlying methodological assumptions. Indeed, the methodological conflict about the envisaged nature and function of concepts, and the role they play in good scientific practice, is largely ignored today. This contributes to the confusion and lack of constructive dialogue between different geoeconomic approaches.

Methodological assumptions must be made explicit in order to have a fruitful debate between proponents of different conceptualizations of geoeconomics. One reason for geoeconomics' underdevelopment is the lack of constructive debate on the methodological nature of geoeconomics. However, those are necessary to further the development of the concept. Without quality debates on different methodological approaches to geoeconomics, the concept is sentenced to conceptual underdeveloped.

Before engaging in debates about geoeconomics and what to think of it, we first need to understand *how* we think about it (D. A. Baldwin, 1985, p. 58). Hence, this chapter is dedicated to the methodological deconceptualization and reconceptualization of geoeconomics. It aims to contribute to the overall conceptual development of geoeconomics. Awareness of hidden methodological

contradictions allows one to develop a better understanding of today's numerous definitions of geoeconomics. Even though the concept's methodology is often not explicitly defined, statements (and questions) on the nature of the concept can be used to gain insights into the author's methodology.

6.2 Analytical and ideational aspects of theoretical concepts

I adopt an analyticist stance towards geoeconomics and treat it as an ideal-type theoretical concept. Every such concept has two sides to it: an analytical and an ideational one.

The analytical side of geoeconomics provides an analytical framework for ordering, interpreting, and understanding international relations and foreign policy. It provides one with a blueprint for a possible way to understand the world. The analytical side is descriptive, analytical, and retrospective. Analytical concepts are used to study *what* is and *why* it is this way. For doing so, it creates an image of reality. It gives the researcher the possibility to make sense of reality with the help of "glasses" that filter away irrelevant information.

In contrast, the ideational side of geoeconomics is prescriptive, normatively and idea-driven, and prospective. As a result, most scholars would agree that the ideational side is also less scientific. Ideational concepts are used to study *what ought to be* and *what ought to be done*. Their function is to draw an image of more and less likely phenomena and developments. In other words, they describe the theoretically possible, which is revealed with the help of boundaries and limits. When exploring these limits, one discovers what is theoretically possible and what is not. However, these future possibilities are merely of theoretical nature. The existence of these boundaries cannot be proven empirically, since they are artificially created with the help of one's ideational concept.

At first glance, the analytical side seems more passive and less normative than the ideational side. Since the ideal-type cannot be found in reality, the ideational side of the concept advocates for its realization. Stakeholders are encouraged to create or to realize the ideal-type. Yet, the analytical side also has an active aspect to it. By creating an image of the world (i.e., by arguing what is),

the analytical side also indirectly influences people's actions. Policymakers buy into a specific perception of the world. They have to, in order to make sense of the world and to take rational decisions. Because of this, they tend to act accordingly. By accepting an artificially created image of reality and by adjusting actions to it, policymakers help this image become a political reality.

Moreover, the analytical side of geoeconomics also has a normative aspect to it. The blueprint for understanding or even making the world is based on axioms, that are derived from paradigms. In the case of IR these are so-called "grand theories". Some axioms are included, and others are excluded when creating the blueprint. Therefore, this selection process always has a normative component to it. Even though the analytical side of geoeconomics is more scientific than the ideational side, it is not less normative in nature.

This split is by no means unique. It can be found in other social sciences, for example, economics. Chung (2015) explains that "economic research is subject to dual facets: a positive aspect (theory about what is) and a normative aspect (policy about what should be)" (p. 12). While the former tries to identify "universally accepted economic laws and principles" that provide "a firm basis for deductive reasoning on observed phenomena in economics", the "latter is concerned with policy" (Chung, 2015, pp. 12-13). I do share the idea of this nature, characteristic of any social science concept, fundamentally divided between "positive" or analytical aspects on the one hand and "normative" or ideational aspects on the other hand. Analyticists and neopositivists also agree that the main difference between the two aspects concerns the way in which and the end for which they are used. As an analyticist, I would question the notion of universally accepted laws and principles. While analyticists regard both aspects to be closely connected (two sides of the same coin, mind-world monism), neopositivists seem to be able to separate both aspects more easily and clearly (mind-world dualism).

6.3 Short methodological history of geoeconomics

Fundamental disagreements in the methodological conceptualization of geoeconomics and its conceptual division into an analytical and an ideational part have always existed. The literature review traces these divisions back to the earliest known conceptualizations of geoeconomics: those of Röpke and Dix. The methodological differences between the two scholars' research, which go beyond the analytical-ideational divide, can be observed in the way they describe and use their concepts.

For Röpke, geoeconomics is the study of geographic and spatial factors that help to explain economic phenomena. Certain geographic factors are, for example, seen as drivers of economic integration and consecutive political alignment between states. As such, Röpke sees geoeconomics as an analytical concept, to be used primarily in a descriptive manner.

In contrast, Dix designs geoeconomics as an ideational concept with a primarily prescriptive function. It provides an idea-driven framework, which is used to investigate the theoretically possible. Dix's geoeconomics does not contend with contemplating what exists and how it came to be. Rather, it seeks to envision what might exist and what might become.[109] It does so by studying and evaluating the possibilities of using geographical realities to uncover guiding principles of the future world economy.

Röpke would methodologically oppose the deterministic character of Dix's ideational concept and his materialistic conception of history. Röpke explicitly draws attention to the danger geoeconomics becoming amateurish science, if it were to be understood according to Dix's definition. A lack of sharp thinking or factual knowledge would be replaced by feelings and convictions (Röpke, 1927, p. 78). Methodologically speaking, I share Röpke's critique of Dix's conceptualization of geoeconomics and agree with his opinion that Dix's conceptualization is not scientific.

[109] For Dix, geoeconomic thinking is first and foremost about possibilities, trying to evaluate what economic objectives a nation state should pursue, based on its spatial and geographic characteristics, but also the capabilities of the population working it, and the impact of the climate on both.

6.4 Mixing analytical and ideational aspects of geoeconomics

Similarly to historic geoeconomic approaches, current conceptions can be sorted, analyzed, and critiqued with the help of the presented ideal-type scheme of analytical-ideational categorization. Awareness of the fact that geoeconomics has always been a deeply contested concept, leads to the discovery of similar methodological fault lines in current conceptualizations. For example, some conceptions share methodological assumptions with Dix's approach, independent of their ideological underpinnings. Others struggle to clearly differentiate between the analytical and the ideational part of geoeconomics. Both aspects are often used in close connection, which results in them being unconsciously mixed. For the sake of analytical clarity, this should be avoided.

Martikainen and Vihma (2016), for example, argue that geoeconomics is "a rising paradigm for analysing foreign and economic policies of states [analytical side] and the evaluation of their national interests [ideational side]" (p. 3). Jean and Savona (1995, p. 192) see geoeconomics as a multifaceted concept. On the one hand, they understand geoeconomics as a particular world view and a particular way of evaluating national interests (analytical aspect). On the other hand, they also use it as an instrument for understanding reality and for planning accordingly (ideational aspect). This approach of mixing the analytical with the ideational aspect of geoeconomics is highly problematic but can be observed in many other conceptions as well.

Baumard and Lorot (1999, p. 218) argue that the geoeconomic discourse is part of an active sociology of knowledge that links prescription and description indiscriminately.[110] The prescriptive side of geoeconomics proposes a distinct vision of the world. The descriptive side of geoeconomics constructs multiple interpretations based on its theoretical frame of reference, which it then confronts with the observation of new regularities (Baumard & Lorot, 1999, p. 219). Sometimes, geoeconomics is used in a positivist spirit, to pursue a "true"

[110] French methodological discussions on the nature of geoeconomics are a valuable contribution to the concept's study and further development. Unfortunately, such methodological discussions have remained the exception until today. Credit must be given to Baumard and Lorot for furthering this research direction.

description of the world. Other times, geoeconomics is used in a constructivist way to describe the representations of the world through the prism of cognitive experiences of the actors who compose it (Baumard & Lorot, 1999, p. 219). As a result, Baumard and Lorot (1999, p. 228) diagnose geoeconomics with an ontological fragility: it is split between description and construction, between explanation and intervention.[111]

Baumard and Lorot (1999, p. 219) also argue that geoeconomics is torn between the positive approach, seeking to reveal a truth understood as a coherence with facts, and the constructivist approach, which observes singular configurations of this reality that cannot be reproduced. An inevitable ontological inconsistency and incompatibility exists in approaches that try to directly observe the real world on the one hand (see mind-world dualism and positivism), while describing the processes used to construct them and their representations with the help of one's ideas (mind-world monism and constructivism) on the other. Moreover, Baumard and Lorot (1999, pp. 219-220) argue that geoeconomics serves a prescriptive purpose, that of improving the conduct of strategic policies in complex environments. This calls for the careful observation of ruptures and their phenomenology, and for the construction of theoretical models to be put to the test. I would strongly advise against such an approach. Trying to test one's theory against a selected empirical reality—on the bases of which one has created this theory—is not scientific.

Another good example of current methodological struggles can be found in the writings of Scholvin and Wigell (2018b, p. 80). As part of a set of seven important, but still unanswered, questions regarding geoeconomics, Scholvin and Wigell (2018b, p. 80) list three questions that directly and indirectly relate to the methodology of the concept and illustrate the unconscious mixing of various geoeconomics' methodologies. First, they ask if geoeconomics is "an analytical framework for international relations and foreign policy [analytical aspect], a type

[111] Geoeconomics is perceived to be drawn in between the search for the directly observable real, by describing past events and by questioning them, and that which one wishes to observe, by formulating new appropriate ways of behavior (Baumard & Lorot, 1999, p. 219). The danger is that geoeconomics suffers from its precarious ontology.

of statecraft [ideational aspect], or a particular form that the international system has taken [positivism], with the territorial logic of geopolitics becoming increasingly meaningless" (Scholvin & Wigell, 2018b, p. 80). Even though at first glance these questions seem to deal with the content of the concept (i.e., *What is geoeconomics?*), these questions also concern the methodological nature of the concept (i.e., *How is one to think about geoeconomics?).*

An analytical framework, a type of statecraft, and a particular form of the international system are all three different forms of concepts relying on different methodologies. The last option, for example, assumes that there is an international system, and that it comes in different shapes and forms. Such a view presupposes a mind-world dualist stance on the side of the researcher (most likely neopositivism). In contrast, an analytical framework tends more towards a mind-world monist stance, as the framework is used to make sense of reality (most likely analyticism). In other words, the framework is used to make reality visible, thereby creating one form of reality. While both types of concepts are used to understand or to make sense of reality retrospectively, the third conceptual form (statecraft), is not interested in understanding reality reactively, but aims to shape and to influence reality proactively. It deals with important questions of what reality should look like. From an analyticist and neopositivist's point of view, concepts and questions of statecraft are best left to politicians and policy-makers.[112] Hence, the simple question of *what* geoeconomics is must always be preceded by the more important question of *how* to think about it.

Second, Scholvin and Wigell (2018b) wonder how they should, "considering that geoeconomics is *also* [emphasis added] a discourse, […] deal with the fact that geoeconomics is, at least partly, socially constructed, potentially so as to legitimize action that aims at realizing disguised interests" (p. 80). There is no doubt that some scholars, especially constructivist and critical ones, do consider geoeconomics to be a discourse. However, the phrasing of this question highlights the *confusion* with regards to the methodology of geoeconomics. It

[112] However, transfactualists, such as critical realist (e.g., constructivist) and reflexivists (e.g., feminists), would disagree. For them, explicitly articulating "empirically plausible alternate futures" (P. T. Jackson, 2010) is one of the goals of their research.

does not make much sense to first claim that geoeconomics is an analytical framework or a particular form of the international system, and then to argue that it is a socially constructed discourse. These conceptual approaches are incompatible, methodologically speaking. Transfactualism and phenomenalism are two opposite ends of the same spectrum. Phenomenalist scholars, who understand geoeconomics as an analytical framework or a form of the international system, cannot at the same time be worried (methodologically speaking) about disguised interests. The latter are, as their name suggests, disguised and consequentially unobservable. They fall into the realm of transfactualism.

Third, Scholvin and Wigell (2018b) ask whether geoeconomics should "rather be deconceptualized as the impact of geographical conditions on economics, similar to how geographers traditionally conceptualized geopolitics, being the impact of geographical conditions on politics" (p. 80). Here again, it seems as if the question is aimed at the possible content of geoeconomics (i.e., being the impact of geographical conditions on economics). Yet, this question has a very important methodological component to it. It assumes there is some form of direct relationship between geographical conditions and economics. As discussions on the methodological nature of Dix's geoeconomics have already shown, such a relationship has a deterministic flavor to it. As such, it should be avoided.

Just like there are diverse statements on the content and characteristics of the concept,[113] there is no consensus on the concept's overarching methodological nature.[114] This is not a problem in itself. However, the way in which Scholvin and Wigell formulate their questions, and the fact that it is seen as problematic that these questions are still not answered, is an issue. First, the phrasing of these questions highlights that it is important for scholars to be aware of the methodological implications of the question they are raising or seeking to answer. Second, leaving these questions "unanswered", without a final conclusion on the

[113] *As a type of statecraft, does geoeconomics follow an IR realist or a liberal logic?*
[114] *Is geoeconomics a discourse, a form of statecraft, or something completely different?*

matter, is not a loss but a gain for the IR discipline. The plurality of methodologies allows for different questions and answers, resulting in a deeper and more diverse pool of knowledge. Yet, whenever using geoeconomics, scholars need to ensure that both they and their audience know the methodological setting in which the knowledge was produced. Otherwise, consumers of research might end up confused, and productive debates on the "true"[115] nature of geoeconomics will be impossible.

6.5 Positivist approaches to geoeconomics

Most current conceptions of geoeconomics follow the tradition of Luttwak's geoeconomics and often adopt the same positivist methodology. These approaches are easily recognizable, as they base their conceptual work on the (tacit) assumption that a mind-independent reality exists (mind-world dualism). For them, geoeconomics exists somewhere out there in the wild. The only struggle lies in matching one's own concept as closely as possible to the real-life version of geoeconomics. Blackwill and Harris (2016b, p. 20), for example, regret that none of the published definitions of geoeconomics manage to comprehensively capture the phenomenon.

Scholars with a positivist methodology argue that geoeconomics is directly derived from an external reality. The emergence of geoeconomics is thus linked to real world phenomena, developments, and observable trends. For example, geoeconomics is understood as an observable trend of new real-world phenomena, that "has gained considerable relevance, with major repercussions for international relations" (Scholvin & Wigell, 2018a, p. 4), having "recently become increasingly prominent" (Beeson, 2018b, p. 244). Others see geoeconomics as a persuasive way to explain new international phenomena (Beeson, 2018b, p. 244), such as the "geoeconomic conduct" of states, which "is gaining in relative importance" (Vihma & Turksen, 2015, p. 36). Liang (2019) explains that "geoeconomics has received attention" due to "economic benefits

[115] See, for example, the efforts by Hudson (2020), who tries to explain what the contents of a "true geoeconomic strategy" are.

and economic relations hav[ing] gradually replaced political and military confrontation" (p. 1). Due to these new phenomena, Olsen (2020) observes that "governments around the world are strengthening their use of geoeconomic foreign policy instruments" (p. 127). As a result of the geoeconomic conduct of states, Vihma and Turksen (2015) suggest that "scholars and analysts are beginning to pay more attention to it" (p. 36).

When scholars with a positivist methodology link geoeconomics to trends or phenomena, they frequently make predictions based on these trends. Often they predict that geoeconomics will grow in relevance because of a certain phenomenon or trend (see, e.g., Luttwak (1993a, pp. 65-66)). Petsinger (2016), for example, writes that "one thing is clear: geoeconomics is a term we will hear a lot more in the next years" (p. 8). Likewise, Malinowski (2019) argues that "changes taking place in the world lead to the fact that geoeconomic tools are chosen much more frequently" (p. 510). Youngs (2011) sees geoeconomics as the "central underpinning of the emerging 'non-Western' world order" (2011, p. 14). Petsinger (2016) justifies her statement with reference to three trends: "the rise of China", "the revival of state capitalism and state-owned enterprises", and "the deep integration of global trade links and financial markets" (p. 8). Another cited phenomenon, allegedly responsible for the return of geoeconomics, is "the inextricability between modern technology, global economic advantage and national security", fueled by "the interrelationship between the rise of the intangibles economy (think, for instance, intellectual property, software and data) and the geopolitical competition" (National Post & Speer, 2020).

This obsession with trends and predictions is typical for positivist geoeconomics. From a positivist viewpoint, monitoring trends makes sense, as they are meant to justify and prove the existence of theoretical geoeconomics. As such, the question of truth is not centered around the explanatory potential of geoeconomics, but around the ability to observe trends predicted by the theoretical concept of geoeconomics. If a predicted trend occurs, geoeconomics seems to hold some truth in it. If it does not occur, geoeconomics simply needs some refinement. In contrast to positivist geoeconomics, analyticist geoeconomics sees

the concept's merit in its ability to explain unknown things (new, unforeseen empirical realities) that might or might not happen in the future. As a result, "real-world" trends matter in a different way for analyticists. They cannot be used to prove or disprove a theory, which was used to detect the same phenomena in the first place. As such, analyticists argue that their theoretical concepts cannot be tested or falsified, at least not in the same way as positivists go about it. For analyticists, the analytical side of concepts constructs a reality, formed through one-sided accentuations. The merit of such an analytical approach is judged by how effectively it can make sense of reality, meaning by its explanatory potency or utility.[116]

Most scholars feel the need to justify the development and applications of geoeconomics with some new developments in international relations. When studying the conceptual history of geoeconomics, one can observe that the concept is regularly dug out and hyped, thanks to "new" or "relevant" trends or phenomena. In fact, since the end of the Cold War, geoeconomics has been linked to all kinds of phenomena (see, e.g., Aligica (2002), Csurgai (2009b, p. 213), Wesley (2016, p. 4)): the end of the Cold War, the US-Japanese trade conflict, the US-China trade war, Chinese geoeconomics, "the revival of state capitalism and state enterprises" (Kvinikadze, 2017, p. 44), the increasing significance of economic strength as a factor of power and countries being more vulnerable to the use of economic instruments of power (Mair, 2018), the change to "interstate economic rather than interstate territorial competition" (Agnew, 2020, p. 161), and many more. Some scholars have even argued that "geoeconomics won the Cold War" (Beeson, 2018a).

Unfortunately for scholars with a positivist mindset, the "real" origins of geoeconomics remain unknown to this day. Every decade, scholars find the concept to be grounded in the most recent developments of their time. The extent, to which, the rise of geoeconomics is caused or related to real-world events is a subject for further positivist-inspired investigations. For analyticists, such an

[116] In contrast, an argument for the usefulness of the ideational side of concepts cannot scientifically be made. However, what can be made is a normative argument on the (moral) consequences of the prescribed actions.

investigation does not make sense, as the concept of geoeconomics is not caused by, or grounded in, reality, but is only used to make sense of it. Geoeconomics is not the result of foreign policy or international developments, but rather a way of making them visible and giving them meaning (theoretical aspect) or designing them in the first place (ideational aspect).

As an analyticist, I do not share this positivist understanding of geoeconomics. In fact, I have doubts regarding the appropriateness of applying a positivist methodology to the development of geoeconomics and I am not alone. Already in 1990, Foster questioned Luttwak's methodology:

> Are there, in fact, objective factors and conditions that exist independent of our perceptions? Are there immutable historical laws that operate independent of human will? Is empirical evidence the only legitimate basis for the construction of theory? Do values have no proper place in scientific inquiry? Luttwak answers all of these questions in the affirmative. But the fact that these very questions have been the source of such enduring philosophical disputation among the greatest minds in the history of mankind suggests that there are other, perhaps more fruitful, approaches to the study of strategy (or any other phenomenon) that warrant our attention as well. (Foster, 1990, p. 46)

I share Foster's reservations.

6.6 Concluding remarks

In conclusion, having a different methodological stance is not a problem, as long as one is conscious of and transparent about it. Unconsciousness towards the concept's methodological assumptions is, however, a problem. The clearer one's methodological stance, the more content-focused the discussions about concepts can become. A clear methodological stance on the side of the individual researcher, together with the plurality of methodologies on the side of the academic community, allow for different questions and answers. Methodological plurality is therefore a clear advantage when one strives for a deeper and more diverse pool of knowledge.

Every concept has two sides to it: an analytical and ideational one. The analytical side of geoeconomics provides an analytical framework for ordering, interpreting, and understanding international relations and foreign policy. The ideational side of geoeconomics uses a prescriptive, normatively, and idea-driven ideational framework to draw an image of the theoretically possible. For the sake of analytical clarity, the analytical and ideational part of geoeconomics should not be mixed. In the following chapters, I develop the theoretical concept of geoeconomics, while focusing on its analytical side. It will become obvious that my approach stands in stark methodological contrast to most mainstream conceptualizations of geoeconomics.

Chapter 7: Means-end relationship

7.1 Introduction

The relationship between the means and the ends of geoeconomics needs to be clarified before diving into their specifics. At first glance, the specific relationship between two components of a concept's intension seems like an odd starting point for a conceptual deconstruction. However, I deliberately chose this point for my conceptual attack, due to the centrality of the means-end relationship in modern geoeconomics. Challenging one of the concept's key assumption makes it possible to challenge the whole concept. If the initial setup of the concept rests on flawed assumptions, the concept needs to be overhauled. The inquiry into salient assumptions on the means-ends relationship reveals contradictions. They pave the way for the overall conceptual deconstruction of current geoeconomic approaches. That is why I chose this specific aspect of the concept's intension as a starting point.

As shown in the literature review, contemporary interpretations of geoeconomics are often only superficially different from geopolitics. Scholars often reduce modern geoeconomics to merely an outgrowth or offspring of geopolitics. The main strategy adapted to differentiate geoeconomics from geopolitics has been to caricature geopolitics as the mere use of military power, while geoeconomics relies on economic power. Modern geoeconomics was founded on and developed from the key assumption of new means but identical ends when it was deduced from geopolitics. Theorists only focused on and redefined the means used, but not the ends of a geoeconomic strategy.

This conceptual derivation might be well intended and might seem logical from a semantical point of view. However, conceptually speaking it is quite careless. Adopting such a narrow conceptualization is rather superficial, as it overlooks the fact that "geopolitics and economy are inseparable" (Moisio, 2019, p. 3). Economic means have always been part of geopolitics. If one deduces geoeconomics from geopolitics without conscious reconceptualization, geoeconomics amounts to nothing more than geopolitics by economic means.

When trying to work with only superficially differentiated approaches, one quickly faces irreconcilable analytical and logical problems. Overall, the theoretical and practical linkages between geoeconomics and geopolitics are an "understudied area in international politics" (Li, 2020, p. 171).

Modern geoeconomics features many theoretical and paradigmatic similarities with geopolitics. This is also the case for assumptions concerning the means-ends relationship. The underlying mechanisms, logic, and objectives stay the same; only the means to achieve the neorealist ends differ. Economic means are used to achieve political ends, meaning ends with a political nature: the same or very similar ends as in geopolitics. If geoeconomics is understood in a neorealist and means-focused fashion, a clean distinction between geoeconomics and geopolitics becomes impossible to achieve (Yeh, 2016, p. 284).

This begs the question whether it is possible to exchange a theoretical concept's means without touching the ends. I challenge this assumption on which modern geoeconomics is founded, by inspecting the relationship between the means and the ends of geoeconomics. I find that changing a concept's means has consequences for the rest of it too. Means and ends always go hand in hand. One may not prevail over the other when analyzing international relations, as means and ends always have a reciprocal effect on each other. This also means that one cannot simply change the means of a theoretical construct (e.g., geopolitics) and expect that the ends will stay the same. The conceptual complexity extends beyond the ends. To advance the geoeconomic debate, one needs to clearly define how the geoeconomics' operational logic and its ends differs from geopolitical ones.

The impact of means on ends seems counterintuitive at first. Hence, it is not surprising that the "received wisdom" (Li, 2020, p. 187) of the majority of geoeconomics' scholars is that states use economic means for predetermined political ends. However, after studying the workings of geoeconomics in practice, Li (2020) finds that "geo-economic schemes many [*sic*] also prompt the initiating state to develop new geostrategic interests and objectives" (p. 187). These new interests and objectives in turn have the power to transform the "state's

international security strategy, which in turn may create completely new dynamics in its security ties with other countries" (Li, 2020, p. 187). Li's (2020) case study on the Belt and Road Initiative demonstrates the impact of used means on a state's ends. As a result, Li (2020) urges other scholars to "pay more attention to this new analytical angle in studies on the geo-economics–security nexus" (p. 187). There are several ways in which the means impact the ends, some of which are shown here below.

7.2 Means-end complex

Even though scholars are eagerly producing new definitions of geoeconomics since the 1990s, essential questions concerning the concept's means-ends relationship remain unanswered till today. Scholvin and Wigell (2018b), for example, ask if "geoeconomics, as a form of statecraft, [is] defined by its means or by its ends; or perhaps by a mix of both?" (p. 80). There is a strong reoccurring preoccupation with the question of economic means and ends, and where and how they fit into geoeconomics. Scholars agree that economics is part of the equation, after all "economics" is a part of the concept's term. However, they do not agree on how to best fit it into the concept. *Should economics be included in the means, in the ends, or perhaps in both?*

Traditionally, economic policy was not meant to be used for the strive to increase a state's (political or military) power. Hirschman (1945/1980) observes that despite WWI, "the pursuit of power was still largely considered as a subordinate or exceptional aim of economic policy" (p. 3). Economic policies aimed to increase a state's power were seen as "the perversion of normal economic activities or the diversion of national wealth from its true economic purposes" (Hirschman, 1945/1980, p. 3). Hirschman (1945/1980) reports that the "proposal to make the power of the state a primary aim of economic policy" (Hirschman, 1945/1980, pp. 3-4) shocked his contemporaries and challenged their fundamental views on the functions of the state. Forty years later, the (implicit) assumption that "economic means must have economic ends" (D. A. Baldwin, 1985, p. 61) still existed.

As shown in the literature review, the less prevalent "economic ends"-approach of geoeconomics places its emphasis on the sought-after ends, while the more dominant "economic means"-approach shifts the focus to the used means.[117] For most scholars, the focus remains often with one or the other, economic means or economic ends. Yet, both approaches are limited in their analytical capabilities, as ends and means always have a reciprocal effect on each other. Both camps fail to look at the economic factor holistically, with all its consequences for the end-means relationship. Huxley (1937/1941), for example, highlights the importance of means for ends, as "the means employed inevitably determine the nature of the result achieved" (p. 52). As a result, Huxley (1937/1941, p. 52) argues that the means are even more important than the ends. Means and ends are intertwined, thus geoeconomics can neither be defined by its means or ends alone, nor by the mixture[118] of both separate entities. Instead, geoeconomics should be understood as the interplay[119] of the interdependent means and ends.

The idea that the means and ends have to approached holistically, as a pair and not as two separate units, is also not a new one in IR. In 1966, Czempiel coined the term "Ziel-Mittel-Komplex" [end-means-complex], to explain the means-ends bond. Instead of focusing either on the means or the ends, Czempiel (1966, p. 8) argues that foreign policy analysis needs to focus on the means and the ends (which he calls the end-means-complex), in order to identify a state's overall strategic or policy objectives.[120] The state's overall objectives take shape in the form of the end-means-complex. After all, in the choice of their means, states reveal how they view and assess their environment, and how they intend to safeguard their interests vis-à-vis this (friendly or hostile) environment

[117] The economic-means approach assumes that the use of economic power is not an end in itself. It is solely a means to a greater (political) end.
[118] A mixture is the combination of two components, in which the components retain their identities. In the process, the properties of the individual components do not change, nor do they bond.
[119] In contrast to mixtures, in interplays the individual components do affect the properties of each other. Yet, they are not bonding to form a compound.
[120] The exact German quote being: "Nicht so sehr auf die Ziele wird sich demzufolge die Analyse der Außenpolitik zu richten haben, sondern auf die Mittel und auf die Ziele, in denen sie Gestalt gewinnen: auf den Ziel-Mittel-Komplex" (Czempiel, 1966, p. 8).

(Czempiel, 1966, p. 8).[121] This suggests that the change from military to economic means has an impact on how states perceive their environment, including threats and opportunities.

7.2.1 Teleogenetic nature of means

In a similar fashion, Foster (1990) describes the means-ends relationship as symbiotic: "each element dependent on and necessary for the other" (p. 52). While the "ends dictate the means to be employed", "the means available impose constraints on the ends that can be pursued" (Foster, 1990, p. 52). Foster (1990, p. 52) finds that the marriage of ends and means (the end-means-complex) also has teleological (goal-seeking) and teleogenetic (goal-producing) properties. This implies that the choice of means has an influence on the state's overall policy objectives. If one were to change the means, the state's objectives might change too. Even if this does not turn out to be the case for geoeconomics, it still needs to be considered and investigated.

The teleogenetic[122] nature of means has been vividly demonstrated by Rummel (1994). He argues that a state's powers, understood as means and not as ends in themselves, have the ability to change the state's ends. The more power a state has, "the more it can act arbitrarily according to the whims and desires of the elite, and the more it will make war on others and murder its foreign and domestic subjects" (Rummel, 1994, pp. 1-2).[123] States do not start out with the end of murdering their subjects, and then choose the appropriate means to accomplish this goal. Instead, the means available to states have an impact on what ends can (and cannot) be chosen and how they are pursued.

Yet, while ends and ways of achieving them are theoretically unlimited (the only limit being our fantasy), our means are always limited. Therefore, our ends

[121] The exact German quote being: "In der Auswahl der Mittel läßt eine Einheit am besten erkennen, wie sie ihre Umwelt einschätzt, wie sie dieser Umwelt gegenüber ihre Interessen wahrnehmen will" (Czempiel, 1966, p. 8).
[122] Teleogenetic describes the capacity to generate goals for oneself.
[123] Rummel (1994) continues his analysis in the next sentence: "The more constrained the power of governments, the more power is diffused, checked, and balanced, the less it will aggress on others and commit democide" (p. 2). From here, it is only a small step to the ideational side of his argument.

are always limited by the means available to us. The idea that we can overcome the limits set by our means, and achieve whatever desired ends is a powerful idea. It is an inspirational idea, that has motivated generations to achieve great things. Social developmental revolutions[124] have not been triggered by the search for more effective means of achieving old ends. Instead, they often sprung out of the realization that certain means, initially used for one purpose, exist and that they can be repurposed for a different end.

In social development processes, the ends are improved or replaced with the help of new available means. New forms of housing that emerged at the beginning of the 20th century, such as skyscrapers or *Neues Bauen*, were the result of a preceding material revolution. *Neues Bauen* did not cause a material revolution. In contrast, *Neues Bauen* made use of the new means (technical and economical) available to them, to rethink and to revolutionize the way to live. The purpose of a house and how to live in it was revised and redesigned. This was the direct result of a preceding material and economic revolution.

Hence, when new means become available to states, they can use them in two different ways. The first option is that states can focus on how to apply those new means to old ends—just more effectively. This could mean thinking about how to make a canon shoot more accurately or how to use a new technology to make bombs more deadly. The second option is that states can rethink the ends to which they apply their means. Nuclear technology can be used to make more effective bombs or to produce "cheap" energy. When states fight over access to local energy resources, they could use developments in nuclear technology to re-evaluate and redesign their ends. Instead of killing one's enemies more effectively, new technologies can also be used to readjust relations with them. Yet, as pointed out by Huxley (1937/1941), "all our efforts are directed, as usual, to producing improved means to unimproved ends" (p. 276). In other words, most current geoeconomic approaches focus on how new or improved (economic) means can be applied to unimproved (geopolitical) ends.

[124] A social developmental revolution is the result of new means applied to new ends, such as a new way to live, to communicate and to share information, to commute, to eat, to think, etc.

7.2.2 Normative nature of means

Means are defined as intermediate or instrumental actions, purposive in nature, that are undertaken to achieve a specific goal or end (D. A. Baldwin, 1985, p. 16). Both terms, means and ends, are defined in relation to each other and not as two separate units. The action's justification is found in the expected aim and not in the action itself. Here, it important to point out that the means-ends relationship also has an inherent ethical component (Foster, 1990, p. 53).[125] One might be compelled to ask if the "nature of the ends specified justifies the employment of the means chosen" (Foster, 1990, p. 53).[126] Yet, as Huxley (1937/1941) highlights, "the end cannot justify the means, for the simple and obvious reason that the means employed determine the nature of the ends produced" (p. 9). Good ends can only be achieved by the use of appropriate means.[127]

Means and ends have a bidirectional relationship. That is why it is so important to understand the means and ends as a whole. How ends look in practice depends on how and with what means they were achieved—meaning the applied nature and operational logic of the means. To illustrate this, it is often argued that interdependence leads to a change of conflict: "As the modern world becomes increasingly tightly bound by a web of economic, nuclear, moral, and environmental relations, conflicts are increasingly over economic and human welfare rather than territory and ideology" (Nester, 1995, p. 452). At the same time, it is also argued that the state's ends "remain the same: states strive for strategic and economic security. But the means to achieve those ends have greatly changed" (Nester, 1995, p. 452). I agree with Nester that states constantly strive for strategic and economic security. However, I would also argue that economic security in its geopolitical form looks completely different from economic security in a geoeconomic form. This is due to the means used to achieve this end.

[125] The division between means and ends allows for the artificial ethical dilemma of whether or not the end justifies the means.
[126] This applies to the proponents of neoliberal and neorealist geoeconomics alike, who often ignore or forget about the ethical implications of their utilitarian preferences.
[127] I agree with Huxley (1937/1941) that "these are simple and obvious truths" (p. 52). Yet, due to our nature as humans, this simple and obvious truth is "almost universally neglected" (Huxley, 1937/1941, p. 52).

While geopolitical economic security means, for example, control over resources, geoeconomic economic security can be achieved through trade alliances or mutual interdependence, without having direct control over strategic resources. Abstract ends have to be understood in a paradigmatic context. Ends are not self-explanatory.

7.2.3 Monodirectional thinking

As humans we desire to be in control of our ends. We imagine that we choose our struggles ourselves. We like to think that we are the masters of our ends. We deem ourselves rational beings, who choose their means according to their desired ends. We first think of what we want, then of how to get it. This belief is very common. It is depicted in basic rational decision-making models. Verba (1961) describes rational models of decision-making as an actor responding to an event, whereby his response is based "upon a cool and clearheaded means-ends calculation" (p. 95). The actor "uses the best information available and chooses from the universe of possible responses that alternative most likely to maximize his goals" (Verba, 1961, p. 95). Verba (1961) understands rational models of decision-making as processes of means-ends analysis (p. 107). This means that "rational choice is the selection, among alternatives, of the action that maximizes the goal" (Verba, 1961, p. 107).

Current geoeconomics approaches inherited this idea of a "linear means–end causality between mega-economic policies and geostrategic contentions" (Li, 2020, p. 171) from geopolitics and economic statecraft discussions. As a result, means and ends are usually treated separately in geoeconomics. The actor first thinks about what he wants to achieve (his objective), then he thinks about what means are needed and how to achieve this end. The clarification of objectives is treated as a distinct step, prior to the analysis of appropriate means. In other words, "first the ends are isolated, then the means to achieve them are sought" (Lindblom, 1959, p. 81).[128] The means are chosen based on their efficiency to achieve a

[128] Lindblom (1959) explains that "decision-making is ordinarily formalized as a means-ends relationship: means are conceived to be evaluated and chosen in the light of ends finally selected independently of and prior to the choice of means" (p. 83).

predefined end. We like to think of ourselves as having a universe of possible responses available to us when pursuing our carefully chosen ends.

The way in which geoeconomics was recreated in the 1990s is stereotypical of our monodirectional[129] thinking: "All our efforts are directed, as usual, to producing improved means to unimproved ends" (Huxley, 1937/1941, p. 276).[130] We fall prey to our arrogance, thinking we choose our ends first, to then find the most appropriate means available to us to fulfil this end. As a result, geoeconomics was not developed holistically, taking the means, the ends, and the effect they have on each other into account. Instead, scholars were looking for new, more effective means for states to pursue their geopolitical ends. In geopolitics military means were seen to be the most appropriate means in achieving one's geopolitical ends. In accordance with the rationalist logic,[131] the fact that economic means are now seen to be more appropriate in geoeconomics, signifies that either the ends have changed, or that the perception of appropriateness has changed, or that even both have changed.

Rational choice decision-making models assume that an actor pursues the action that maximizes the achievement of a goal. After choosing the appropriate mean, the goal is not questioned or changed. According to this logic, if none of the means available are effective enough to achieve the goal at a 100%, the actor would choose the second closest means available. However, not all goals are partially executable (e.g., only 50%). When one only has a hammer at hand (mean), trying to hang a picture with a screw (end) does not make sense. Instead,

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[129] Monodirectional thinking is the opposite of reiterative thinking. Instead to go forth and back between means and ends, in monodirectional thinking, the ends are determined first and the means are then chosen accordingly.

[130] While Huxley's critique is a universal one, it was originally directed against the way funding was distributed at universities:

> All endowments, moreover, go to special subjects—and almost always to subjects which have no need of further endowment, such as physics, chemistry and mechanics. In our institutions of higher learning about ten times as much is spent on the natural sciences as on the sciences of man. All our efforts are directed, as usual, to producing improved means to unimproved ends. (Huxley, 1937/1941, p. 276)

I believe that Huxley's observations are still valid today. We, for example, use technical discoveries to improve our cars, instead of systematically rethinking our transportation systems.

[131] For rationalists, "test of a 'good' policy is that it can be shown to be the most appropriate means to desired ends" (Lindblom, 1959, p. 81).

after choosing one's tool, the end can also be changed from screwing a screw into the wall, to hammering in a nail. When changing ones means, from screwdriver to hammer, the ends should change accordingly, from screw to nail. This change in ends ensures that the picture can still be hung. In other words, certain means are simply more effective in achieving certain goals.

7.3 Characteristics and features of means

We also need to discuss a few inherent characteristics of means, to better understand the relationship between means and ends. Means have a working mechanism, an instrumental nature, an operational logic, and an applied nature. The working mechanism describes how means are used in practice, meaning how they fulfil their desired function. The working mechanism is variable, as identical means can be used in different ways.

7.3.1 Instrumental nature

The instrumental nature describes the functional character of the instrument, meaning how the instrument has to be used in order to be used effectively. The instrumental nature is derived from the instrument's form. As a result, the means' instrumental nature is fixed. The inherent design or form of means makes them more effective to be used in some ways as compared to others. In the design process, form follows function. However, economic means are not the product of a deliberate design process on the side of the state. Instead, the state only makes use of already existing economic instruments, that were originally created with a completely different purpose (profit) and spirit (commercial freedom) in mind. Once a means already exists, its function is derived from its form. For economic means to be used effectively in geoeconomics, their function has to follow their form.

The instrumental nature of means acts as a structural force that strongly influences the way we interact with and make use of means. The nature of the instrument always prevails. Sooner or later, we discover a way to use an instrument more effectively. Similar to the belief that we are in control of our desired ends, we also often believe that we are in control of the instrumental nature

of means. We design means to fulfil a certain task and as a result we also expect these means to be most effective in fulfilling this task. Just as with the idea of the dominance of the ends, the means' desired function is said to lead the way for the creation of its form. In reality though, many highly successful tools have been originally designed with some completely other function in mind. Later they were repurposed and used for tasks or in ways for which they were never intended. Only then did they become very successful. Examples include the chainsaw, originally invented by doctors to be used as a surgical instrument, bubble wrap, first invented as wallpaper, play-doh, intended to be used as wallpaper cleaner, and frisbees, developed as cake tins. These examples show how the instrumental nature of an instrument prevails over time.

Instruments are primarily used in the way in which they are most effective. Means prevail if they work, because they are effective. They get repeatedly used and integrated into a state's strategy in the long run because they work and not because of ideology, feelings, public sentiment, private motivations of the ruler, or other reasons. For a very long time, force used to be one of the preferred means of states because it got the job done.

I would assume that the difference in instrumental nature is at least obvious for military and economic means. Yet, geoeconomics scholars are still struggling to align the instrumental nature of economic means with the realist ends taken over from geopolitics. Wigell and Vihma (2016, p. 605) agree that differences in military and economic power projection are often overlooked. For example, they highlight the means' "diverging effects on their objects and the counter-reactions they provoke" (Wigell & Vihma, 2016, p. 605). While it is correct that military and economic means have diverging effects on their targets, both means also feature diverging instrumental natures.

While Wigell and Vihma focus their analysis on the effects of the used means, I argue that the instrumental nature of the means results in them being used differently in the first place. It might seem obvious that different means yield different results if they are employed to the same end. This should not come as a surprise, otherwise both means would have already been used similarly, if their

effectiveness (and efficiency) would be comparable. In the case of economic and military means, this is clearly not the case. If economic means were used in the same way as military means, they would not be as effective. This is because economics and military means feature different instrumental natures. As such, in order to employ economic means effectively, they need to be used in accordance with their instrumental nature.

The instrumental nature of the means at one's disposal determines to a large extent how one interacts with the world. How one interacts with the world indicates how one sees and perceived the world. This includes which and how problems are perceived. The way a problem is tackled shows how it is perceived. According to Kaplan's (1964) *law of the instrument*, "give a small boy a hammer, and he will find that everything he encounters needs pounding" (p. 28). In other words, "it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail" (Maslow, 1966, p. 15).

In accordance with the analyticists methodology, problems only exist if they are perceived. Problems are created through their perception. Problems are part of reality. If the perception of problems changes (i.e., the way they are tackled), so does the reality of the perceiver. With the change of means comes a change in the perception of the world, the problems and challenges in it, and as such of reality. This also holds true for states and their relationship with other states and the outside world in general. The primary means available to states strongly influence what policy issues are perceived, how they are perceived, and the way in which these issues are tackled. Modern problems and their solution are often understood to be interconnected in nature (see, e.g., black death back then and global pandemics today). What or how these problems are "in reality" does not matter for the selection of appropriate means. What matters is the stakeholder's perception of these problems.

With new means comes the awareness of new problems, as well as a shift in the perception of already existing problems.[132] Once states are aware of the

[132] Csurgai (2009b, pp. 213-214), for example, explains that the indirect control of a geographic zone can be more effective than its direct control. He uses the Iraq war as an example to illustrate how "direct control of a given geographic zone, for instance by military occupation,

economic means at their disposal, the perception of problems can change drastically. If "limited or collapsing statehood, transnational violent extremism, and organized crime" are perceived as new threats, old military means will turn out "to be a rather blunt and therefore ineffective instrument to cope with unconventional threats" (Lohmann, 2018, p. 13). This is a self-reinforcing process: Due to a change in threat perception, including "enhanced risks of terrorism, electronic sabotage, and large-scale illegal immigration", "states must increasingly define national security goals in terms of economics" (Ripsman, 2005, p. 28).

The change from military to economic means results in a change of problem perception. The logic of problematization differs. If military means are the state's primary tool, most problems will be perceived and tackled in a confrontational manner. When using military means, the world is perceived in a zero-sum way, as the "outcome of political conflicts is zero sums one" (Babić, 2009, p. 45). If economic means are the state's primary tool, most problems will be perceived and tackled in a cooperational manner. When using economic means, the world is perceived in positive-sum way, as "trade conflicts are not necessary of such outcome" (Babić, 2009, p. 45). If one exchanges the metaphorical hammer for a screwdriver, not every problem will need a pounding. As long as one wields the screwdriver, some problems might turn out to be screws and not nails. Hence, the perception of problems always depends on one's available means to solve problems.

A simple change of weapon type can have the power to change one's perception of the world and the threats in it. A good example are nuclear weapons. Even though nuclear weapons come in the form of bombs (similar working mechanism), they are not used in the same way as regular bombs. In fact, they are a completely different tool. According to Waltz (1993), nuclear weapons "narrow the purposes for which strategic power can be used" (p. 53). Nuclear weapons are not used for taking someone's territory or for defending one's own (Waltz, 1993,

is not always advantageous and can lead to situations that are difficult to manage by the occupying power" (Csurgai, 2009b, p. 213).

p. 53), even though it would be possible to do so. Instead, nuclear weapons are used to "bend strategic forces to one end: deterring attacks on a country's vital interests", whereby upholding the international order (Waltz, 1993, p. 53). The change of means to nuclear weapons resulted in a paradigm shift (nuclear deterrence), a shift of ends. Goldman and Blanken (2005) even argue that the "concept of 'economic war potential'" (p. 38) became irrelevant due to the rise of nuclear weapons. In the nuclear age of first- and second-strike capabilities, total wars[133] would no longer be fought between nuclear powers. With nuclear weapons at one's disposal, the world suddenly looks quite different. While military force did not become obsolete, its purpose and the way in which it is used changed.

7.3.2 Operational logic

The operational logic describes the logic of the "game" that is being played. Problems can be approached in a confrontational or in a cooperational manner. Cooperation and confrontation are the operational logics that result out of the instrumental nature of the used means. The operational logic of the means at hand determines—on a more abstract level—how a means needs to be used to achieve one's desired ends effectively. It also describes how the means influences the overall behavior of the one wielding it. If an entity A wants something from an entity B, the way of pursuing this desire will vary with A's means (e.g., guns vs. money). Different means have different operational logics: they are most effective if applied in a certain way.

The way a hammer is constructed makes it a perfect tool for pounding. When comparing a hammer to a screwdriver, the difference in instrumental nature and the resulting operational logic becomes obvious. This does not mean that a hammer cannot be used to get a screw into a wall. While it is possible to launch a screw in a wall with a hammer, it is not very effective. Changing the type of means always entails a change in the instrumental nature and potentially also a change in the operational logic. Different tools work best when applied in different ways.

[133] The term "total war" refers to the mobilization of all societal resources to fight the war.

What I call operational logic, Luttwak refers to as the logic of conflict. I prefer the term operational logic, since conflicts do not have an intrinsic logic. Yet, the way one handles a conflict does have a logic to it, hence the term operational logic. Luttwak (1990) admits that if economic means would emerge as the dominant instrument for conflict resolution, "not only military methods but the logic of conflict itself - which is adversarial, zero-sum, and paradoxical - would be displaced" (p. 17). The means used, the aspired ends, and the operational logic are all very closely connected. As a result, means and ends must be analyzed together, as a whole.

To illustrate the difference between a means' working mechanism, instrumental nature, and operational logic, let us take a look at the differences between economic and military means. Economic and military means do not only have different working mechanisms, but they also feature different instrumental natures. While howitzers and mortars have different working mechanisms, they both feature the same instrumental nature. When used in battle, they also feature the same operational logic. Economically and politically motivated investments have the same working mechanism and instrumental nature. Yet, due to the way they are used, they feature different operational logics.

The law of the instrument, applied to geoeconomics, shows the transformative effect of a means' instrumental nature on its operational logic. While military means have a tendency to be used in a confrontational manner, economic means are most effective when used in a cooperative manner. Kaplan's law, applied to states, can be translated to: Give states military means, and they find that every problem they encounter can best be solved via competition; but give states economic means, and they find that every problem they encounter can be solved via cooperation.

Trade wars serve as a good illustration of the effect that the means' instrumental nature has on the overall operational logic. Trade wars cannot be won. This is due to the instrumental nature of trade. Trade, being a cooperative activity that requires the consent of all parties involved, is neither suited as a

confrontational tool, nor as an appropriate battleground.[134] Trade wars are not wars for better trade. In fact, they are harmful to trade. As a result, trade wars are described as "destructive and divisive" and as damaging to the economy (Lew & Nephew, 2018, p. 149).

Waltz (1993) argues that the "basic structure of international politics continues to be anarchic" (p. 59), independent of the means used. I concur with him. However, he then continues to argue that "each state fends for itself with or without the cooperation of others" (Waltz, 1993, p. 59).[135] Here I must disagree, as economic means only function effectively in a cooperative and integrated environment. Without trade, there can be no sanctions nor any trade war. Economic means are based on the cooperation of states. In order to increase the power of one's economic means, one will need to become more interconnected. Cooperation between states is not optional, it is a necessity for economic means to be used.

Moreover, I argue that it is not the state of the international system (i.e., anarchy), that dictates our interactions, but the means we have available to deal with anarchy and structural forces in general. Structural forces like anarchy exist, however, we can learn how to deal with these and how to better structure and design our interactions. The more means states have at their disposal, the more possibilities they have to manage and change their interstate relations. It is our capacities, our means and our fantasy (i.e., in what way to use the means), which limit us, not the fixed nature of the system as such.

As discussed in the chapter on the contemporary conceptions of geoeconomics, most geoeconomics approaches emphasize means rather than

[134] Similarly, screwdrivers are not suited for getting 10 nails into a wall. One might be able to get the first few nails in the wall (by using the handle of the screwdriver as a hammer), however, sooner or later the screwdriver will break, or the user will get frustrated with his experience of using the screwdriver as a hammer.

[135] Waltz (1993) also assumes that "leaders of states and their followers are concerned with their standings, that is, with their positions vis-a-vis one another" (p. 59). Naturally, I disagree with this assumption. In line with the neoliberal tradition, leaders of states and their followers are concerned with their standings in their home countries and the groups that brought them to power (constituents, NSAs, oligarchs, etc.).

ends.[136] Scholars agree that states have (new) economic tools available to them, which they use to advance their foreign policy goals. The focus on the economic means does not, however, restrict the range of goals that may be sought after. While it is an "empirically undeniable fact that policy makers sometimes use economic means to pursue a wide variety of noneconomic ends" (D. A. Baldwin, 1985, p. 40), it does not mean that these economic means are equally suited to achieve those ends. This is due to the instrumental nature of economic means, which makes them more effective in fulfilling some ends compared to others. With the change in the instrumental nature and operational logic, also comes a change in ends. In practice this means that if economic tools are repeatedly and successfully used, they have the power to change the ends of states as well. When deriving geoeconomics from geopolitics, one needs to be aware that the change of primary means results in an overall change of ends. Therefore, the ends in geoeconomics cannot be directly adopted from geopolitics.

I argue that because of their instrumental nature, economic means are not suitable to pursue limited ends. Economics as such is entirely based on cooperation and the production of added value. The difference between a political and an economic exchange is freedom to agree on an exchange and the added value produced. This is due to the underlying idea of freedom, which is reflected in the free exchange of goods and services. Without freedom to contract, no economic exchange would be possible. Trade does not only make everyone better off, it is essentially designed to do so. Economic exchanges happen because they are believed to be beneficial to all parties involved. This can only happen if the principle of free exchange is adhered to. Political agreements on the other hand do not need mutual consent. Forced agreements are always an option. In fact, most of the times, political agreements between two parties are the result of powerplay:

[136] Similar to the term "economic statecraft", the means-focused usage is "probably closer to ordinary language than definitions in terms of ends" (D. A. Baldwin, 1985, p. 39). After all, "bombing a library is not called cultural warfare; bombing homes is not called residential warfare; bombing nuclear reactors (with conventional bombs) is not called nuclear warfare; and bombing factories should not be labeled economic warfare" (D. A. Baldwin, 1985, pp. 39-40).

the power of one party over the other, makes the latter agree to something, which it would otherwise not do.

From a neorealist perspective, changing the means without changing the operational logic and the ends might seem logical. After all, it was Waltz (1993) himself who argued that "since nuclear weapons limit the use of force among great powers at the strategic level, we may expect economic and technological competition among them to become more intense" (p. 59). When it comes to the use of new economic means, the logic of conflict does not change at all for him. This is typical of neorealist geoeconomics, where the means change but the operational logic remains the same. The means change, in the form of nuclear weapons, however, the logic of the conflict, to use Luttwak's term, remains the same. In other words, the way to see the world, the problems in it, and the way to deal with the problems does not change much. I disagree, since the instrumental nature of the means impacts the perception of the world and the problems in it.

7.3.3 Applied nature

Scholvin and Wigell (2018b) ask "what is the relationship of geoeconomics and military power? Can military means be part of a geoeconomic strategy? Do they complement it? Or is the use of military power incompatible with geoeconomics?" (p. 80). At first glance, debating the role of military power in geoeconomics concerns primarily the concept's means. Yet, it is my understanding that this question is not only about the content of the concept, but also about the envisioned nature of the content. The question concerns the possible ideal-typical nature of the concept and can only be answered with reference to the concept's methodology. If one adopts an analyticist methodology, treating geoeconomics as an ideal-type concept, military means would have no place in the concept.[137]

[137] The question whether military means can be part of the geoeconomic toolbox is, methodologically speaking, a tricky one. One better asks if states, that subscribe to a geoeconomic foreign policy, regard military means as the most efficient way to achieve their geoeconomic objectives. The answer would generally be no, however, this does not exclude military means per se as a tool of geoeconomic statecraft. The same holds true for geopolitics and economic means. Nevertheless, one should never forget that a geoeconomic state is an

Scholvin and Wigell's question shows a reoccurring problem in the study of geoeconomics: how to define what makes economic means "economic" and military means "military". *Are military means military by definition, or do they become military by the way they are used?* In the hands of the military, any means can become military, even "economic" ones. This is because a means cannot only be classified by their instrumental nature, but also by the way in which they are used—their applied nature. Means can also derive their nature from how they are being used.

To answer Scholvin and Wigell's question, one would first need to agree on what makes means or powers military in nature. I argue that one should not only take into account the means' instrumental nature (i.e., what is being used), but also the means' applied nature (i.e., how is it being used). If military means are defined as "military" based on their instrumental nature, they can be part of an (ideal-typical) geoeconomic policy. If military means are defined as "military" based on their applied nature, they cannot be part of an (ideal-typical) geoeconomic policy. The same rule applies to economic means. In fact, any means can receive an economic applied nature through being used in an economic way.

Czempiel (1966, p. 8) identifies two main types of means: cooperation and/or the use of non-violent means, and domination and/or the use of violent means. However, the intrinsic nature of means, whether they are violent or non-violent, is not that easy to determine (if not impossible). Means do not have an intrinsic moral or normative nature: their normative nature is determined by how they are used. For example, surgical instruments can also be used as torture instruments. While the instrumental nature of means is fixed, the applied nature is not.

The way of using a means defines its applied nature. While the instrumental nature of economic means calls for cooperation, economic means can still be "militarised" if applied in certain ways. The operational logic of trade is

ideal-type, which one will hardly find in real life. Practically speaking, military and non-military means, will always complement each other. The question is only to what extent this happens and to what end.

cooperative and peaceful, which does not mean that trade cannot be weaponized, and used in an aggressive, confrontational manner. The same holds true for military means: the operational logic of military means is by default confrontational, however, that does not mean their applied nature cannot be cooperative. Weapons might feature a confrontational instrumental nature, however, that does not mean that they cannot be part of a policy with a cooperational logic (e.g., service contracts for military equipment, supply of riot gear, training and equipment of antiterrorist or counterinsurgents units, etc.). An example is the export of large parts of the former East German *Volksmarine* to Indonesia, after the reunification of Germany. The means were military (39 warships) but their applied nature was not confrontational.

Just because means have an economic instrumental nature does not mean that they will automatically be used in a cooperative manner. A knife can be used as a military means, if it is used in a confrontational, violent way involving threats. One party forces another party to do what it would otherwise not do. A knife can be used as an economic means, if it is used in a cooperative way, non-violent, involving not threat but incentive (e.g., cooking a tasty meal for someone). An economic transaction is one that leaves both parties better off, otherwise they would not have agreed to the transaction in the first place. Freedom to choose is key in this regard. This same principle applies to trade. Trade can be free, where both parties freely choose to engage to trade, or it can be forced or forcefully restricted (e.g., sanctions). The instrumental nature is in both cases the same, however, the applied nature is not. Especially sanctions have a political and not an economic applied nature, as private or state entities are forced to abstain from trade against their best economic interest. However, the instrumental nature of economic means makes them more likely to be used in a cooperative way in the medium and long run, the same way as knifes are mostly used for cooking and not for fighting.

7.4 Concluding remarks

The mainstream geoeconomics discourse grew out of discussions on economic security and power in the 1980s and 1990s. As a result, geoeconomics is often treated as the geopolitical use of economic power. Even though the instrumental nature of geoeconomic means is different from that of geopolitical ones, the operational logic and the applied nature of the new geoeconomic means stayed the same.

This is problematic, as in geoeconomics, the instrumental nature changes with the means. As a result, the operational logic changes too, impacting the ends and their nature. When new means become available to states, it allows them to pursue new ends. The shift of means allows for a shift of ends. This holds true for the nuclear bomb as well as economic interconnectedness. With economic means at their disposal, states will opt for an economic and cooperational approach, instead of a military and confrontational one. It is only an illusion that we first choose our ends freely and then find the appropriate means. Means and ends have to be thought of as one interconnected entity, as an innate relationship exists between them.

It is not only the means that differentiates geoeconomics from geopolitics, but also their connected instrumental natures, operational logics, and their impact on one's perception of reality. Functionally speaking, geoeconomics can be differentiated from geopolitics, if one acknowledges the impact of the used means on the sought-after ends. Yet, only few geoeconomics scholars have realized that different means can result in different ends, that "different types of power projections have different consequences" (Vihma, 2018a, p. 14), and that a change in means can have a fundamental impact on one's ends as well.

Geoeconomics will only be able to conceptually develop if more scholars acknowledge the impact that changing a state's means has on a state's ends. Otherwise geoeconomics will fail to provide new insights, that would be different from those that geopolitics has long been giving us. The role of the US military in realist geoeconomics shows that focusing solely on either, the economic ends or the use of means with an economic instrumental nature, does not achieve conceptual differentiation from geopolitics. We will arrive once again at the

conclusion that, just like in geopolitics, the military is becoming the most prominent practitioner in geoeconomics too (see, e.g., Gilbert (2019)). If geoeconomics is understood in a neorealist way, the US military is seen as one of the most important contemporary geoeconomic actors (e.g., Gilbert (2019)). Instead, geoeconomics needs to take into account the way that means are used and how they impact the ends.

If one accepts these points as valid, the uncovered contradictions allow me to question the overall construction of the concept of geoeconomics. One needs to revisit other fundamental assumptions of the concept as well. This brings us to the next chapters, discussing the underlying assumptions of neorealist and neoliberal geoeconomics. With the change in means, the change in reality perception, and the change in ends, also comes a change in the underlying paradigm. Once we acknowledge the change of ends, I argue that the neorealist paradigm, underlying most modern geoeconomics approaches, needs to be changed as well.

Geoeconomics that fully accounts for the outlined changes in means and ends, can be best aligned and conceptualized within the neoliberal paradigm. In neoliberal geoeconomics, problems are perceived through an economic lens and tackled with corresponding tools. Once the operational logic and perception of reality is fully adjusted to the means used, its underlying logic bears a striking resemblance to some general aspects of the neoliberal paradigm. Since problems are perceived in a multilateral context, the solution to these problems should also be multilateral and beneficial for all parties involved. The neorealist zero-sum mentality is thus exchanged for a neoliberal win-win mentality.

Chapter 8: Means of geoeconomics

8.1 Introduction

This chapter discusses the economic means of geoeconomics and their specific characteristics. It addresses the ambiguity of the economic means in geoeconomics. The literature review found that the economic nature (the "economicness") of the economic means in geoeconomics is one of the most ambiguous[138] parts of the concept's intension.[139] Even though it is a key component of the intension of geoeconomics, the meaning of "economic" in economic means and what it entails is often not clear. As an example, due to the lack of conceptual specificity, the economic means in Blackwill and Harris' popular definition of geoeconomics—"the systematic use of economic instruments to accomplish geopolitical objectives" (2016b, p. 1)[140]—are sometimes understood to also include private military and security companies (PMSCs) and cyber warfare (see, e.g., Arnold, 2019). To address the ambiguity of the economic means in geoeconomics, this chapter answers the following three questions: *What makes the economic means of geoeconomics "economic", what are their characteristics, and how are they different from economic means in geopolitics?*

Economic means are a class of "instruments used by policy makers in their attempts to exercise power, i.e., to get others to do what they would not otherwise do" (D. A. Baldwin, 1985, p. 9). Instead of providing a long list of specific types

[138] The confusion surrounding the meaning of economic means, resulting out of the failure to clearly specify them, is called ambiguity.

[139] The ambiguity of the economicness was already pointed out by Dix in 1926. He writes that the term "Wirtschaftskrieg" [economic war] has an intrinsic "Doppeldeutigkeit" [ambiguity], as it could mean "Krieg mit wirtschaftlichen Mitteln und mit wirtschaftlichen Zielen" [war by economic means and with economic ends], "Krieg für Wirtschaftszwecke" [war for economic reasons], or "Krieg unter Wirtschaftszwang" [war under economic pressure] (Dix, 1926b, p. 315).

[140] The extended version of their definition of geoeconomics being "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations' economic actions on a country's geopolitical goals" (Blackwill & Harris, 2016b, pp. 9, 20).

of economic means, as it is often done in the literature on geoeconomics,[141] I prefer to think about economic means in more abstract and systematic manner. There are two main reasons for doing this: one methodical and one practical. First, to think in abstract categories and to theorize the basic nature of means is a necessary step for the conceptualization of geoeconomics (methodical reason). Second, the means are always changing. New means are being invented, while old ones are being adapted to new realities. Any list of specific economic means would need to be constantly revised (practical reason). To think of economic means in abstract terms also allows one to easily recognize the nature of new or still uncategorized means.

The main strategy adapted to differentiate geoeconomics from geopolitics has been to caricature geopolitics as the mere use of military power, while geoeconomics relies on economic power. Wigell and Vihma (2016), for example, explain that geoeconomics is created when separating economic forms of power projection from geopolitics to avoid "expanding the category of geopolitics to include all forms of power projection" (p. 606). Yet, Jaeger and Brites (2020) point out that economic means were also relevant in geopolitics. While "from a geoeconomic perspective, economic factors are configured as power resources per se", from a geopolitical perspective "they were viewed as a means to achieve a particular condition of primacy" (Jaeger & Brites, 2020, p. 24). Separating economic means from geopolitics and using these means to establish geoeconomics, is not as easy as it might seem at first glance.

[141] For a list of specific geoeconomic means see, for example, Diesen (2021), who mentions, among others, "artificial barriers to restrict access to one's own market", "bureaucratic hurdles, industrial, technological and environmental policies", "'health and safety' policies", "protecting intellectual property rights", "pursuing more ad-hoc restriction on national corporations by linking specific technology to national security", "subsidis[ing] technological developments", "funding specific education, competitive infrastructure", "provid[ing] access to technology developed by the military" (p. 21). Luttwak (1993b) argues that "not only the causes but also the instruments of rivalry must be strictly economic", explaining that in the new geoeconomic era, these "weapons of commerce" include "the more or less disguised restriction of imports, the more or less concealed subsidization of exports, the funding of competitive technology projects, the support of selected forms of education, the provision of competitive infrastructures, and so on" (Luttwak, 1993b, p. 42).

As Scholvin, Wigell and Aaltola (2019, p. 224) point out, it is often hard to distinguish between geoeconomics and geopolitics, if classified by their means. The export of military equipment has an economic and a military component. On the one hand, military equipment can be exported with the goal to gain "market control and strategic leverage through interdependence" (Scholvin et al., 2019, p. 224) and reliance on spare parts and the knowledge to maintain and repair that equipment. On the other hand, military equipment can be exported with the goal of "changing the regional military balance of power" (Scholvin et al., 2019, p. 224). Either way, when classifying geoeconomics solely by its means, it can be hard to differentiate it from geopolitics. Moreover, how to define the "economicness" of the means and how to analyze and classify the means used in practice accordingly (e.g., the export of weapons), remains an unresolved issue in geoeconomics.

This difficulty of defining the nature of economic means is not only limited to the study of geoeconomics. In the past, discussion on the economic means of related concepts, such as economic warfare or economic statecraft, have faced similar problems to define the "economicness" of their means. Førland (1991), for example, describes how practitioners and analysts struggle to agree whether "economic warfare should include any and all kinds of activity directed towards the end of hampering the enemy's economy" including "military action against an enemy's economic structure", or only "economic means for the furthering of a national objective" (p. 193).

In their book *Economic statecraft and foreign policy*, Blanchard and Ripsman (2013) come up with a definition for economic statecraft, that is not limited to the sole use of economic means (as it is so often negligently done[142]). Instead, they argue that

[142] Baldwin (1985, pp. 29-30) criticizes other scholars for neglecting the conceptual analysis of their "economic means", when they try to argue that these are questions of sematic taste, that the economic nature of the means speak for themselves, or that the definitions of economic or political means are too abstract. However, as Baldwin (1985) highlights, that

> to imply that such distinctions can be made in 'concrete contexts' without reference to abstract criteria is tantamount to 'letting the facts speak for themselves.' The facts, however, never 'speak for themselves,' but rather must be interpreted in terms of a conceptual framework imposed by the analyst. Conceptual analysis is neither

> *economic statecraft* refers to an attempt by a *sender* state to influence a *target* state either to do something it would not ordinarily do or to forgo an action that it would otherwise engage in, by the manipulation of the market in a manner that provides economic benefits to states that comply and/or imposes economic penalties on those who fail to comply. (Blanchard & Ripsman, 2013, p. 5)

The "economicness" of economic statecraft is achieved via the manipulation of the market; the underlying assumption being that the market is usually free and now the state intervenes to manipulate it. For Blanchard and Ripsman (2013), the dominant strategies adopted by states to manipulate the market are "economic sanctions (a coercive strategy) and economic incentives (a persuasive strategy)" (p. 5). In many geoeconomics approaches, the state's influence in business decisions and its interference in the "free" market processes are identified as the distinguishing characteristics of geoeconomics. Luttwak (1993b) writes that in geoeconomics

> investment capital for industry provided or guided by the state is the equivalent of firepower; product development subsidized by the state is the equivalent of weapon innovation; and market penetration supported by the state replaces military bases and garrisons on foreign soil as well as diplomatic "influence." The very same things—investment, research and development, and marketing—are also done every day by private enterprises for purely business reasons. But when the state intervenes to encourage, help, or direct those very same activities, it is no longer plain vanilla economics that is going on, but rather geo-economics. (pp. 35-36)[143]

> impossible nor merely a matter of taste; it is a necessary first step toward clear thinking about economic statecraft. (p. 30)

[143] Interestingly, Luttwak (1993b) tries to argue that one can differentiate old economic weapons from new, geoeconomic ones: "Tariffs can be merely taxes, imposed with no other aim than to raise revenue; likewise, quota limits and outright import prohibitions may be meant only to cope with an acute shortage of hard currency" (p. 36). Since political and economic ends of states always go hand in hand, I would argue that this differentiation is at best superficial. Assuming that the economic cannot be separated from the political, and that the "real" motives of a state's actions are methodologically speaking unfathomable, I find Luttwak's view on the "new" geoeconomic means hardly convincing. After all, tariffs are never

Interestingly, Blanchard and Ripsman (2013) do not see "export controls designed to degrade the military capabilities of a targeted state, blockades that limit oil shipments to a target's armed forces, or weapons embargoes" (p. 5) being part of economic statecraft. For them, those activities constitute economic warfare, "since the immediate effects of these embargoes are not at all economic, but military-strategic" (Blanchard & Ripsman, 2013, p. 6). According to Blanchard and Ripsman (2013), the purpose of those types of sanctions is "to weaken a targets ability to wage war, rather than to compel a policy change" (p. 6). Blanchard and Ripsman differentiate economic statecraft from economic warfare by the (intended) effect of the state's policy. However, as already pointed out in the literature review, classifying a state's actions by their ends or immediate effects is quite problematic, as bombing a library does not constitute cultural warfare, nor does bombing a factory make it an act of economic warfare (Scholvin & Wigell, 2018a, p. 7).

In his seminal work on economic statecraft, Baldwin (1985, p. 30) defines economic techniques of statecraft as "governmental influence attempts relying primarily on resources that have a reasonable semblance of a market price in terms of money" (p. 30). Defining "economic" means "in terms of the production and consumption of wealth that is measurable in terms of money" (p. 32) is desirable according to Baldwin (1985), as it "corresponds with long-standing usage by the classic textbooks of economics and is descriptive of the interests of most contemporary economists" (p. 32). Yet, as Baldwin (1985) is quick to point out, there are always "borderline cases" that are hard to classify: "Should the sale or gift of military hardware be considered as economic or military statecraft?" (p. 32). These borderline cases, which Baldwin is quick to dismiss,[144] are the same cases that are still problematic (in the sense of hard to distinguish between economic and military means) today in geoeconomics (see, e.g., Scholvin et al.,

"merely taxes", as imposing, for example, tariffs on one product but not on another is already a political act (manifesting itself in the decision procedure on the tariff scheme).

[144] Baldwin (1985) writes that "depending on the particular research interest at hand, one might decide to classify them either way [as economic or military statecraft]. The existence of such borderline cases, however, does not do serious harm to the value of this concept of economic statecraft for most purposes" (p. 32).

2019, p. 224). Hence, the difficulty to define the economic nature of economic means is neither new nor unique to the study of geoeconomics.

For Baldwin (1985), the "relevant distinction is between firing (or threatening to fire) weapons and selling (or promising to sell) them" (p. 32): as long as a "market price" for an action or item exists, "these transactions could reasonably be labeled economic statecraft" (p. 32). With the creeping economization and outsourcing of state activities, Baldwin's method of differentiation is less and less helpful. While the monopoly of violence used to belong to the state, the liberal usage of PMSCs by the USA in the last Iraq and Afghanistan war, or by Russia in the Middle East shows that this is becoming less the case. The private security market is booming, and more and more violent services (real and cyber) are freely available on the market and measurable in terms of money. I argue, that just because a state can pay to have a coup d'état in another country organized, or interfere in another state's elections via electronic warfare, does not render those means economic. Instead, we must find a new way to differentiate between "firing and selling weapons". The question remains of how to define and reliably identify the economic means of geoeconomics, and how to distinguish them from the economic means of geopolitics.

8.2 Working mechanism and instrumental nature

One way to identify economic means is by their working mechanism and instrumental nature: Economic means are means that have an economic working mechanism and an economic instrumental nature. Yet, the question then still remains how the economic working mechanism and instrumental nature is different from the military working mechanism and instrumental nature. I have identified three key differences.

First, military and economic means have diverging effects on their targets, due to their instrumental nature. The effect of the use of military means is directly felt and observable. This is not the case with the use of economic means. A knife, a gun, and a bomb, are a knife, a gun, or a bomb, anywhere in this world. Their physical impacts on their surroundings, if used in accordance with their

instrumental nature (and not as, e.g., a tradable good), are always the same. This is not the case for economic means. Depending on the economic structure and regime type, the reactions from the use of economic means will differ. While the immediate effects of dropping a bomb are easy to calculate and to observe, the same cannot be said for the use of economic means. Maull (2018), for example, emphasizes that "political reverberations" (p. 12) produced as a result of the use of economic means are difficult to calculate prior to the usage of economic means.

Second, while military means have a non-relational characteristic, economic means are relational in nature. The relational nature of economic means has a twofold meaning. On the one hand, the effects and power of economic means (e.g., one dollar) changes according to the relationship, condition, or context in which it is used, even though the means used is physically speaking the same (e.g., a dollar bank note). If geoeconomic means would be non-relational in nature, the economic means would apply similarly to all countries (as it is the case with military means). A gun is a gun anywhere in this world: its physical impacts are the same around the world, being able to kill people wherever it is. A dollar is not the same around the world: its physical and economic impact is not the same around the world. The purchasing power of a dollar, meaning its effect, varies greatly around the globe. Economic force is not absolute, it is relative. On the other hand, economic means are relational in nature, as their use requires an existing economic relationship. To cut off trade or to inflict sanctions on a country, supposes preexisting economic ties. The same is not the case for bombs, which have the same effects independent of previous relationships. Once economic means have been used within an existing economic relationship, economic means quickly lose their power. They can still be employed, however, the effect would be gone due to countermeasures.

Third, while the working mechanism of means in geopolitics and of military means in general is unidirectional, the working mechanism of the means in geoeconomics and of economic means in general is bidirectional. Yet, until today, the working mechanism of the economic means of geoeconomics is most often conceptualized in a simple unidirectional manner. Similar to military force,

economic power is seen to inherit the same "one-directional causal relationship" (Li, 2020, p. 171) between used means and desired ends, between the agent and the patient. This static, unidirectional assumption is a remnant of the geopolitical logic, where military means could be used to control a certain territory. Territory was either gained or lost; the effect was directly observable and measurable. It is my understanding that geoeconomics works differently. Due to the operational logic of the economic means, the exertion of power and influence in relationships is always bidirectional and reciprocal in nature. This makes the operation of geoeconomics much more dynamic compared to geopolitics.

The counterforces resulting out of the use of economic means and connecting the agent and the patient should not be ignored. Geoeconomics is bi- or multi-directional in nature, as it has effects on the states and their societies directly involved but also on third parties. Maull (2018) explains that "the disruption of economic interdependence would, for example, affect interest groups, the media and public opinion on both sides" (p. 12). According to Diesen (2021), the "excessive usage [of economic coercion] increases the incentives for weaker states to reduce their dependence" (pp. 21-22), resulting in counterforces such as economic diversification. The geopolitical idea of a unidirectional causal relationship between economic causes and political effects does not apply in the same way to geoeconomics. So far, this dynamic nature of geoeconomics is insufficiently understood.

Vihma and Wigell (2016) have identified other main differences between the working mechanisms and instrumental natures of economic and military means: While a "geopolitical power projection is typically overt and conducted by military means", a "geoeconomic operation […] is typically covert and conducted by economic means" (p. 379). Geopolitics and military means are seen to be working overtly, while geoeconomics and economics means have a covert working mechanism. The overt and covert working mechanism results out of the instrumental natures of the means used: The "military nature of the [geopolitical] operation means that it will be hard to conceal or negate", while the economic nature of the geoeconomic "operation is more subtle and easier to conceal"

(Vihma & Wigell, 2016, p. 379). The instrumental nature of tanks and rockets is clear, and their working mechanism is overt. However, the same is not the case for most economic means. Trade and business between countries happens first and foremost for profit reasons: both sides expect to gain something economically. Trade and business' original instrumental nature is economic, yet in the geoeconomic context they are instrumentalized for political purposes. As a result, the effects provoked by the use of economic and military means differs within the targeted blocs or within countries as well. While the use of economic means elicits "centrifugal forces, low or medium threat perception, and underbalancing behaviour", the use of military means "produces centripetal forces, high threat perception, and counterbalancing or bandwagoning behaviour" (Wigell & Vihma, 2016, p. 605).

I find Vihma and Wigell's (2016) differentiation between overt and covert working mechanisms unconvincing for three reasons. First, this method does not help us to differentiate between economic and military means, especially in the mentioned borderline cases. In fact, there are many military means that have a covert instrumental nature: sabotage, spying, cyber warfare, hidden weapon sales, secret support of insurgency groups, etc. Second, Vihma and Wigell's method faces the challenge to differentiate geoeconomic economic means from normal trade and business relationships. When arguing that economic relations might have underlying political motivations—covert, hidden, and not easily identifiable—one is going down a slippery slope of securitization. According to such logic, any economic relationship with Russia or China might be geoeconomic in nature: We simply don't know about it yet, because their working mechanism is covert. As a result, one can never be sure if trade and investments are happening for geoeconomic or for economic reasons. Third, the use of covert economic means can also produce counterbalancing behavior. Counterbalancing behavior results out of threat perception. I agree with Vihma and Wigell (2016) that "perceptions are the key" (2016, p. 380) to understanding reactions to the use of economic as well as military means: whether counterbalancing takes place depends, for example, "on perceptions about the balance of power" (Wigell &

Vihma, 2016, p. 610). Yet, contrary to Vihma and Wigell's (2016) argument, economic means can also have a high or "acute" (p. 380) threat perception, despite their allegedly covert nature, resulting in counterbalancing. A good example are the debates around the mining of rare earths.[145] Those reach back to Reagan administration, and resulted in U.S. President Trump signing an executive order to incentivize the domestic production of rare earth minerals critical for military technologies (Teufel Dreyer, 2020). Hence, to focus on a differentiation method based on overt and convert natures of means, or their threat perception, is neither convincing nor analytically helpful.

For (neo)positivist, focusing on the means above the ends has a clear methodical advantage. The means (and their instrumental nature) are easily empirically observable, measurable, and as a result are often perceived to speak for themselves. However, looking at the means and their instrumental nature alone does not tell us anything about the way in which and to what end the means are used. The meaning of an act (or of applying a means) cannot be inferred from the object (i.e., the means) used in this act. Just because a gun is the main means used in an interaction, the means (gun) involved will not tell one if the act was a military or an economic one.[146] After all, weapons can be sold and bought, they can be used for fighting and for robbing, as well as for cooking food (e.g., knifes) and for building houses (e.g., machetes). In any case, the meaning of a means used can only be understood in the context in which it is being used. The means and the ends go hand in hand: To have a discussion only about nature of means used by states is pointless, if one does not take the ends into account; and vice versa.

There is a difference in methodology between arguing that the economic nature of means can directly be observed, and arguing that they first need to be theorized to then be analyzed in practice. For (neo)positivists, the "economicness" of a means might be obvious, but for an analyticist this is not the case. Whenever

[145] While rare earths are not rare, they are expensive to mine due to environmental costs. Due to "lower labor costs, less concern for environmental impacts, and generous state subsidies" (Teufel Dreyer, 2020), China dominates the global rare earths production.

[146] Seeing someone wield a sword does not hold any meaning by itself, if we don't know the purpose of their action. Anyone who claims that using a sword or a gun as a means tells them anything about the nature of the interaction is vastly oversimplifying the matter.

someone argues that the means used tells them something about the nature of the interaction, they often do not mention that they have already assigned a meaning to the means used (often based on the instrumental nature) prior to the interaction. Such meanings are often based on stereotypes or past experiences: guns are used for killing, trade for wealth creation. Stereotypes and avoidance of lengthy analyses are not necessarily bad, as they can be rather efficient. Yet, we must keep in mind that the facts, or the means, never speak for themselves. They must always "be interpreted in terms of a conceptual framework imposed by the analyst" (D. A. Baldwin, 1985, p. 30). Therefore, the meaning of any means is always artificially created and not derived from "reality" or its instrumental nature.

The working mechanism and instrumental nature of means can provide a good first indication of the economic or military nature of means. However, as we have just seen in the case of the sale and procurement of arms, the working mechanism and instrumental nature of those arms remain military, while the applied nature can change. As a result, there is no certainty that means will be used in accordance with their instrumental nature. The operational logic and the applied nature of means can differ from the instrumental nature, and they must therefore be investigated as well.

8.3 Operational logic and applied nature

Another way to identify economic means is by their operational logic and applied nature. The borderline cases demonstrate that means are not always used in accordance with their instrumental nature. The difference between the operational logic and the applied nature of economic means on the one hand, and of military means on the other hand, must therefore be investigated as well. Yet, as Wigell and Vihma (2016) highlight, other disciplines studying the use of economic power "make little distinction between military and economic instruments in respect of the nature of their use" (p. 607)—the "nature of their use" meaning their operational logic and applied nature. Moreover, scholars have in the past also neglected to "differentiate between the respective qualities of military and economic forms of power projection" (Wigell & Vihma, 2016, p. 608). As an

example, Wigell and Vihma cite Baldwin (1999), who argues that "economic sanctions, like war, have their own grammar but not their own logic" (pp. 82, 107).

Wigell and Vihma (2016) belong to the few scholars, who do differentiate geoeconomics from geopolitics by reference to their operational logics. In geopolitics, military means are used in accordance with a confrontational operational logic, while in geoeconomics the operational logic is "selective accommodation" (Wigell & Vihma, 2016, p. 605). Military means are used in a way "to appear intimidating, make credible threats and thereby pressure the target to do what the aggressor wants" (Vihma & Wigell, 2016, p. 379). Confrontation does not only include the use of force, but as well as the threat to make use of military means (Wigell & Vihma, 2016, p. 609). The pressure put on the target country is of an external nature. In contrast, the economic means are used "to weaken [the target's] resolve by economic means" (Vihma & Wigell, 2016, p. 379). The pressure put on the target country is of an internal nature.

While the operational logic of the military is rather straightforward, the economic means' operational logic of Vihma and Wigell requires further explanations. The economic means are used for "manipulating economic rewards and punishments" by offering "discounts, side payments, and other 'carrots' selectively to some members of an opposing bloc, but not to others" (Vihma & Wigell, 2016, p. 379). The goal is to create "divergent pressures" inside blocs or states, "causing friction among them and thus weakening their counter-balancing potential" (Vihma & Wigell, 2016, p. 379). As an example, Vihma and Wigell (2016, p. 379) use Russia's energy policies to illustrate how a state can "drive political wedges within target countries, as well as between them at the EU" (p. 379).

At first sight, this way of differentiating between economic and military means seems convincing. However, this approach loses much of its appeal when one realizes that the economic means do not only include "carrots" but also "sticks", that there are "winners and losers" (Vihma & Wigell, 2016, p. 384). The power projection via economic means, understood as a form of hard power, rests

on "inducements (carrots) or threats (sticks)" (Wigell & Vihma, 2016, p. 608). In Wigell's view (2019), selective accommodation means "offering economic 'sticks and carrots' selectively" (p. 264). The economic "carrot and stick" metaphor is used by other authors as well.[147] Márquez Restrepo (2019) writes that conventional geoeconomic "puts emphasis on wielding economic leverage as a stick to pressure other countries" (p. 185). The sticks, which are "negative forms of geoeconomics", include "price increases, explicit and implicit threats of cut-offs, and strong-arming the foreign companies that operate within the geoeconomically active country" (Vihma & Wigell, 2016, p. 378). While it is clear how a carrot can be offered covertly and accommodatively (i.e., via "economic inducements" and "economic rewards" (Wigell, 2019, p. 264)), I am not convinced that the same operational logic applies to the economic stick: Wigell (2019) speaks of dealing with targeted states "harshly", involving "punishments" (2019, p. 264).

The operational logic of "selective accommodation" is meant to apply to economic carrots as well as to economic sticks. Yet, if used according to their different instrumental natures, carrots and sticks must also feature different operational logics. After all, how can a stick be offered accommodatively?! The use of a stick implies the use of force or threat against one's will. No one wants to be beaten and thus would not freely choose to be beaten. In contrast, states are free to choose between accepting or declining a carrot offered to them. The operational logic of carrots and sticks is completely different: while one relies on the use of economic force against someone else's will, the other works with economic incentives that someone else is free to choose to accept or to decline. Unfortunately, the geoeconomic carrots have remained "significantly under-researched" (Wigell & Vihma, 2016, p. 608) compared to the geoeconomic sticks. As a result, their differences, especially concerning their operational nature, have remained unclear.

[147] Blanchard and Ripsman (2013) also talk about "economic carrots or sticks" (p. 6) in their definition of economic statecraft success.

Similarly, while the use of carrots might happen overtly, the same is not the case for sticks. Sticks are used for beating, and unless the beaten person realizes that they are being beaten (i.e., that they are "covertly" beaten), they are in fact not beaten at all. The stick-wielding person cannot beat without inducing pain. If one beats without inducing pain, one does not beat at all. How pain can be induced covertly and accommodatively is beyond my understanding. The means have changed: the military stick was exchanged for an economic stick. However, the operational logic did stay the same: "appear intimidating, make credible threats", and "pressure the target to do what the aggressor wants" (Vihma & Wigell, 2016, p. 379). As a result, Vihma and Wigell's economic means' operational logic of selective accommodation is in fact not that different from the military means' operational logic.[148]

It is my understanding that the operational logic of economic and military means, of economic carrots and military sticks, differs fundamentally, due to the outlined differences in the instrumental nature. Economic means are based on a cooperative operational logic working with incentivization, while military means are based on a competitive operational logic working with coercion. Because of their instrumental nature, economic means are not suitable to pursue limited ends. Instead, "economic measures for geoeconomics try to convince other states that it is in their own interest to take a certain set of actions and to respect the rules of the game" (Kim, 2019, p. 155). Economic means cannot be used in the same direct and uncompromising way as military means. They have to be used cooperatively to be effective. This is due to the fluid and flexible nature of the economy.

While the effects of military means on an enemy are absolute and immediate, it is not the case for economic means. States can attack other states without a supporting alliance or the approval of the international community:

[148] I understand wedging as a confrontational activity, with the aim of weakening the target state. This process happens covertly, inside a bloc or a state. Wigell (2019) argues that economic means include economic coercion and hybrid interference, which are used "to interfere strategically in target countries" (p. 264). Wigell (2019) also writes that the aim is "to cause disunity and friction" (p. 264) between members a bloc of states or a single society, to "lure them into making a political bargain" to then use them as "interlocutors or even fifth columns" (p. 264). This does not make the use of economic means any less confrontational or any more constructive than the use of military means.

people will die and land can be lost in any case. Due to the fluid and flexible nature of the economy, sanctions, embargos, and other forms of trade restrictions can easily be circumvented via third states that are not part of the conflict. Therefore, economic means always need the support of a larger group of states to function (unless the sender and/or agent state is an economic hegemon). Hence the recommendation to use economic means, such as sanctions, in "moderation" (Diesen, 2021, p. 22), "sparingly and in coordination with partners" (Lew & Nephew, 2018, p. 149). Otherwise, the enacted sanctions will quickly lose their effect, and future sanctions will not be as impactful as countries will reduce their dependence on the sanctioning country. Despite these insights, neorealists still prefer economic power to be "leveraged aggressively as a unilateral act", while neoliberals prefer "a more multilateral approach by cooperatively engaging with other states" (Wigell, 2016, p. 139).

Economics is based on cooperation and incentivization with the goal to produce added value for all parties involved. The difference between a political and an economic exchange is that an economic one is always based on the freedom to agree to the exchange. This freedom guarantees the added value and is reflected in the free exchange of goods and services. Without freedom to contract, no mutually beneficial economic exchange would be possible.[149] The stronger party would coerce the weaker party to come to an unbalanced agreement. Political agreements that come about with the help of military means do not need mutual consent. They are the result of coercion: the power of one party over the other, makes the latter agree to something, which it would otherwise not do.

Coming back to Baldwin's example of a borderline case, the difference between firing (or threatening to fire) a weapon and selling (or promising to sell) one, thus lies in the freedom to choose. You can choose to buy or not to buy a weapon from someone, however, you cannot choose to be shot or not to be shot.

[149] An economic exchange happens because both parties involved believe that the exchange is beneficial for them.

The difference between a political and an economic transaction is in the freedom to agree on an exchange and the added value produced for the parties involved.

Economic means can be clearly identified and differentiated from military means based on their applied nature (i.e., how the means are used). If the targeted state has the freedom to choose how and with whom to interact, the means used in this interaction are of an economic nature (e.g., a state is free to accept the trade of weapons). If the targeted state does not have the freedom to choose how and with whom to interact, the means used in this interaction are of military nature (e.g., a state is forced under threat to buy weapons against its will). Hence, any means can become an economic means, if it is used in accordance with the principle of freedom. While the instrumental nature of economic means calls for cooperation, economic means (instrumentally speaking) can still be "militarised" if applied in certain ways.[150] The operational logic of trade is cooperative and peaceful, which does not mean that trade cannot be weaponized, and used in an aggressive, confrontational manner. If force, threat, or any other form of economic manipulating[151] is part of the means, the nature of the means becomes military.

8.4 Ownership

A third way to identify economic means is by their ownership. While the state wields and commands the economic means and decides what end to put them to, it does not automatically mean that the state has legal ownership of them or that it controls them legally or physically at any point of time. While states can regulate trade, they only have very limited physical control over the actual economic means, such as the contents of trade. The state regulates trade without

[150] The same holds true for military means (instrumentally speaking): the operational logic of military means is by default confrontational, however, that does not mean their applied nature cannot be cooperative. Weapons might feature a confrontational instrumental nature, however, that does not mean that they cannot be part of a policy with a cooperational logic (e.g., service contracts for military equipment, supply of riot gear, training and equipment of antiterrorist or counterinsurgents units, etc.).

[151] This includes, for example, the use of force against one's domestic actors to make them sell their goods and service below market prices. It also includes suddenly forbidding domestic actors to sell their goods and service abroad against their will.

owning most of it. In contrast, the state has the monopoly of violence (and the legitimate use of physical force) and full control over the state's military means.[152]

Gertz and Evers (2020) argue that the "states' use of economic tools to achieve strategic goals, is not a new phenomenon" and that "for centuries, states have blended their economic and political resources in projecting power abroad" (pp. 118-119), citing the East India Company as an example. Historically speaking, the state used to be in control of the military but also the economic means. The economy, and foreign trade in particular, was heavily controlled by kings, emperors, and other autocratic rulers. The division between politics and economics, between the private and the public, was not as clear back then as it is today in most countries. In mercantilist times, the state could and was interfering in the private affairs of its citizens all the time. With the subsequent liberalization and democratization of states, especially in the West, this is not the case anymore. This process went hand in hand with the state's loss of unhindered control over economic means.[153]

Differentiating economic from military means based on who owns and who controls them is important, especially if the instrumental nature of the means is identical. A state-owned investment fund and a private one have the same instrumental nature. Yet, they should not be understood as identical economic means, even though they might hold a similar economic potential. The same is true for a state-run investment fund in a democratic and an undemocratic state. Their working mechanism and their instrumental natures are the same. Even though on paper they might be comparable in size, a state-run investment fund in

[152] Notable exceptions exist. These include, for example, PepsiCo having one of the largest navies in the world, when it bartered its lemonade for 17 submarines, a cruiser, a frigate, and a destroyer with the USSR in 1989. While the instrumental nature of the means was military, the operational logic and applied nature was economic.

[153] This historic excursion shows us that the two contrasting approaches to the state's control over, interference with, and use of economic means also has a normative component. The more democratic a state is, the more it protects the economic freedoms of its citizens—including property rights—the less chances that the state has to legitimately use the private wealth of their citizens as a foreign policy tool and economic means. In less democratic societies, the state has direct or indirect access to the property of its citizens. It can, for example, force its citizens to make investments in geostrategically important regions, against their economic interests.

a democratic system has other loyalties and is accountable to other sources of power than a state-run investment fund in a non-democratic system.

Current geoeconomics approaches often fail to discriminate between the entities in control of the economic means. Instead, they assume the state's "unhindered control over the use of relevant economic means of power" (Olsen, 2020, p. 128), similar to the state's control over the military in geopolitics. Yet, the ownership of and the control over economic means often lies in the hands of non-state actors (NSAs), outside the control of states: "economic power does not usually lie in the hands of governments, but in those of economic actors" (Maull, 2018, p. 12). Due to the conceptual closeness to geopolitics, or as some would argue due to its (falsely assumed) descendance from geopolitics, current geoeconomic approaches understand the state as "the main and unitary geoeconomic actor" (Olsen, 2020, p. 128).

The case of a potential Russian natural gas ban in Germany illustrates the role of NSAs. Since economic means are often not in the hands of the state alone, NSAs are needed to provide the means for geoeconomic policies. In the present case, it would mean telling German gas importers not to import Russian natural gas any longer. This is the cause side of a geoeconomic policy. Yet, NSAs are also part of the effect side of geoeconomic policies. In the present case, it would affect the gas importing and selling companies, but more importantly also German households, that would no longer be able to buy "cheap" Russian gas. The geoeconomic policy targeted at Russia would always have effects on different NSAs at home.

Oversecuritization is the direct result of a lack of discrimination between the entities in control of the economic means. Economic means are often in the hands of private entities. States have to rely on and make use of those privately owned means. Scholars and policy analysts struggle to identify economic means and to separate them from "normal" economic activity when using a neorealist geoeconomic framework. According to Vihma and Wigell (2016), geoeconomic sticks in the field of energy include "price increases, explicit and implicit threats of cut-offs, and strong-arming the foreign companies" (p. 378). The sticks are

easy to identify and to separate from private economic activity, as they are the result of open and directly observable state actions. Yet, Vihma and Wigell (2016) also mention geoeconomic carrots, which include "price cuts for energy or unprofitable investments, loans, side payments, and asset swaps" (p. 378). In contrast to the sticks, the carrots are not given out openly, nor are they directly observable. Carrots are harder to identify because they are not easily separable from normal economic activity. According to neorealist geoeconomics, any private economic activity in or with another country can therefore potentially be a geoeconomic carrot. Vihma and Wigell (2016) even argue that carrots are "easier to portray as solely commercial activity" (p. 378). This can lead to the oversecuritization of economic activities, as analyst might tend to overanalyze or overinterpret economic actions as potentially dangerous carrots. The understanding of carrots is so broad that it is hard to answer the questions of where to draw the line between the private and the public in foreign economic relations, and if international private economic activities even exist. For neorealist geoeconomics, any economic activity in another state might be a potential carrot and therefore of concern for the public and the state.

8.5 Way of usage

A fourth way to identify and differentiate economic means from military ones is by analyzing the way in which they are used. Economic means have five usage characteristics that differentiates them from military means. First, economic means feature a shared usage, they are often used by state and non-state actors alike. Second, economic means have the potential to create and destroy wealth, which not only differentiates them from military means but also leads to a different usage. Third, the impact of economic means is harder to quantify due to their non-physical nature and their delayed occurrence. Fourth, the strategic application of economic means demands for them to be applied in a sustainable (repeatable) manner. Fifth, the use of economic means tends to be more cost effective than the use of military means.

8.5.1 Shared usage

Military means are especially actively used in times of confrontation and war. Often, they are specifically created by states to be used for and in conflicts. Once the conflict is over or has cooled down, military means are not actively used anymore. They return to their garrisons and garages, as military means are not needed to rebuild countries, and to heal and reconstruct the relationship between former enemies. In contrast, economic means are actively used in times of war and peace, even though those economic means are not necessarily created with the aim to be used by states in a geoeconomic context. Instead, the state takes control over, repurposes, and makes use of existing means to pursue new goals. The actor using the means (i.e., the state), as well as the goal to which the means is put (i.e., pursuing some interest of the state), is new. This means that once the conflict is over or the state has no interest in using a specific economic means any longer, it is returned to its original purpose and actor. Often, it is returned to the market and to the relationships of real people. The original users or creators of economic means are likely to take back control over them, or what's left of them.

As a result of this appropriation of the state, and in contrast to military means, states need to be cautious and careful in the way they make use of economic means. States need to avoid sacrificing the means in the process of achieving the goal. This can, for example, be done with military means when a state decides to sacrifice soldiers and military equipment to win the war. In the case of economic means, applying the same logic is not that easy. In the short run, sacrificing one's economic means for political gains can be a successful strategy. However, in the long run such a strategy will prove economically detrimental.

After all, the means used are often based on the economic interests and trust between peoples. Even though we often speak of economic sanctions as a type of economic means, economic sanctions do not exist on their own. The foundation and the content of economic sanctions are the established economic and personal relationships between individuals in different states. Their economic relationship is the actual means. Without those relationships economic sanctions would not be possible. Sanctions are just the rebranded use and abuse of personal business relationships between two individuals in different countries by states for political

purposes. Once a conflict is over, trade between peoples will need to resume. Good economic relationships are paramount to rebuilding a country. Trade, just like any economic activity, largely relies on trust, however. While infrastructure can be rebuilt, mutual trust is much harder to come by. When using economic means, states should try to avoid the abuse of trust and long-established economic relationships. This way of usage also distinguishes economic means from military ones.

In order to keep the trust between peoples, transparency and openness in the application of economic means is of the highest importance. The use of economic means must be easily comprehensible. Targeted states and populations should understand how and why they are being targeted, and what needs to change so that they are not targeted any longer. The actions of states and the use of economic means have to be understandable for their own constituents and for their business partners abroad. If trade stops, the interested parties have to be able to understand why it does. The targeted states especially should know what is expected of them, so that one would trade with them again. This transparency and openness, required for the sustainable use of economic means, also differentiates them from the application of military means.

8.5.2 Potential to create and destroy wealth

The economic means' potential to create but also to destroy wealth heavily influences the way in which economic means are used. States risk the destruction of wealth by repurposing economic means (i.e., using them similarly to military means) that were originally intended for the creation of wealth. Military means work with the application of force and the willingness to destroy any counterforces. The overall outcome of military means is negative, economically speaking. In contrast, economic means normally rely on the freedom of the parties to agree to the transaction, allowing for outcomes that produce added value for all involved. The outcome of conflicts, resolved via economic means, does not need to be negative.

Overall, economic means tend to produce wealth, while military means tend to destroy wealth. Studies on imperialism, defined as the use of military force

"to threaten or subjugate other countries in order to extract part of their wealth" (D. A. Baldwin, 1985, p. 116), have long agreed that "it no longer pays" (D. A. Baldwin, 1985, p. 116). Mueller (2001) also argues that over the last century, the idea took hold that "war is a singularly ineffective and undesirable method for attaining wealth" (p. v). These findings are backed up by studies on colonialism, that show that the "European profits-through-power approach may actually have been less economically successful than the alternative policy of peaceful trade" (Sharman, 2019, p. 173). A recent study by Coe and Markowitz (2021) even provides "the first direct evidence that in recent decades the net effect of productivity on profits from conquest is both negative and large enough to render conquest unprofitable for states with high productivity" (Coe & Markowitz, 2021, p. 4).[154]

These findings reinforce the arguments of liberal thinkers, such as Henri-Benjamin Constant de Rebecque. In 1814, he already wrote that "la guerre est donc antérieure au commerce. L'une est l'impulsion sauvage, l'autre le calcul civilisé. Il est clair que plus la tendance commerciale domine, plus la tendance guerrière doit s'affoiblir [*sic*]" [war is therefore prior to trade. The former is a savage impulse, the latter a civilized calculation. It is clear that the more the commercial tendency dominates, the more the warlike tendency weakens] (p. 8).[155] The more (economically) advanced, civilized, and calculated a nation

[154] It is important to note that Coe and Markowitz (2021) explicitly differentiate states with a high productivity from states with a low one:

> High productivity can therefore explain why these states do not seek to conquer resource-rich states in search of profits, and would not even if they were exempt from the norm against conquest. By contrast, […] conquest can still be highly profitable for states with lower productivity in the absence of norm-driven costs like international punishment for engaging in conquest. (p. 4)

[155] Constant-Rebecque (1814) continues to explain that

> le but unique des nations modernes, c'est le repos, avec le repos l'aisance, et comme source de l'aisance, l'industrie. La guerre est chaque jour un moyen plus inefficace d'atteindre ce but. Ses chances n'offrent plus ni aux individus ni aux nations des bénéfices qui égalent les résultats du travail paisible, et des échanges réguliers. Chez les anciens, une guerre heureuse ajoutoit [*sic*], en esclaves, en tributs, en terres partagées, à la richesse publique et particulière. Chez les modernes, une guerre heureuse coûte infailliblement plus qu'elle ne rapporte.
>
> [the sole aim of modern nations is rest, with rest comes ease, and as the source of ease, industry. War is every day a more ineffective means of attaining this end. Its chances

becomes, the more likely it is to pursue its interest via economic means. The costs of war are seen as too high, the overall process as too inefficient.

Economic means are also identifiable by the sustainability of their usage. The use of military means is economically not sustainable for long, as military means are inherently designed to destroy wealth. In contrast, economic means can be used repeatedly over long periods of time if their application happens in a sustainable manner. The need for a sustainable application of economic means results out of two factors. First, the mentioned shared usage of economic means by state and non-state actors alike. Second, the reliance on trust, as the primary resource for the creation of economic means. Trust is a resource that cannot be mined or bought on the market like raw materials for military means. Lew and Nephew (2018) reason that "a sustained trade war will not just damage the U.S. economy by disrupting long-standing patterns of trade and incentivizing companies to avoid doing business in the United States", but "will also limit U.S. power and influence" (p. 149). Prolonged trade wars destroy the economic means with which they are fought, making them unsustainable. Judging them by their way of usage, trade wars are not an economic means.[156] If economic means are used accordingly to their instrumental nature and the spirit in which they were created, the use of economic means usually creates wealth in the long run.

The sustainability and economic effectiveness differentiates the geoeconomic from the geopolitical usage of economic means: "actions of a geopolitical nature are economically ineffective", "evaluating them from the perspective of macro- or microeconomic models has to turn out negative" (Malinowski, 2019, p. 512). According to the geopolitical logic "the confrontation

> no longer offer neither individuals nor nations the benefits that would be equal to the results of peaceful work and regular exchanges. Among ancient peoples, triumph in war added, in slaves, in tributes, in shared lands, to public and particular wealth. Among modern peoples, triumph in war infallibly costs more than it brings in.] (1814, p. 8)

[156] During the China-United States trade war that started in 2018, commentators did not ask how much more powerful China or the USA had become. Such a question would be impossible to answer. Instead, all that they were discussing were the huge economic losses occurring in both countries. In the direct aftermath, scholars were trying to calculate how the trade war affected the USA and China. While it is unclear if, and to what extent, either nation became more powerful, it was clear that the economic impacts on wealth were huge and negative.

of two powers must generate expenses" (Malinowski, 2019, p. 512). If economic means are used in a way that is non-sustainable and economically ineffective, chances are very high that the economic means are used in a geopolitical and not a geoeconomic manner.

8.5.3 Impact

The use of economic means has short-term and long-term implications. On the one hand, there are the short-term gains or losses, that are easily calculable (e.g., immediate loss from raising tariffs or immediate gain from lowering tariffs). These losses are comparable to the gains and losses caused by military means (e.g., conquering of territory and the destruction of infrastructure). On the other hand, there are also long-term gains or losses, that are harder to quantify and which are often ignored in political and scholarly discussions. These fall under the label of economic fallout effects that include the loss of trust and mutual understanding between peoples. The long-term impact of economic means is harder to quantify due to its delayed occurrence and the interconnectedness of the targeted structures (network effects). As a result, economic means with a short-term focus tend to attract scholarly and public attention, as they are more noticeable and their impact is easier to quantify.

The impact of economic means is also harder to quantify due to their non-physical nature. Military means can be used in a very targeted manner (e.g., precision strikes), as their physical impact can be easily and precisely calculated and predicted. The impact of abstract, non-tangible economic means is not easily quantifiable. This is especially the case for interconnected structures, such as the global economy. One the hand, there is the risk of ripple and fallout effects, as well as unintended consequences. On the other hand, the impact of economic means can deflagrate due to compensation mechanisms. Boycotting the import of a specific good from a country creates some initial losses for it; however, the country finds alternative markets afterwards. Trade, financial, and resource streams can easily be rerouted (see, e.g., Triggs, 2021). As a result, "states must consider their alternatives very carefully and not overuse economic statecraft" (Blanchard & Ripsman, 2013, p. 15) and economic means in general, as they can

quickly become inefficient. The overuse of economic means can "lead targeted countries to create alternative systems or workarounds, not only blunting their power but potentially diminishing the economic performance of the country using the tools in the first place" (Shatz, 2020, p. xi).

If states use economic means in non-sustainable ways, the overall costs for society tend to escalate. As mentioned, once the state is done using economic means (e.g., economic relationships), it often hands those means back to NSAs. If the economic means have been damaged or destroyed in the process of using them, the society as a whole needs to live with the economic consequences. Economic means differ from military means as they can directly affect societies as a whole: the use of economic means "can have consequences for noncombatants, including loss of life" (Shatz, 2020, p. xi). While it is possible to differentiate between combatant and non-combatant casualties after the application of military means, the same differentiation is much harder to achieve when applying economic means. While in military warfare the aim should be to avoid non-combatants casualties, economic means can legitimately target the whole population of a country. Consequently, Shatz (2020) recommends that "policymakers should treat the tools of economic warfare as they would any other instrument of war, assessing positive strategic effect and potential harm before deploying them" (p. xi).

Using economic means seems cheap at first sight (e.g., banning the import of soybeans), however, the economic fallout can make them potentially much more expensive for the society overall (e.g., consumers needing to pay more for food products, such as meat). Since the indirect and non-immediate costs (economic fallout) are more difficult to calculate, they are often excluded in statements on the costs of using economic means. The negative economic effects that are primarily mentioned and calculated are either the costs that affect the state directly, such as loss of taxes, tariffs, etc., or the costs that affect certain interest groups directly, such as soy bean farmers, etc. However, the real economic loss that affects the overall society, including consumers in all countries, is often neglected. As a result, state-issued cost evaluations tend to be economically

incomplete. One reason is that these costs are not directly borne by the state or a specific interest group, but by consumers who tend to be politically underrepresented in their role as consumers (see, e.g., the theoretical case of banning the import of cheap Russian gas to Germany).

If Russia were to stop exporting gas to Germany or if Germany were to stop importing gas from Russia, the immediate consequence would be a loss of X amount of gas Germany was expected to import, or an X amount of money Russia was expecting from the export of gas. However, the long-term consequences would be devastating, as trust between German and Russian politicians and businesspeople would be destroyed too. Germany could no longer rely on the gas imports (or any strategic exports for that matter) from Russia and would look to diversify its energy imports. Russia could also no longer rely on the gas exports to Germany and would look to diversify their energy exports. In any case, both countries would be worse off. Germany would need to pay more money to import gas from third countries. Russia would get less money from other countries for its gas exports, it could initially not export as much and would first need to build expensive infrastructure and to make expensive upfront investments into new, unproven economic relationships with third countries.

8.5.4 Sustainability

Definitions of geoeconomics often mention that geoeconomics needs to be applied strategically or that it has a strategic nature. This requirement also extends to the usage of economic means. For economic means to be used strategically, it means that they need to be applied in a sustainable manner. Sustainability refers to the ability to be used repeatedly. If means are applied strategically, the means are used with a long-term view in mind so that they can be applied in a similar fashion for a prolonged period of time, allowing for their repeated usage (sustainability of means).

Sustainable geoeconomic strategies, meaning strategies that also create wealth in the long run, include the use of economic incentives, such as the "promotion of free trade and open markets" (Lew & Nephew, 2018, p. 139). Blanchard and Ripsman (2013) define economic incentives as "benefits or goods

that a state or group of states promises or tenders to a targeted state in the hope of extracting political payoffs from the target" (p. 6). These payoffs can include joining a military alliance, making a territorial concession, or ending the sale of arms (Blanchard & Ripsman, 2013, p. 6). The economic means used can include "concessional loans, technical assistance, grants, foreign aid, the cessation of existing economic sanctions, and preferential trade pacts" (Blanchard & Ripsman, 2013, p. 6).

Economic incentives work especially well in the long run (in line with a cooperational logic), as they rely on a procedural, developmental design, and on an evolving force. Long term economic means, such as the promotion of free trade, "work by changing other countries' incentives" (Lew & Nephew, 2018, p. 139) and are "geared towards the transformation of the targeted state's interests, perceptions, or political coalitions without any clear short-term demands" (Blanchard & Ripsman, 2013, p. 6). Ripsman (2005) explains that "longer-term preferential trading arrangements can be extended in the hope of influencing the target state's policies in the medium to long term" (p. 24). The influencing occurs over time, "as domestic groups in the target develop vested interests in continuing the economic relationship and pressure the government to avoid policies that endanger it" (Ripsman, 2005, p. 24). This is an incremental process that cannot not happen overnight, as it involves reshaping societal attitudes over time (Blanchard & Ripsman, 2013, p. 6). Since the impact of long-term incentives "is much more difficult to assess" (Blanchard & Ripsman, 2013, p. 6), similar to the overall impact evaluation of economic means, they are often excluded from studies on economic statecraft or geoeconomics.

In contrast to long-term economic incentives, economic means that are used to demand abrupt or sudden changes (in line with a confrontational logic), combined with a black or white mentality, tend to work less well. The short-term application of economic means often comes in the form of "trade, financial, or technology transfers" that are being "exchanged for immediate and limited policy changes in a sort of quid pro quo with the target government" (Ripsman, 2005, p. 24). This includes "transfers of money, goods, or technology offered in exchange

for a clearly specified, relatively immediate change in policy" (Blanchard & Ripsman, 2013, p. 6). Economic short-term demands combined with the "direct application of economic pressure" (Lew & Nephew, 2018, p. 139) have a limited effect, often resulting in the demise of the means that were used to create the pressure. Using economic means in a short-term fashion is often done for tactical reasons and cannot be called strategic. Yet, due to the easier evaluation of their impact, most scholars tend to focus on the short-term use of economic means (see, e.g., Blanchard & Ripsman, 2013, p. 6). Fägersten (2020) explicitly states that geoeconomics is about states seeking "short-term relative gains" (p. 30).

If economic means are used with a short-term perspective, repeated usage is often not possible as economic and personal relationships can be destroyed. If Russia stops exporting gas to Germany, such an export ban would not only be sustainable but in fact even futile. Germany is economically strong enough to diversify its gas and energy imports. Germany would do so in the name of reliability, if the trust in Russian gas supply is lost, even though switching to a different supplier might be more expensive. Once Germany diversifies its imports of gas, the economic means of Russia (i.e., the "gas weapon" (Henderson, 2016, pp. 481-483)) would disappear. A strategy of export restrictions of Russian gas to Germany would not be strategic as it would not be sustainable. Even Soviet leaders understood this during the Cold War and never tried to use the "gas weapon" as leverage against Germany. They understood very well that Germany would immediately decreased their reliance on Russian gas or might even stop importing gas from Russia all together if they felt that the Soviets could no longer be trusted. In either case, such actions would undermine the mutual trust and destroy the economic relationship. Such types of export bans[157] would therefore not qualify as the strategic use of economic means under the aspect of sustainability.

[157] The same mechanism applies to potential export stops of rare earth minerals.

8.5.5 Efficiency

The use of economic means "can be effective, but the use of such tools can also be costly" (Shatz, 2020, p. xi). Similar to the use of economic statecraft, the efficiency of economic means in geoeconomics needs to be considered as well: "Even when it is used wisely, it can still be less efficient than other diplomatic or military policy instruments" (Blanchard & Ripsman, 2013, p. 15). Shatz (2020) argues that "policymakers should weigh their costs against their benefits and use them judiciously" (p. xi), while Diesen (2021) argues that the costs "must be compared to the output" (p. 21). Kim (2019) explains that geoeconomics' "economic tools can be particularly useful in situations where military endeavors are likely to entail enormous costs" (p. 155). The geoeconomic use of economic means tends to be more cost effective for two reasons. First and as already mentioned, the use of economic means can create wealth, while the use of military means always destroys wealth. Second, if the economic means are used in a way that allows both parties to freely agree to the transaction or exchange, the resistance that has to be overcome is much lower.

This lower friction makes geoeconomics' economic means more cost-effective than military means or the geopolitical use of economic means. States chose geoeconomic tools much more frequently, "not only because of their bloodless nature, but also due to their effectiveness" (Malinowski, 2019, p. 510). Baldwin (1985) writes that "allowing and possibly even promoting private international trade […] is by far the most effective—and cost-effective—way for one country to acquire the goods or services of another" (p. 116). It is also "one of the most spectacularly successful examples of international influence in history" (D. A. Baldwin, 1985, p. 116). Modern studies on the use of economic means agree that they are "considerably more useful than scholars generally acknowledged" (Mastanduno, 1999, p. 290). Other forms of wealth acquisition, such as the use of military force "to threaten or subjugate other countries in order to extract part of their wealth" (D. A. Baldwin, 1985, p. 116), face more friction in the process, making them less effective.

The alleged effectiveness of economic means does not prevent them from being used extremely ineffectively. Whenever this happens, it often happens in

the name of the "national interest" or in the name of "national competitiveness", against the principles of sustainability and overall wealth creation. The economic wellbeing of states is "systematically incorporated into national interests", leading to "increasingly aggressive international economic policies" (Gagné, 2007, p. 10). "Industrial" policies of the 1990s are a good example of the ineffective use of economic means in the name of the national interest. To "win" the international competition for economic supremacy, "states develop industrial and commercial policies in order to create a decisive comparative advantage in sectors deemed to be strategic" (Gagné, 2007, p. 10). Generally speaking, those policies are designed to allow currently or former dominant industries to profit, at the expense of the society as a whole. Established technologies or weakened industries tend to be primary beneficiaries of those schemes. The technologies of tomorrow, which are generally unknown, and the companies of tomorrow, which do not have a voice yet with policy makers, are often ignored.[158] The state decides which technologies do get its support, and which do not. However, the state does not know what the future holds and what specific products and services are needed (and desired by consumers) to be successful in the tomorrow: Hence, the need to provide state-funding for basic research and not for concrete technologies or industrial sectors.[159]

Over time, some industries might generate profit or go bankrupt, however, in neoliberal geoeconomics the focus lies on wealth creation for the society overall (including consumers). This approach is contrasted by neorealist approaches to geoeconomics. According to Luttwak's (1993a) neorealist geoeconomics, the most important offensive economic means are "research and development force-fed with government support and taxpayers' money", aimed at "conquer[ing] the industrial territory of the future by achieving a decisive

[158] Famous examples are the USA's support for producers of consumer electronics (e.g., TVs), at the expense of the American taxpayer and consumer. As part of such policies, domestic industries are supported to achieve state funded "technological superiority".

[159] Whoever visited the office of Tim Berners-Lee at CERN knows that developing the technologies of the future, ones that can revolutionize the world, is neither spectacular nor fancy. In fact, judging by the quite grim office building and infrastructure, this type of research is heavily underfunded.

technological superiority" (p. 18).[160] Such a policy can work, if it is aimed at basic research institutions. However, those institutes do not set out to conquer anyone, they do fundamental research. What Luttwak refers to are programs that sponsor specific industries. One example he cites is the support of a battery technology in the earlier 1990s by the US government:

> With $130 million from the U.S. Department of Energy and another $130 million jointly provided by General Motors, Ford, and Chrysler, the consortium's purpose is to fund research and engineering projects that the much-worshipped free market will not fund on its own. In 1992, it seemed to have found a promising candidate in the revolutionary "ovonic" battery now being developed by Stanford R. Ovshinsky and his Energy Conversion Devices Inc. with $18.5 million from the consortium. The brotherly collaboration of all three U.S. automobile companies, which are supposed to be forever competing with one another, means only one thing: this is not merely a business undertaking, but an American geo-economic offensive against the Japanese automobile industry, ironically but fittingly earned out by a typically Japanese-style government plus industry consortium. (Luttwak, 1993b, pp. 307-308)

This is an excellent example illustrating the economic inefficiency of such industrial policies. The so-called "revolutionary ovonic" batteries were first adopted in Japanese cars before US car manufacturers started to invest heavily into the Ovonic Battery Company (joint venture with GM in 1994). This battery technology is only rarely used in electric cars nowadays. As it turns out, this battery technology was not so "revolutionary" after all, and there was good reason

[160] Similarly, Luttwak (1993a) also mentions "predatory finance" as a form of offensive use of economic means, which describes "offering loans at below-market interest rates" to boost export sales, especially when "interest rates are suddenly reduced in the course of a fought-over sale" (p. 20). Yet again, it is not society overall that profits but individual companies that fight over exports. Luttwak (1993a) points out that "foreigners can routinely expect to pay lower interest rates for their credit purchases than local borrowers, whose taxes pay for the very concessions that foreigners receive" (p. 20). The use of such economic means is not geoeconomic in a neoliberal sense as they are neither sustainable (race to the bottom regarding the interest rates), nor are they producing an overall positive economic outcome (local borrowers having to pay for the artificially lowered interest rates).

for the "much-worshipped free market" not to fund this technology on its own. In 2009, the successors of the Ovonic Battery Company were sold to Samsung (Korea) and to Bosch (Germany), to be later fully taken over by Bosch. Another important subsidiary (Ovonic Battery Company) was taken over by BASF (Germany). All in all, state policies supporting specific technologies or industries for geopolitical reasons tend to have a mixed success record at best.[161]

8.6 Way of inducing change

When surveying state-of-the-art geoeconomic approaches, one often faces a paradox: Economic means in geoeconomics do not only fulfill the same role as military means in geopolitics, they are also expected to function similarly. As Kim (2019) explains, geoeconomics' economic means are expected to induce change comparable to military means: Geoeconomics is founded on "a strong conviction that economic measures, when employed in place of military force, are indeed capable of altering other states' beliefs, behaviors, or interests in high-stake situations" (p. 156) and that "economic means can effectively shape other powerful states' behavior, and thus be considered alternatives to traditional military tools" (Kim, 2019, p. 155). Current geoeconomics approaches argue that new economic means are used to achieve old geopolitical ends. Military means are replaced by economic means. While the means have changed, the purpose of the usage of wealth—meaning the end and its relational and limited nature—have stayed the same. The underlying mechanisms, operational logic, and aims stay the same and only the means to achieve the ends differ.[162]

This raises a number of questions: *How can new economic means be used to achieve old political aims? How do the economic means of geoeconomics induce change, and how does this process differ from the geopolitical one (change*

[161] This mixed success record is not necessarily the result of the state's interference. Just because a state invests into certain technologies does not mean that they will or will not become a success. However, it is questionable, first, whether the state is smarter than the market, and second, whether the state can free itself from the status quo bias and the interests of currently economically influential NSAs.

[162] In other words, the old hammer is exchanged for a new screwdriver. Yet, the goal stays the same: to get the same old nail into the wall.

inducement via economic means in geoeconomics vs. in geopolitics)? If the means and process of inducing change do not differ, how can one use the same economic means in geoeconomics and in geopolitics, while expecting the same means to have different outcomes (this assumes that if the means used and the outcome observed were the same, geoeconomics and geopolitics would not need to be distinguished)?

8.6.1 Functioning

While it is not impossible to achieve the same end with different means, scholars that advocate for the change of means must explain their means' new working mechanism. Yet, they often do not explain how the induced behavioral change comes about in practice and what mechanisms allow for economic means to be used with the same operational logic as military means. One cannot automatically assume that economic means work in the same way as the military means that they are replacing. While the relationship between military means and limited ends is rather straight-forward (i.e., taking by force from others), the same is not the case for economic means and limited ends. The process of induced behavioral change through military means is as a result rather well understood and practiced, while the same cannot be said for economic means.

Current geoeconomic approaches assume that economic means can be used in a similar manner as force (e.g., military means) to induce behavioral change. Similar to geopolitics, modern geoeconomics approaches assume a linear means-end causality when aiming to change the behavior of target states (Li, 2020, pp. 171-172), even though the relationship between economic means and behavioral change is less clear than in the case of military means. How economic means can be used to induce behavioral change is not clear and often subject to debate (see, e.g., the difficulties in assessing to what extent and how economic sanctions can help to influence a targeted state's behavior). The "conventional behavioural-change lens" (Li, 2020, p. 172), was incorporated into geoeconomics via economic statecraft discussions, which took place in the second half of the last century. This becomes especially visible in the selective choice of predominantly confrontational economic means (e.g., sanctions, currency manipulation, trade

wars)—means that are assumed to operate with the same confrontational logic as military means.

As a result of this unconscious adoption of the conventional behavioral-change lens, geoeconomics scholars often equate the way of using economic and military means and their way of projecting power. However, geoeconomics scholars are not the first ones to compare the power of the use of economic instruments and military ones. The fact that "economic strength has always been an instrument of political power" (Lomagin, 2017, p. 90) has long been recognized. It was Marx, who already "compared the use of the economic weapon as an instrument of political power with the replacement of cannons by capital" (Lomagin, 2017, p. 90). This comparison is still frequently used today by contemporary scholars. Szabo (2015a), for example, argues that "economic power […] is just as hard a power as military power" and that "influence no longer flows out of the barrel of a gun but rather from the power of money" (p. 140). Such comparisons are not only (morally) questionable—means do impact the nature of ends—but they also blur the line between the usages of different means. As already highlighted, economic and military means differ on various levels. Their working mechanisms and instrumental nature are different, and so are their operational logic and applied nature. Glossing over those differences neglects the diverse usage practices and fails to explain how economic means have to be used in order to achieve old or new non-economic aims.

The liberal Benjamin de Constant-Rebecque (1814) influentially[163] argued that "la guerre et le commerce ne sont que deux moyens différens [*sic*] d'arriver au même but, celui de posséder ce que l'on désire. Le commerce n'est autre chose qu'un hommage rendu à la force du possesseur par l'aspirant à la possession" [war and commerce are but two different means of achieving the same end, that of possessing what one desires. Trade is nothing more than a tribute paid to the strength of the possessor by the one aspiring to possession] (p. 7). Until today, this passage is frequently recited, especially by realists. Yet, as already discussed,

[163] This exact passage is quoted by Hirschman (1945/1980, p. 15), Baldwin (1985, p. 206), as well as Blackwill and Harris (2016b, p. 19).

the choice of means influences the ends achieved. While stealing a bread (or Alaska) and buying a bread (or Alaska) might seem at first glance like two different means of achieving the same end, a stolen bread (or Alaska) is not the same as a bought bread (or Alaska). The way of achieving one's ends, influences their nature.

Moreover, every action has consequences. Taking what one desires by force often has negative long-term consequences. If one takes the crops of farmers by force against their will, chances are that one will take more than they would be willing to sell freely. However, next year, those farmers would starve because of a lack of seeds, and one would not be able to take crops from those farmers again. This is an example of the negative long-term consequences of taking what one desires by force. When force is part of the equation, relationships stop being mutually beneficial. Rationality and other sanity checks cannot take place. The freedom of commerce allows for those checks and balances of sanity, as farmers would not sell one more crops than they can afford. Hence, war and commerce do not only differ in the way they achieve their ends, but also in the ends they actually achieve.

Economic and military power projections should not be easily equated. Szabo (2015a) opinionates that "in World War II Germany conquered Greece militarily while today it influences key Greek economic, social, and political decisions through its economic clout" (p. 140). He then goes on to argue that "the impact on influence is not different" (Szabo, 2015a, p. 140), overlooking the fact that Greece always has a choice when Germany uses economic means (e.g., to leave the Euro zone), while Greece does not have a choice when Germany occupies it militarily. If Germany were to put too much pressure on Greece, Greece might decide that the EU is not worth the trouble and might simply leave. In any case, Greece still has a choice when economic means are used, one it does not have when military means are used. Moral impact aside, economic and military means do differ fundamentally in how they project influence.

I would strongly caution against oversimplified comparisons between the use of military and economic means. Military wars and trade wars are not the

same, even though the language used by academics to describe those phenomena and the general rhetoric in the media and politicians might sound strikingly similar.[164] Real wars are characterized by the violent intrusion with the help of military means into someone else's space against their will, overcoming their resistance. So-called "economic" or "trade" wars do not feature these characteristics.: They are different. The most extreme form of economic warfare—the economic "total war"—is the blockade. No goods, services or people are allowed to enter or to leave a country. All economic transactions with the targeted country would cease to exist. Yet, inside this country all economic activities can continue. There is no violent intrusion into someone else's space against their resistance. Since economic transactions only happen with the agreement of both parties, there is no resistance to overcome to conclude economic transaction. As a result, in economic wars one does not intrude into the space of another country and no force is needed to enforce a blockade. Targeted societies are in fact only left alone, when others decide not to interact with them economically.

The effects between military and economic wars are also not comparable. While the effects on the ground can be similar between a carpet bombing and a food blockade, the nature of effects differ fundamentally due to the means used. The result of actively killing people and letting people starve, due to their inability to feed themselves, might physically be the same—yet morally they are in no respect comparable (the underlying assumption being that states neither have a right nor a duty to interact with each other). Often though, the effects are not as extreme. In recent economic conflicts, commentators were trying to compare the (future) economic losses of economic wars (e.g., losing an investment opportunity or a trading partner) to the real physical damages of military warfare. Both losses

[164] The fact that economic isolation is seen as such a hostile act by states, one comparable to war, shows the profitability of trade and economic exchanges between societies. Current discussions on free trade and globalization often omit to mention the vast benefits of free trade between societies. If countries would not care about trade and economic exchanges, being isolated would not be such a big problem.

differ fundamentally, as physical damages do destroy wealth immediately, while the economic losses only prevent the possible creation of future wealth.

8.6.2 Transformation mechanisms

One of the main weaknesses that geoeconomic means- and end-approaches have in common, is their difficulty to explain the working mechanisms of their means. On the one hand, the end-approaches struggle to explain how political power can be turned into economic gains, especially in the long run. On the other hand, the means-approaches have difficulty to explain how economic power is used to achieve political ends. Yet, an analytically strong definition of geoeconomics needs to specify how states use their means effectively to achieve their ends. In the case of economic-means approaches, one must explain how states are supposed to transform economic capabilities into political power.

Scholars generally agree that there is a positive relationship between "a country's economic and technological capability, on the one hand, and its military capability, on the other" (Waltz, 1993, p. 51): economically and technologically stronger states tend to be militarily stronger as well and vice versa. Gagné (2007) points out that it is a long established idea that "national wealth is a prominent contributor to a State's power" (p. 10). He even goes so far as to argue that "political leaders now perceive economic power as a determining factor in their sovereignty and their independence" (Gagné, 2007, p. 10). As a result, wealth and power tend to be equated at times. In contrast to Machiavelli, modern geoeconomists often argue that money is the real sinews of war (Ripsman, 2005, p. 17), assuming that a state's economy forms the basis of its military power (Goldman & Blanken, 2005, p. 37). This is a view that geoeconomics adopted from neomercantilism.

In order to change a targeted state's behavior, economic means need to be transformed into power. Modern geoeconomic approaches often adopt the stance that wealth is directly convertible into power[165] and that wealth can be

[165] This is the opposite of geopolitics, where states are expected to be able to translate power into wealth.

transformed as easily into power as it is the case for military might in geopolitics. Olsen (2018) correctly observes that most mainstream geoeconomic approaches rest "on the unnuanced assumption that governments are able to translate economic wealth into international power through rational interest maximisation" (p. 45). However, the conversion of economic might into power and vice versa is not as straightforward as it is presented by most geoeconomic approaches. The exact relationship between wealth and power, more specifically the mechanism to transform one into another, remains unknown.

Realists especially need to explain how they imagine the economic means of geoeconomics to work in practice. The economic statecraft literature has discussed the use of economic means and their effectiveness for many years. Blanchard and Ripsman (2013, p. 2) point out that "*political realists* maintain that economic statecraft usually fails", rejecting "the notion that policymakers can wield economic statecraft to achieve anything other than minor policy aims" (p. 2). This realist view is contrasted by the commercial liberal tradition, that argues that economic means are "frequently effective and, when used properly" they can be "a powerful foreign policy instrument, even when states pursue significant policy objectives" (Blanchard & Ripsman, 2013, p. 2). Being aware of this contrast between realists and liberals, one might well argue that realist geoeconomics is in fact an oxymoron.

How economic power can be converted into political power and vice versa, remains a difficult question to answer. Kim (2020) emphasizes that "the implied causality between wealth and other types of power" has been "a major point of contestation, and even confusion" (p. 130). While military means can in theory rather easily be converted into power or the ability to make others do what they would otherwise not do (e.g., forceful occupation of a piece of land), the same cannot be said about economic means. As Waltz (1993) points out, "prosperity and military power, although connected, cannot be equated" (p. 60). Diesen (2018) also admits that "economic power does not automatically yield political power, and political power often fails to produce economic benefits" (p. 13).

Goldman and Blanken (2005) agree that "economic power does not translate directly into military power" (p. 37).

Based on case studies he conducted, Olsen (2018) argues, against most mainstream geoeconomics approaches, that "the existence of material wealth does not in itself suffice for a government's ability to translate its economic capabilities into tangible foreign policy and diplomatic tools" (p. 42). Mainstream geoeconomics treats "national wealth as something that can be 'weaponised' in the same manner as can military means of power" (Olsen, 2020, p. 128). Olsen points out that substantial points have so far been overlooked by geoeconomic definitions, since they have "failed to acknowledge that the mere existence of a country's economic power does not automatically translate into the applicability of specific geoeconomic instruments in a state's diplomatic practice" (2018, p. 43). Analysts might spot a particular form of economic power in a country, however, this does not mean that the state will (i.e., motivation) or can (i.e., ability[166] and opportunity[167]) use it. Olsen (2018) concludes that "money alone cannot secure influence" (p. 42).

The relationship between wealth and power is not as linear as it first appears. While neomercantilists think of military power as rather static and tangible (e.g., buying a mercenary army or a new weapons technology), today's components of military power are often dynamic and intangible. Intangible dimensions of military power include among others "a state's organizational ability and administrative competence to efficiently employ the resources at its disposal", the "will to achieve military strength", "the ability of leaders to impose costs on society", "training and morale" of the soldiers, and the overall "strategic environments" (Goldman & Blanken, 2005, p. 37). Most of these cannot be bought, as they often challenge states and societies in their fundamental setup. Moreover, the possession of key technologies (e.g., gun powder, nuclear weapons) can also allow economically weaker states to punch above their military weight. Waltz (1993, p. 51) argues that the connection between a country's

[166] Ability refers to internal constraints, e.g., domestic or democratic constraints.
[167] Opportunity refers to external constraints, e.g., regime type of target state, trade relations with target state, etc.

economic and military capability is weakened by nuclear weapons (e.g., North Korea).

Turning wealth into power and vice versa is harder in practice than arguing about it in theory on paper. On the one hand, there are many famous examples of states that were "very efficient" in converting their limited national wealth into power: Prussia during the Seven Years' War, Vietnam during the Indochina Wars, or the Soviet Union during the Cold War. Some would even argue that these countries are good examples of the potentially favorable mismatch between a state's economy and its power capabilities. On the other hand, turning power into wealth is often harder than just taking it by force. Studies set in a colonial context have shown that the "European profits-through-power approach may actually have been less economically successful than the alternative policy of peaceful trade" (Sharman, 2019, p. 173).[168] These studies show that power cannot be turned into wealth as easily as it is often argued.

If economic means were easily transformable into power, the EU shouldn't have any problems in becoming a superpower if it wishes to do so. Yet, discussions on the EU Common Foreign and Security Policy have shown that, transforming the EU's economic potential into military power is not easy. The realist understanding of using economic means for coercing political opponents does not work for this economic powerhouse. Instead, the EU is often defined as a "'regulatory power', denoting that economic power is converted into political capital by establishing conditionality for access to its large single market" (Diesen, 2018, p. 136). In this role, the EU acts as a gatekeeper and negotiator

[168] If these studies are true, it can either mean that European powers did not chose the most effective means to achieve the end of wealth creation (hinting at limits in the ideal-typical models of rational decision-making), or that the European powers were in fact not primarily interested in the creation of wealth (i.e., colonization for non-economic reasons). Until today, scholars are struggling to understand the rise of Europe over Asia as a colonial power: "How could Europeans expand for 300 years and build the global international system from a position of military and economic inferiority" (Sharman, 2019, p. 195). After all, several Asian states and peoples had riches and weapons, often even more of them than the Europeans. Nevertheless, the still fell under the control of their European colonizers. Sharman (2019) makes the argument that the Europeans in Asia "exercised [their] domination primarily via naval force in pursuit of essentially commercial ends, not by conquering territory" (Sharman, 2019, p. 196).

(Diesen, 2018, p. 137), willing to cooperate and to trade with anyone who accepts its standards and rules. Yet, no one is forced to trade with the EU or to become its partner. Instead of using its economic power as a push factor, the EU relies on its pull effect or economic attractiveness, to get states to do what they would otherwise not do.

China is one of the most cited examples of a country able to transform its economic strength into political power. Scholars define China's geoeconomic foreign policy as the Chinese "government's intentional use of economic policy instruments to achieve broader foreign policy or geostrategic aims" (Ferchen, 2016, p. 6). To illustrate how China is working towards subjugating economically weaker states via debt traps and corruption, commentators often cite the lease agreement between Sri Lanka and China for the Hambantota Port (Abi-Habib, 2018). There is a general concern, based on the logic of realist geoeconomics, for "China's mercantilist efforts to derive political and geostrategic leverage from" (Ferchen, 2016, p. 6) their economic investments.

Yet, China experts and analysts have pointed out that "despite its growing economic impact and global interdependence, there are few indications that China has been able to commensurately expand its international political and geostrategic influence, as geoeconomics would suggest" (Ferchen, 2016, p. 4).[169] Ferchen (2016) criticizes that current realist geoeconomics[170] "is backed by remarkably little evidence drawing a direct or even indirect link between China's global economic ties and its geopolitical influence" (p. 12). Instead, "a closer look at some of the emerging China-focused geoeconomics arguments reveals the sometimes contradictory or simply unexpected outcomes of China's deepening global economic interdependence" (Ferchen, 2016, p. 6). Against the common wisdom of self-declared China experts, it is not that easy to consistently transform

[169] Yet, Ferchen (2016) also points out that there are few indications "that such economic ties are clearly and consistently contributing to more stable and peaceful outcomes, as the peaceful development model would argue" (p. 4).
[170] Ferchen (2016) uses the term "mercantilist geoeconomics framework" (p. 12) for what I call realist geoeconomics.

one's economic potential into political influence—not even for a "ten-foot-tall" (Hass, 2021) China.

Ferchen (2016) concludes "that there is no straightforward relationship between a country's wealth and its international power" (pp. 17-18) and that realist geoeconomics is "the product of deeply embedded and overly simplistic understandings of the interactive relationship between wealth and power in general" (p. 16). Yet, this overly simplistic understanding still features heavily in today's approaches to geoeconomics.

8.6.3 Friction

A state's international success depends on their ability to transform wealth into power. The rate at which wealth can be turned into power depends on a country's efficiency and varies greatly between countries. Scholars have long argued that the success of states in their competition with other states depends on their "superior organizational form for extracting resources and transforming them into useable instruments of power" (Dombrowski, 2005, p. 9). The Soviet Union serves as a good example: Luttwak (1983, p. 115) estimates that the Soviet Union was roughly five times as efficient as the USA, NATO Europe, Japan and their allies combined in converting its GNP into power. The Soviet Union's strong performance in WWII and in the Cold War demonstrates that assumptions on a linear relationship between wealth and military strength are dubious at best. Wealth does not equal power, otherwise a Cold War between the "poor" USSR and the "rich" West would not have been possible (Weede, 2014, p. 221).

Luttwak's estimation also holds another insight: liberal states seem less efficient than illiberal ones in transforming wealth into military power. This is because of friction, which impacts the efficiency at which states can transform wealth into power. Authoritarian and undemocratic states seem to be experiencing less friction.[171] One can differentiate between two main types of friction: domestic and foreign.

[171] Illiberal states might have an advantage in this regard, but at what cost for their population?!

Domestic friction happens in the agent state and describes the difficulties connected to the mobilization of economic means. In geoeconomics, scholars prefer simplified assumptions of the state's control of economic means and often neglect to include domestic friction. When they do include it, "the defenders of geoeconomics believe that economic instruments are more attractive than military force because they involve imposing fewer social constraints and less domestic mobilization" (Kim, 2019, p. 160), meaning less domestic friction. However, similar to the resistance towards military mobilization, "the actual mobilisation of economic power will [also] encounter what Clausewitz famously called friction" (Maull, 2018, p. 13). In democratic states, governments cannot rule over the private property of its citizens in the same way that it controls public assets. Respecting the human rights and freedoms of citizens, paying them for their labor, not being allowed to kill them, giving a voice to the people, and having to listen to them are all forms of friction which democratic systems are more likely to encounter. Friction, or taxpayers holding their political representatives accountable, is one of the obvious reasons why wealth cannot directly be translated into power, especially in capitalist, republican democracies.

Foreign friction describes the friction in the patient (targeted) state, resulting out of a lacking feedback effect (response to the application of economic means). The common understanding by scholars studying the use of negative or punitive economic means (e.g., sanctions) is that

> economic pain, or the threat thereof, will produce political gain by inducing the targeted state to change its behavior, generating popular pressure on a government that causes it to change its policies, or provoking a coup or revolt that leads to the emergence of a new government that will act in accordance with the sanctioning state's wishes. (Blanchard & Ripsman, 2013, p. 5)

Such a behavioral change logic recognizes the importance of NSAs in building up popular pressure inside the state to change its foreign policy. Vihma and Wigell (2016) argue similarly that economic means work via the mobilization of domestic NSAs:

> geoeconomics is deliberately designed to shape the way target governments define their national interests. It assumes that foreign policy choices will result from internal political contests, and that a geoeconomic operation of an external power can affect the outcome of those internal political struggles. (p. 380)

Even in neorealist geoeconomics, NSAs matter: "A political struggle takes place in the domestic sphere of different countries in varied political contexts, in which some constituencies demand geoeconomic activism from the state, and some are against it" (Vihma & Turksen, 2015, p. 37). NSAs occupy a key role in shaping the foreign policy of a country, by "provoking divisions or aggravating existing conflicts within it" (Wigell & Vihma, 2016, p. 611). Domestic NSAs also shape the threat perception of a geoeconomic actor states by either "fretting about the vulnerabilities created by the geoeconomic operation" or by downplaying and depoliticizing the geoeconomic danger (Vihma & Wigell, 2016, p. 380), becoming "local advocates of the operation" (Wigell & Vihma, 2016, p. 611). Especially for realists, who imagine societies to be monistic (having one national interest), NSAs are understood to "produce centrifugal forces among a target population […], generating a tendency to split and disintegrate in reaction to the geoeconomic action" (Wigell & Vihma, 2016, p. 611). In pluralistic societies, such centrifugal forces are normal and constantly present, as different NSAs have different interests and ideas about the national interest. I would argue that this is normal and not an exception created by the use of geoeconomics. Moreover, realists should rethink their strategy of excluding NSAs in the formation of the national interest, while including them when the national interest is exercised abroad. Either NSAs matter domestically as well as abroad, or they don't matter at all. To argue that NSAs only matter abroad but not domestically, or vice versa, would be inconsequent.

Hence, the performance of economic means also depends on the nature of the targeted state. The nature of the state includes the form of government, the degree of their democratic legitimacy, and the role of NSAs in the political

system.[172] The reason for this is the importance of feedback mechanisms. The same economic means have different effects when applied to different regime types. In theory, economic sanctions can have a negative effect on the political elite, if the people are suffering under sanctions. However, in undemocratic regime types, mechanism for the population to provide feedback to their political elites are often missing.[173] As a result, smart sanctions are intended to work as a negative and a direct feedback mechanism for rulers, that are perceived as undemocratic.[174]

The fact that different regime types react differently to the use of economic means also becomes apparent from Maull's (2018) differentiation between "political economy consequences" and "consequences for the real economies" (p. 12). While the consequences of geoeconomic policies (e.g., a trade war) for the real economy might be high, the political economy consequences can be low if the affected have no voice, are not heard in the political arena, or have no political representation of their interests. To illustrate the non-linearity, reciprocity, and bidirectional nature of the use of economic means, we can look at Maull (2018) discussing the idea of Germany boycotting Russian natural gas. Boycotting the import of Russian gas would of course affect Russia. However, in Germany it would also affect the German residential sector, which is one of the biggest consumers and beneficiary of cheap Russian gas. In contrast to the German energy providers, who are selling the gas to individual households and who are "politically well-connected", "individual households […] are not well-

[172] Vihma and Turksen (2015, p. 37) identify "two broad factors: political ideology and state–private sector interactions" (p. 37).

[173] Szabo (2015a) argues that "the flag follows trade and investment", because "politicians, both in democracies and autocracies, are rated by the performance of their economies more than by the performance of their armies" (p. 140). Such an approach, typical for neorealist geoeconomics, fails to distinguish between the different roles NSAs play in democracies and autocracies. While politicians in democracies may indeed be rated by the performance of their economies, the exact opposite happens in autocracies. Autocrats are not subject to ratings, which means that they can keep their population in poverty or that they can embark on costly and unproductive foreign policy maneuvers (Turkey and Russia being prime examples). The lack of ratings and the lack of accountability towards NSAs is exactly what differentiates democracies from autocracies.

[174] Undemocratic, in this context, meaning that they are lacking the negative feedback mechanisms that a democratic system provides.

represented politically" (Maull, 2018, p. 12).[175] This also means that if Russia were to try to use an export stop of its gas to Germany as a political bargaining tool, it could not rely on the German residential sector to pressure the German government into changing its policy towards Russia.

8.7 Concluding remarks

This chapter discussed the economic means of geoeconomics and their specific characteristics. It addressed the ambiguity surrounding the economic means in geoeconomics, answering the following three questions: *What makes the economic means of geoeconomics "economic", what are their characteristics, and how are they different from economic means in geopolitics?* I have identified five main differences between economic and military means. These can not only be used to differentiate these means from each other, but also to better understand the difference between the geopolitical and geoeconomic use of economic means.

First, economic means can be identified by the economic character of their working mechanism and instrumental nature.[176] Economic and military working mechanisms and instrumental natures feature three key differences. Military and economic means have diverging effects on their targets, as the effect of the use of economic means is not directly felt or observable. Moreover, economic means are relational in nature, while military means have a non-relational characteristic. Economic force is not absolute, it is relative. Lastly, the working mechanism of economic means is bidirectional and reciprocal in nature while the working mechanism of military means is unidirectional.

Second, economic means can be identified by their operational logic and applied nature. Economic means are based on a cooperative operational logic

[175] Maull (2018) comes to the conclusion that "it is rather difficult to assess the distribution of power and influence in a situation of economic interdependence precisely: there is a significant potential for unexpected consequences" (p. 12). In the case of a Russian natural gas embargo, well-connected energy providers would be able to "raise prices in response to scarcities" (Maull, 2018, p. 12), while the German consumer will be economically worse off, together with Russia. The political economy consequences on the German side might be low, the consequences for the real economy would be much higher.

[176] Economic means are means that have an economic working mechanism and an economic instrumental nature.

working with incentivization, while military means are based on a competitive operational logic working with coercion. Economic means are not suitable to pursue limited ends. An economic transaction features the freedom to agree on the exchange and an added value produced for the parties involved.

Third, economic means can be identified by their ownership. The state wields the economic means, commands them, and decides to what end to put them. However, it does not automatically mean that the state also has legal ownership of the means, or that it controls them at any point in time. The state has the monopoly of violence, the legitimate use of physical force, and full control over the state's military means. In contrast, the state only has very limited control over economic means and anyone is free to engage in economic activity. The ownership of and the control over economic means often lies in the hands of NSAs, outside the control of states.

Fourth, economic means can be differentiated from military means by analyzing the way in which they are used. Economic means feature five usage characteristics that distinguish them from military means. Economic means are often used by state and non-state actors alike (shared usage). Economic means have the potential to create and destroy wealth, which not only differentiates them from military means, but also leads to a different way of using them. The impact of economic means is harder to quantify due to their non-physical nature and their delayed occurrence. The strategic application of economic means demands for them to be applied in a sustainable (repeatable) manner. Lastly, the use of economic means tends to be more cost-effective than the use of military means.

Fifth, economic means can be identified by their way of inducing change. The relationship between military means and limited ends is rather straightforward, and as a result, the process of induced behavioral change through military means is rather well understood. The same cannot be said for economic means and limited ends, where scholars struggle to explain how states are meant to transform economic capabilities into political power. The exact relationship between wealth and power, more specifically the mechanism to transform one into another, remains unknown. The rate at which wealth can be turned into power

depends on a country's efficiency. While economic means can always be used to purchase military ones, the rate at which this happens varies greatly between countries. Liberal states seem less efficient than illiberal ones in transforming wealth into military power. This is because of friction, which impacts the efficiency at which states can transform wealth into power. Authoritarian and undemocratic states seem to experience less friction. One can differentiate between two main types of friction: domestic and foreign. Domestic friction happens in the agent state and describes the difficulties connected to the mobilization of economic means. Foreign friction describes the friction in the patient (targeted) state, resulting out of a lacking feedback effect (response to application of economic means).

Classifying the policies of states by reference to the means used is as pointless as classifying them based only on the ends pursued. As the previous chapter has shown, focusing solely on either one does not achieve conceptual differentiation from geopolitics.[177] If economic means are understood in a realist or a geopolitical way, it results in them being adopted by the military as well: "in geopolitical competition and warfare, economic tools can serve as an adjunct to U.S. military power; the ability to use them provides one example of why economic competition is relevant to the armed forces" (Shatz, 2020, p. xi). Instead, geoeconomics needs to take into account the way in which means are used and how they impact the ends. The meaning of a means can only be understood in the context in which it is used. The means and the ends go hand in hand: A discussion only about the nature of means used by states is fruitless, if one does not take the ends into account and vice versa.

While this chapter has investigated the many facets of economic means, it could not touch upon all its special characteristics. Another potential difference between economic and military means could be the conditions under which those means work. Blanchard and Ripsman (2013), for example, argue that economic means "can produce considerable change in a target state's policies", when "they

[177] We would only arrive (once again) at the conclusion that, just like in geopolitics, the military is becoming the most prominent practitioner in geoeconomics too (see, e.g., Gilbert, 2019)—even though this time it is wielding "economic" means.

manifest themselves as *political* costs and incentives, rather than merely *economic* ones" and when "these political costs and incentives outweigh the target state's political interest in maintaining the status quo" (p. 3). Even though these assumptions sound very insightful and relatable to geoeconomics, they originate in discussions on economic statecraft. Before incorporating them into geoeconomics, further investigation into the underlying assumptions and mechanisms is needed.

The origins of economic means are another topic that needs further investigation. Geoeconomics scholars regard the economic means of geoeconomics to be "new" means, without explaining what is novel about them. Most scholars claim in one way or another that geoeconomics is a new theory, or a new way of pursuing and understanding foreign policy. Since the ends stay the same, the means must be the new element in their theoretical constructs. Yet, scholars often do not explain where the crucial economic means suddenly emerge from.

It is my understanding that the origins of the new economic means in geoeconomics are twofold:[178] It is either assumed that states make use of existing economic means in a new way, or that states have new means at their disposal.[179]

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[178] As already highlighted in the literature review, most Western scholars believe that geoeconomics was born out of the end of the Cold War and out of the perceived end of military struggles between major powers. Luttwak (1993b), for example, roots his geoeconomics in the "waning of alliance imperatives" (p. 42). The underlying assumption is that military war is less likely to happen between western or westernized, liberal states. In contrast, post-Soviet scholars often adopted a more structuralist line of argument. According to them, geoeconomics is the direct result of (economic) globalization. As long as states are integrated into the global chains of production and consumption, geoeconomics can also take place and be observed outside Luttwak's central arena of world affairs. I concur with this argument, because of its structuralist nature. Such a line of argument is less Western-centric, allowing for the application of the theoretical construct across a wider spectrum of countries.

[179] There exists at least another group of arguments explaining the shift towards economic means. They are, however, not included in my list because of their non-structural nature. Lohmann (2018), for example, argues that the "shift away from the use of armed to economic force was mainly driven by three technological and societal developments": "the development of nuclear weapons", the moral shunning and the legal relegation of "unilateral threat and actual use of armed force […] to being an *ultima ratio*", and "the emergence of post-heroic societies across Western countries" (p. 13). Non-structural arguments, such as these, do not apply equally to all states. They tend to be very Western-centric. Surprisingly though, such arguments can then again be found with scholars defending a realist interpretation of geoeconomics, applying

The first option is that states become aware that they have (economic) means at their disposal, which they did not realize before (change in perception of means: e.g., a shoe becomes a hammer). This option is often more difficult than it first appears, due to the functional fixedness of means. Such explanations fail to clarify why the economic means were not used in geoeconomic ways earlier, and what the difference is between a geoeconomic and a geopolitical use of the same economic means. The second option is that states receive access to new means, which did not exist before. Technical, social, and political developments result in the availability of new means. These developments include access to new advanced weapon technology or increased economic interdependence. Yet, such approaches fail to explain where the economic means come from, and who or what gave states control of the new economic means.

their theory to countries such as China or Russia. Luttwak (1993b), for example, argues that the use of armed force in economic rivalry is no longer “admissible” (p. 42).

Chapter 9: Ends of geoeconomics

9.1 Introduction

This chapter discusses the ends of neoliberal geoeconomics, their specific characteristics, and how they differ from the ends of neorealist geoeconomics. In the chapter on the history of geoeconomics, I found that modern geoeconomics was deduced from geopolitics. Modern geoeconomics was founded on and developed from the key assumption of new means but identical ends: the same or very similar ends as in geopolitics.[180] Geoeconomics theorists only focused on and redefined the means used, but not the ends of a geoeconomic strategy. This begs the question whether it is possible to exchange a theoretical concept's means without touching the ends. Based on the insights gained in the chapter on the means-ends relationship, we already know that changing a concept's means has consequences for the rest of the concept too. Means and ends always go hand in hand, they have a bidirectional relationship. One may not prevail over the other when analyzing international relations, as means and ends always have a reciprocal effect on each other. It is only an illusion that we first choose our ends freely and then find the appropriate means. Means and ends have to be thought of as one interconnected entity, as an innate relationship exists between them.

How ends look in practice depends on how and with what means they were achieved—meaning the applied nature and operational logic of the means. Economic security in its geopolitical form looks completely different from economic security in a geoeconomic form. This is due to the means used to achieve this end. While geopolitical economic security means physical control over resources, geoeconomic economic security can also be achieved through trade alliances or mutual interdependence, without having direct control over strategic resources. Hence, one cannot simply change the means of a theoretical construct (e.g., geopolitics) and expect that the ends will stay the same. In fact, if the (economic) means of geoeconomics are different from the (economic) means

[180] Grosse (2014) makes this very clear when he writes that the main target of geoeconomics is "to improve the state's geopolitical potential" (p. 42).

of geopolitics—which we assume that they are—than the ends must be different as well (according to the law of the instrument).

When deriving geoeconomics from geopolitics, one needs to be aware that the change of primary means results in an overall change of ends. Therefore, the ends in geoeconomics cannot be directly adopted from geopolitics. As a direct result of my findings in the previous chapters, I set out to answer the following two questions: *What are the ends of geoeconomics and how are those ends different from the geopolitical ones?* This chapter is structured accordingly. It starts by discussing the problem of current geoeconomic theories, that at times fail to clearly differentiate the means from the ends. It continues to explain the need to interpret the ends when trying to identify them. Before discussing the ends of neorealist and neoliberal geoeconomics in detail, this chapter makes an excursion to the history of the nature and content of ends, to better understand the origins of today's geoeconomic approaches. The last section on the neoliberal ends of geoeconomics highlights my ideas on the nature and content of the ends of geoeconomics and how they are different from the geopolitical ones.

9.2 Differentiating ends from means

Since ends are seldomly ultimate or final in nature, there is an inherent need to specify what is the means and to what end it is used. In geoeconomics, just as in economic statecraft, higher ends exist that go beyond the immediate effects of the used economic means. The use of economic means can provide immediate economic benefit or, on the contrary, hurt the target country economically. Yet, as Baldwin (1985) observes, "inflicting economic harm on the target country may well be the instrumental, or intermediate, goal of the influence attempt, but it is almost never an end in itself" (p. 62). The end in itself is located in the "higher echelon of the hierarchy of ends" (D. A. Baldwin, 1985, p. 62). This hierarchy of ends is defined differently in the neorealist and neoliberal paradigm.

Specifying the higher-level, yet specific, ends of one's geoeconomic policy is essential. Yet, this is not always done in geoeconomics. Varga (2019) highlights the difficulty to distinguish "whether economic factors are primarily just

instruments under geopolitical objectives or the ends in themselves" (p. 72), especially referencing the concepts of geopolitics and geoeconomics. Varga (2019) also reports that according to Baru (2012), geoeconomics "can be either understood as the objectives of politics or the means of politics", as Baru "understands geo-economics as a policy where economic objectives are given a priority in state's grand strategy, and both political and economic means are being used to reach this objective" (p. 73).

The mixture of means and ends should be avoided for several reasons. One reason is the need to measure the success of one's policies. The distinction between means and ends is of upmost importance "for those interested in the effectiveness, efficiency, utility, or rationality of a given policy or technique of statecraft" (D. A. Baldwin, 1985, p. 16). Without proper measurement, policies can neither be evaluated, nor adjusted, or even abolished with reason. Reasoned judgement and action would not be possible. This is especially important for the ideational side of geoeconomics.

Another reason for separating the means and the ends is that without this differentiation, meaningful action would be impossible. Some geoeconomics scholars link, for example, the potency of one's military and economic means to the economic performance of the state. Hudson (2020) writes that "economic statecraft as a form of diplomacy, via sanctions or aid packages, is very different from linking America's national security with economic growth and deliberately *prioritizing* that growth". If one follows this logic, "'economics' is not simply an 'instrument' of national power. Rather, economic growth and productivity are the *sources* of national power" (Hudson, 2020). In such a geoeconomic policy, economics becomes both a means and an end. Economic means are understood as a tool (means) and as a source of power (end) in one. The danger of such an approach can be seen in the obsessive 1990s discussion on national competitiveness, at the end of which using the means had become an end in itself.

9.3 Identifying and interpreting abstract ends

Geoeconomics faces problems similar to those of economic statecraft: The ends of the use of economic means are often stated "in terms of vague ends such as 'promoting the national interest,' 'maximizing power,' or 'doing good'", something which is not "very helpful in understanding policy" (D. A. Baldwin, 1985, p. 63). Considering that some scholars argue that "geoeconomics is distinguished from other economic strategies not by the policy measures it employs, but rather by the ends it pursues" (Kim, 2019, p. 155), it is of upmost importance to ensure that everyone clearly understands what those differentiating ends are. Unfortunately though, the ends of geoeconomics and geopolitics are often stated in abstract terms,[181] such as national interest, strategic interest, or "critical security objectives such as protecting homeland security" (Kim, 2019, p. 155). Kim (2019), for example, argues that "geoeconomics can be defined as ideas about using a state's foreign economic policy to promote and defend mid- to long-term strategic interests" (Kim, 2019, pp. 154-155). Geoeconomics is also differentiated from economics proper by reference to their different ends. While "economics is about maximizing value from transactions involving goods and services", state's using geoeconomics do not only strive towards "the maximization of economic value, but also their political and strategic position vis-à-vis other countries", meaning their "national interests" (Global Agenda Council on Geo-economics, 2016, p. 11). What the maximization of a political and strategic position means in practice, is left for the reader to figure out.[182]

Leaving the ends of geoeconomics in abstract terms (e.g., strategic ends) can lead to the paradoxical situation, in which analysts argue "that all economic

[181] One of the main reasons for stating the ends of geoeconomics in abstract terms is to assert its importance and to allow for a high identification potential. Independent of one's personal paradigmatic convictions, "security" and "national interest" are important terms, found in most FP paradigms. As Baldwin (1997) points out "policy advocates, of course, often try to win acceptance for their proposals by declaring them to be 'security issues'. Navies wanting frigates, educators wanting scholarships, environmentalists wanting pollution controls, and so on are likely to portray their respective causes as matters of 'national security'. In this context the declaration that something is a security issue is a way of asserting its importance" (p. 20).

[182] In the worst case, the reader can be a policy maker, who can then try and justify any action limiting economic freedom by reference to "national interests".

policies, domestic or foreign, should be considered geoeconomics, as long as they have strategic implications" (Kim, 2019, p. 154). Geoeconomic and geopolitical foreign policies are often said to be of a (geo)strategic nature. Yet, the meaning of (geo)strategic differs between paradigms, as the (geo)strategic foreign policy goals of neoliberals and neorealists look very different. Geopolitics, neorealist, and neoliberal geoeconomics also argue that the state acts in the national interest when pursuing such (geo)strategic policies. Similarly, the national interest is defined differently by neorealist and neoliberals. Abstract terms, such as "national interest", are subject to interpretation. In order to understand abstract terms, they first need to be filled with content through paradigmatic interpretation. The ends of geoeconomics are not self-explanatory, they always have to be understood in a paradigmatic context.

The abstractness and assumed objectivity of national interests in geoeconomics is a heritage of realist geopolitics. In geopolitics, objective geographic factors, such as a country's location, size, or borders, were seen as determinants for the objective national interest. Geopolitics argues that objective national interests can be deduced from geographic factors. Similar to how geopolitical national interests can be traced back to objective geographical factors, neorealist geoeconomics also argues that the national interests can be traced back to objective economic factors. In geopolitics and in neorealist geoeconomics, the state is understood as a black box: "reasoning occurs in terms of 'national interest' and 'national security' as if the state was one person" (Mamadouh, 1998, p. 238). Moreover, in the realist approaches, there is a "sharp distinction between internal affairs and foreign policy", with the latter being the "domain of experts" (Mamadouh, 1998, p. 238).[183]

[183] The realist view on the national interest has a strong paternalistic and antidemocratic component build into it. The objective national interest is "what one would choose if he were fully aware and well informed" (Douglass, 1980, p. 109). Since the people are not fully aware and not well informed about international affairs, the national interest remains a domain of experts, and only "real" experts will know what is best for the country. Hence, the country's population should also not be directly involved when determining what is best for them and their country. These illiberal tendencies of defining the national interest as something objective have long been discussed in one form or another in the debates on aggregative versus deliberative democracy (see, e.g., Miller, 1992). Douglass (1980) writes that

Neoliberal geoeconomics has the opposite view: the state is a collective of individual interest, NSAs and their interests matter, and foreign policy should be as democratic and participatory as domestic politics. While geopolitics and neorealist geoeconomics is dominated by objectivist approaches to the national interest, neoliberal geoeconomics adopts a subjectivist approach.[184] Aron (2003) explains very clearly that

> the plurality of concrete objectives and of ultimate objectives forbids a rational definition of 'national interest,' even if the latter did not involve, in itself, the ambiguity that attaches to collective interest in economic science. Collectivities are composed of individuals and groups, each of which seeks its own objectives, seeks to maximize its resources, its share of the national income or its position within the social hierarchy. The interests of these individuals or of these groups, as they express themselves in actual behavior, are not spontaneously in accord with each other, and added together they do not constitute a general interest. […] *A fortiori*, the national interest is not reducible to private interests or private-collective interests. (pp. 91-92)[185]

As a scientist,[186] I concur with the view that "national interests are ultimately subjective, defined by the specific interests, prejudices, and perceptions of each individual or group with a stake in the issue, and policy results from the conflicts

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> for many people, to define interests as objective goods smacks of authoritarianism, and is both illiberal and antidemocratic. As soon as people begin talking about 'real' interests, they fear, politics becomes paternalistic and the actual desires and inclinations of citizens are ignored or even sacrificed. Whatever its shortcomings, the liberal-utilitarian view of interest has at least one major advantage: It respects individuality and permits individuals to take responsibility for their own affairs. (p. 113)

[184] For more information on the objectivist and subjectivist approach to national interests see Frankel (1970, pp. 16-17).

[185] Aron (2003) continues to explain that

> in a limited sense this concept is useful, it rouses the citizens to an awareness of the political unit of which they are temporary members, which has preceded them and will survive them. It reminds present-day leaders that security and greatness of the state must be the objectives of 'diplomatic man,' whatever their ideology. (p. 92)

[186] On a personal/ideological level and as a naïve political subject that I am, I of course believe that I know what is really in the best (national) interest of a country.

between these different parochial interests" (Nester, 1995, p. 124).[187] An objective national interest can neither be determined scientifically, nor can it be observed, as only the individual interest can be observed. Since the objective national interest claims to be more than just the sum of all individual interests combined, it cannot be directly observed, thus lying in the realm of transfactualism.

In neorealist geoeconomics, the way of defining the objective national interest and the role of NSAs is contradictory. When neorealist geoeconomic states define their objective national interest, NSAs do not matter in this process. Their role in this domestic process is being neglected. However, when targeting other states, neorealist geoeconomics assumes that states can make use of NSAs in the target society to "split" it. NSAs are assumed to be a useful tool in influencing the national interest's formation procedure. If NSAs matter in target societies, then they must surely matter in domestic societies as well. Including NSAs in the national interest formation process in targeted states, but excluding them from the national interest formation process in targeting states is inconsistent.

The divide on the matter of national interests, based on the difference in underlying paradigmatic assumptions, can be traced back to debates between Dix and Röpke. In 1925, Dix already argued that geoeconomics has to be understood in light of the "nationalwirtschaftlichen Gemeinwirtschaftsinteressen" [national social economic interests] (p. 98). In a 1926 article, Dix elaborates on this idea, explaining that geoeconomics places the national economy amidst the global economy. Dix's geoeconomics portrays the national economic interest community ("volkswirtschaftlichen Interessengemeinschaften") counter to the global economy (Dix, 1926a, p. 155). The terms *nationalwirtschaftliche Gemeinwirtschaftsinteressen* and *volkswirtschaftliche Interessengemeinschaft*

[187] In contrast, realists believe that "there is an objective set of general national interests that all countries share, such as political economic development and security from military or political invasion, along with a set of specific interests for each country" (Nester, 1995, p. 124). Hence, "if every nation has a set of interests"—"genuine national interests"—"then there should be a clear set of policies which best protect those interests", which in turn can also be evaluated (Nester, 1995, p. 124).

allude to the idea that the national economic interest is more than just the sum of the economic interests of individuals and legal entities that compose the state.

Dix criticizes Röpke for ignoring the economic and political developments of the 1920s, by only differentiating between "Individualwirtschaft" [individual economy] and "Weltwirtschaft" [world economy] in his geoeconomic analyses (Dix, 1925c, p. 98). Leaving out the middle level of analysis (national economy), means leaving out the economic interests of nations.[188] Within the interdependent world economic interests, the national economies will profit the most, if they first and foremost concentrate on their own "Gemeinschaftsinteressen" [community interests], and prioritize them over class struggles at all times (Dix, 1925a, p. 119).[189] These economic *Gemeinschaftsinteressen*, and the economic way of thinking in general, should be determined on the bases of the same natural foundations ("natürlichen Grundlagen"), which have already proven useful in areas such as foreign policy analysis and creation (Dix, 1925a, p. 120). By including the idea of a nation's objective national (economic) interests into their geoeconomic concepts, Luttwak and neorealist geoeconomists stand in the direct tradition of Dix's illiberal geoeconomics. By highlighting the subjective nature of the national economic interest, neoliberal geoeconomics stands in the tradition of Röpke's liberal approach to geoeconomics.

[188] Dix heavily criticizes Röpke, alleging that Röpke "hat für nationalwirtschaftliche Interessengemeinschaft nur ein bedauerndes Achselzucken [übrig]" [only has a regrettable shrug of the shoulders to spare for national economic interest community] (Dix, 1925a, p. 119). Dix implicitly asserts that Röpke is not patriotic enough, as he clearly lacks solidarity with the national economic interest community. Röpke allegedly sacrifices the *Gemeinschaftsinteressen*, meaning the economic national interest, in favor of economic interests of individuals. Dix's economic collectivism clashes with Röpke's economic individualism.

[189] Not surprisingly, Dix is also critical of the Marxist struggle for class warfare and the idea of class solidarity across borders. Instead, he advocates for "volkwirtschaftliche Solidarität" [national economic solidarity] (Dix, 1925a, p. 119), meaning solidarity with one's compatriots instead of one's fellow class members (class solidarity vs. national solidarity). In practice, this means solidarity with other Germans instead of solidarity with workers in other countries: a fundamentally nationalistic idea.

9.4 History of the nature and content of ends

Geoeconomic scholars diverge on the question "for what ends economic power is strategically used (political versus economic)", while also disagreeing on "what sort of strategic frame (competitive versus cooperative) it is employed" (Wigell, 2016, p. 138). To better understand the origins of this disagreement, a small excursion into past debates on the state's main objective is needed. The primary goal of any state is its survival. Survival is a fluid concept, that is located on a scale that ranges from "preservation" to "universal domination" (Lawson, 2015, p. 57). A state's survival is guaranteed by a policy, that manages to preserve and strengthen the state (Lawson, 2015, p. 57). The definition of the ends that guarantee the state's survival is a long-debated topic that is tightly connected to underlying IR paradigms.

One group of scholars argues that the increase of military might is the key to securing a state's survival, since it can easily be transformed into wealth (see e.g., Machiavelli (1531/2003)). In contrast, another group of scholars sees the increase of wealth as more important, since the size and quality of the military depends on economic factors. With enough money, any army can be bought and any war won. However, both groups share the assumption of convertibility: Wealth is seen to convert rather fluidly into military power (Ripsman, 2005, p. 17) and military power rather easily into wealth. In any case, the debates on the relationship between wealth and power, have always taken place in the context of limited ends.

The sought-after ends, national power or wealth, have been understood as limited ends (in quantity), making them relational in nature. If one state grew stronger, the other state grew weaker. The same logic was also adopted by mercantilism and later geopolitics. In the case of geopolitics, the end—meaning territory—was always limited in nature. The means of acquiring it meant taking it from others. For mercantilist, the same logic applied. The end—meaning gold (or wealth) acquired by foreign trade—was seen as limited in nature as well. As the result, the means of acquiring wealth also often meant simply taking it from others by force.

Historically speaking, the military superseded the economic as a source of national power. Soldiers were seen as more important than wealth to win wars and to defends one's sovereignty. Already Machiavelli (1531/2003) made this point in his *Discourses on Livy*, in which he argues that "good soldiers are the sinew of warfare, not gold" (1531/2003, p. 179). While the military and the economic are both sources of power, the conversion of military power into wealth is easier than the conversion of wealth into military power. Machiavelli (1531/2003) links wealth and military power, stating that "gold is an insufficient means of finding good soldiers, but good soldiers are a more than sufficient means of finding gold" (p. 178); "it is impossible for good soldiers to lack money, just as it is impossible for wealth alone to create good soldiers" (p. 179). While a strong military is understood to be always able to create wealth and money, money alone cannot buy a good military. According to Luttwak (1993b), "the goal of mercantilism was to acquire ships and gold—not a foolish aim for kings in need of fleets and of gold coin to pay their troops" (p. 41). Gold was understood to be directly transformable into military strength: "Gold was thus military strength at only one remove" (Luttwak, 1993b, p. 41).

Having a modern conception of wealth[190] in mind, I do not find Machiavelli's argument and the way in which he connects the military to wealth convincing.[191] After all, soldiers are not prospectors or miners, they do not produce gold. Soldiers are only good for defending one's own gold, or for taking it from others. Machiavelli (1531/2003) imagines that with good soldiers on one's side, one would fare like the Romans, who "never lacked for gold, because those who feared them brought it to them even inside their encampments" (p. 179). This is a very constraining approach to the creation of wealth, limiting the overall economic and societal development. Instead of striving for the permanent increase

[190] Modern conception of wealth means understanding wealth as an unlimited or inexhaustible resource, meaning without a naturally set limit of how much can be created or naturally exists (in contrast to limited resources such as natural gold or diamonds).

[191] Another reason for questioning this realist assumption is the state of the Soviet Union at the end of the Cold War. If one understands the Cold War as a war and following this kind of realist logic, it is hard to fathom how the Soviet Union—being a nuclear superpower and "the second largest gold producer after South Africa" (Schoppe, 1978, p. 44)—ended up in an economically very disadvantaged position.

of wealth (e.g., via the development of new gold mines), Machiavelli argues that states should primarily focus on the defense and conquering of wealth from others.

Especially in a modern context, Machiavelli's argument seems hardly convincing. While wealth for Machiavelli meant primarily gold, wealth today is harder to define and to measure. The combination of the abolition of the gold standard combined with a growth-driven socio-economic model, does not allow for the simple taking of material means by force to ensure a nation's economic success. While Machiavelli's idea of gold is rather static and tangible, todays components of wealth (e.g., intellectual property, healthy and educated population, financial products, etc.) are often dynamic and intangible.[192] Wealth has become a multidimensional concept that goes beyond mere bullions.

In any case, studies have repeatedly shown that taking wealth by force is less efficient than acquiring wealth via cooperation. As discussed in the chapter on means, studies on imperialism, defined as the use of military force "to threaten or subjugate other countries in order to extract part of their wealth" (D. A. Baldwin, 1985, p. 116), have long agreed that "it no longer pays" (D. A. Baldwin, 1985, p. 116).[193] A recent study by Coe and Markowitz (2021) even provides "the first direct evidence that in recent decades the net effect of productivity on profits from conquest is both negative and large enough to render conquest unprofitable for states with high productivity" (Coe & Markowitz, 2021, p. 4). Yet, the basic ideas presented in those studies are not novel. At the start of the 19th century, Henri-Benjamin Constant de Rebecque (1814) already argued that

> le but unique des nations modernes, c'est le repos […]. La guerre est chaque jour un moyen plus inefficace d'atteindre ce but. Ses chances n'offrent plus

[192] The often intangible nature of wealth can be illustrated by reference to the Soviet Union. At the end of the Cold War, the Soviet Union was in a desolate economic state. Yet, in several key economic indicators, such as steel production, the USSR boasted a more than double output, as compared to the USA. In 1985 the Soviet Union was producing 160 million tons of steel per year, while the USA "only" produced 74 million tons (Goldman & Blanken, 2005, p. 38).

[193] These findings are backed up by studies on colonialism, that show that the "European profits-through-power approach may actually have been less economically successful than the alternative policy of peaceful trade" (Sharman, 2019, p. 173). Mueller (2001) also argues that "war is a singularly ineffective and undesirable method for attaining wealth" (p. v).

> ni aux individus ni aux nations des bénéfices qui égalent les résultats du travail paisible, et des échanges réguliers. Chez les anciens, une guerre heureuse ajoutoit [*sic*], en esclaves, en tributs, en terres partagées, à la richesse publique et particulière. Chez les modernes, une guerre heureuse coûte infailliblement plus qu'elle ne rapporte.
>
> [the sole aim of modern nations is rest […]. War is every day a more ineffective means of attaining this end. Its chances no longer offer neither individuals nor nations the benefits that would be equal to the results of peaceful work and regular exchanges. Among ancient peoples, a lucky war added, in slaves, in tributes, in shared lands, to public and particular wealth. Among modern peoples, a lucky war infallibly costs more than it brings in.] (p. 8)

Mercantilists[194] operated under the similar assumption that wealth and power are two connected objectives. The pursuit of both at the same time, one via the other, was deemed possible by Machiavelli and mercantilists alike. Instead of arguing for the pursuit of wealth via force, like Machiavelli did, mercantilist argued for the strive for gold to increase one's power. Political self-preservation was linked to commercial power and "international trade was seen in zero-sum terms" (Sharman, 2019, p. 183). Both objectives were understood to also feature a similar relational nature.[195] Wealth and power were seen as having a "reciprocal nature" (Sharman, 2019, p. 183), because wealth was needed to produce state power and state power was needed to produce wealth (Gilpin, 1975, p. 37). Hirschman (1945/1980) summarizes the logic and underlying premises of mercantilists as follows:

> Major premise: An increase of wealth of any country is an increase of its absolute power, and vice versa.

[194] Interestingly, Sharman (2019) identifies mercantilism as a European concept. According to him mercantilism "was alien" to Asian rulers and the notion that "national power and wealth are intimately related […] was foreign to premodern European rulers" (Sharman, 2019, p. 182). Instead, "Asian rulers adhered to an essential separation between state power and commercial concerns that was the antithesis of mercantilism" (Sharman, 2019, p. 183).

[195] Due to the limited amount of wealth (gold) available, one state getting richer automatically meant that another one was getting poorer. The same logic applies to power: one state getting stronger, meant that another one was getting weaker.

> Minor premise: An increase of wealth of any country, if brought about by foreign trade, is necessarily a loss of wealth for other countries.
>
> Conclusion: An increase of wealth through foreign trade leads to an increase of power relative to that of other countries. (pp. 4-5)

The minor premise was heavily challenged by the work of David Ricardo. If one agrees with Ricardo that free international trade produces positive results for all participating states, the conclusion no longer holds valid.[196] Even Luttwak readily admits that "mercantilism was purposeful for kings even if harmful for their countries: by encouraging shipping and export trades while discouraging imports, taxable gold would accumulate within the ruler's reach"[197] (Luttwak, 1999, p. 140).

Despite the findings by Ricardo and Smith, the mercantilist logic was adopted by geopolitics. Only this time, a new dimension was added to the equation: territory. Wealth and power were now understood to be linked to and directly derived from territory. While "mercantilism saw the economic underpinnings of military power in control of trade more than territory" (Sharman, 2019, p. 183), in geopolitics the transition was made away from trade towards territory. In neorealist geoeconomics, a similar transition was then made from territory to the economy. Geoeconomics adopted the zero-sum perception of the world from geopolitics and projected it to the economic space. As a result, in geoeconomics, just as in mercantilism, economic relationships between states are understood as zero-sum relationships. Among others, Julien (1995) highlights the stark similarities with mercantilism, observing that "die ‚Geoökonomie' wirft die Menschheit gewissermaßen auf eine Art, Merkantilismus' des 16. und 17. Jahrhunderts zurück" ['geoeconomics', in a sense, throws humanity back to a kind of 'mercantilism' of the 16th and 17th centuries].

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[196] Even neorealists like Waltz (1993) have to admit that "free trade serves world interests by maximizing exchange value" (p. 56). The question that neoliberals and neorealist often differ on, is "whether free trade serves a nation's interest" (Waltz, 1993, p. 56). The answer to this question depends on the way one defines the national interest (objective vs. subjective nature of national interests.)

[197] Originally Luttwak (1993b) similarly writes that "mercantilism was purposeful even if harmful: by seeking to export and not import, the trade of all was ultimately damaged, but in the meantime taxable gold would accumulate within the ruler's reach" (p. 41).

9.5 Neorealist ends of geoeconomics

Neorealist scholars imagine that we live in a system made up of separate political units or states. Due to the anarchic nature of the international system, states are bound to adopt an outward look at the world, positioning themselves favorably in relation to other states. Neorealist scholars like Waltz (1979) argue that the primary goal of states is to maximize security via the maximization of power: "The motivation of achieving or maximizing security is translated as improving the relative power position" (Guzzini, 1998, p. 135). National power is defined in relation towards other states. Hence, the state's main end is the maximization of national power in order to ensure the nation's survival. The neorealist end to increase the relative power position can be found in neorealist geoeconomics. The pursuit of relative power (end), in contrast to absolute wealth, dictates the operational logic: "Power, on the other hand, is relative. The gain of one country is necessarily loss to others, its loss is gain to them. Conflict is the essence of the pursuit of power" (Hawtrey, 1930, p. 27). Agnew and Corbridge (2003) argue that "relative economic power has begun to displace military force and conquest as an important feature of international relations. It is no longer just a means to the end of military power but an end in itself" (Agnew & Corbridge, 2003, pp. 3-4).

On the surface, the ends of geoeconomics and geopolitics do not look alike. Geopolitics strives towards the "political control or influence over geographical space" (Varga, 2019, p. 73), while geoeconomics does not advocate for the control of territory. Yet, in geopolitics, the control over territory is not the ultimate end. Instead, geopolitics, similar to neorealist geoeconomics, strives towards higher ends, such as "security and military advantages, alongside the promotion and defence of national values and prestige" (Varga, 2019, p. 73). Similar to geopolitics, in neorealist geoeconomics "'profit' is [also] not the main goal to be pursued" (Moraes, 2019, p. 7). Instead "broader, non-economic goals such as self-reliance on strategic assets" (Moraes, 2019, p. 7) are the ultimate end.

In neorealist geoeconomics, the scope of national interest and security is extended to the economic sphere. Realists see national security, sovereignty, and autonomy challenged by "transnationalism, which refers to the increased ease with which goods, services, and business entities can cross national boundaries"

(Ripsman, 2005, p. 27). This is because the state's ability "to pursue the economic nationalist/autarkic security policies […] erodes" (Ripsman, 2005, p. 28). In the shift from geopolitics to neorealist geoeconomics, territorial superiority—or the end to "gain control over territory and expand its sphere of influence" (Gagné, 2007, p. 4)—was only replaced by economic superiority—the end to take "control of and access to scarce resources and the conquest of foreign markets with geo-economic weapons" (Gagné, 2007, p. 4). The paradigm driving these behaviors stayed the same; "the motivation is still geostrategic–broadening and deepening the sphere of political influence" (Vihma & Wigell, 2016, p. 378).[198]

Geopolitical geostrategic aims have been defined as relative power maximization, since the international system is understood as anarchic and violent. The same aims were simply transplanted from geopolitics to geoeconomics without rethinking the underlying paradigm. Today's neorealist geoeconomics maintains the focus on relative gains: "these ends include critical security objectives such as protecting homeland security and maintaining the United States' preeminent relative power position in the international system" (Kim, 2019, p. 155). Wigell and Vihma (2016), for example, argue in a realist fashion that the economic power of geoeconomics "provides a more subtle means for seeking relative gains" (p. 605). Scholvin and Wigell (2018b) also argue that the logic of geoeconomics "is still interstate rivalry; superiority over others is still the end" (p. 80). A neorealist geoeconomic trade policy would "seek to achieve economic returns, but would also seek political returns", resulting in "deviations from the logic of maximization of total absolute gains" (Global Agenda Council on Geo-economics, 2016, p. 11).[199] The means changes in the realist definitions; however, the aims and the underlying paradigm remains the same. As a result, Moraes (2019) observes that current approaches to geoeconomics share the following characteristics: they are "state-centered" and "realist" (p. 7).

[198] "Geostrategic" is of course only a euphemism to disguise the fact that geopolitics and neorealist geoeconomics are nearly identical concepts.

[199] Identifying a geoeconomic trade policy is a tricky endeavor though. After all, "creating certain kinds of ostensibly open, equitable, apolitical arrangements–the kind that look like they are following purely economic logic–can be a very good strategy for achieving major economic gains for a powerful state" (Global Agenda Council on Geo-economics, 2016, p. 11).

A great example of neorealist geoeconomics, and the blueprint for most current geoeconomic approaches, can be found in the writings of Luttwak. According to Luttwak (1993a), "in traditional world politics,[200] the goals are to secure and extend the physical control of territory, and to gain diplomatic influence over foreign governments" (p. 20).[201] Luttwak (1993a) differentiates geoeconomics from "traditional world politics" by arguing that the "geo-economic goal is not the highest possible standard of living for a country's population but rather the conquest or protection of desirable roles in the world economy" (p. 20).[202] This includes the maximization of "rather high-skill jobs in advanced industries and sophisticated services"[203] (Luttwak, 1999, p. 140). In contrast to most realist scholars, Luttwak makes it very clear that the wealth (or the highest possible standard of living) of the population is clearly not the end of his geoeconomics. It might be an unintended side effect of dominating the world economy, however, it is not the driving factor. This understanding of geoeconomics and its ends is in its core geopolitical, as the "economic foreign policy is deployed not only to maximize the country's socioeconomic wellbeing but also to fulfill broader geostrategic goals", such as improving the country's geopolitical potential (Wigell, 2016, p. 138).

In neorealist geoeconomics, concepts such as national security or national interest are extended to include the protection of domestic businesses from international competition. Luttwak (1993b), for example, compares geoeconomic trade barriers, meant "to protect domestic industry and allow it to grow", to the defense of "frontiers and fortified lines of war", characteristic of "old-style world politics" (p. 36). Stretching those concepts to the economic realm and private businesses is dangerous. It can lead to oversecuritization (practical downside) and blurring the concepts (theoretical downside). After all, who decides what

[200] The fact that Luttwak calls geopolitics "traditional world politics", a euphemism and an attempt to normalize and banalize geopolitical policies, is a strong indicator of his realist ideology.
[201] Also see Luttwak (1993b, p. 309).
[202] Also see Luttwak (1993b, pp. 309-310).
[203] Originally Luttwak (1993b) argues that the ultimate purpose of geoeconomics is to "maximize high-grade employment in advanced industries and sophisticated services" (p. 41).

domestic industries and economic assets are worth protecting in the name of national security? In more general terms: "Who defines the nation's interests?" (Nester, 1995, p. 122). Nester (1995) reminds us that depending on the country and the time period, "national interests may be articulated by a dictator, a council of experts, or by the give-and-take of countless interest groups and public opinion" (p. 122). Naturally, if geoeconomics only focuses on the national interest as an end without specifying what is meant by the term, the resulting "geoeconomic" policies can entail anything. After all, "national interests are evoked to justify virtually every act of state, from generosity to genocide" (Nester, 1995, p. 121).

Luttwak directly answers the question whether geoeconomics is in fact "nothing more than an unnecessary new word for that ancient practice"[204] (1999, p. 140) and "nothing more than new verbiage for old themes" (Luttwak, 1993b, p. 39), referring to mercantilism. Luttwak (1999) tries to differentiate geoeconomics from mercantilism by arguing that the "purpose of geo-economics is so very different - to maximize not gold holdings, but rather high-skill jobs in advanced industries and sophisticated services" (p. 140). Yet, Luttwak (1999) also characterizes the ends of mercantilism as "strictly political, indeed strategic"[205] (p. 140). If the ends of geoeconomic are also political and strategic, and only the so-called purpose differs (accumulation of gold vs. high-skill jobs), one might wonder how different geoeconomics is from mercantilism after all.[206]

Another difference is that mercantilism "was always overshadowed by war"[207] (Luttwak, 1999, p. 140)—due to the "the quest for security" (Luttwak, 1993b, p. 39) or "the pursuit of glory or internal political advantage" (Luttwak,

[204] Also see Luttwak (1993b, p. 41).
[205] Luttwak (1993b) originally writes that "mercantilism was an economic activity but its purposes were strictly political" (p. 41). Luttwak classifies mercantilism as an economic activity, only due to the means used.
[206] The alleged difference between Luttwak's geoeconomics and mercantilism melts away, when taking other definitions of mercantilism into consideration. Heckscher and Magnusson (1994) explain that "the ultimate *end* of mercantilist policies was to strengthen the power of the state", with economic means used "to bolster the political strength of the state which resolved mercantilism as a protectionist and monetary system" (p. xxxii).
[207] Also see Luttwak (1993b, p. 41).

1993b, p. 39)—while geoeconomic conflicts are not resolved on the battlefield. In contrast to mercantilism, geoeconomics "is a game that can be played only by countries that have already ruled out war among themselves" (Luttwak, 1993b, p. 42). The use of military means is no longer permissible. In contrast to mercantilism, "not only the causes but also the instruments of rivalry must be strictly economic" (Luttwak, 1993b, p. 42). As highlighted in the previous chapter, whether or not the instruments of rivalry are economic (i.e., means with an economic instrumental nature) does not say anything about their operational logic or about their applied nature.

Luttwak's geoeconomics maintains the focus on relative gains. Instead to "strengthen a king" (Luttwak, 1993b, p. 41) by accumulating gold in his chest which would otherwise end up in the chest of his competitor, Luttwak's geoeconomics strives to "improve employment" (Luttwak, 1993b, p. 41). The race for the limited amounts of gold becomes a race for limited amounts of good jobs, so Luttwak argues. Whether high-skilled jobs and gold are comparable, is a rather questionable: gold is by nature physically limited, while the number of high-skilled jobs do increase through economic cooperation and free trade between states. Wigell (2016) confirms that Luttwak shares a neorealist understanding of geoeconomics, since he "emphasizes how competition for relative power continues to drive state behavior in international relations, albeit using economic as opposed to military means" (Wigell, 2016, p. 138).

Overall, I do not find Luttwak's ideas on the nature of geoeconomic goals convincing. Luttwak openly admits that according to his idea, geoeconomics is not "a quest for gold, or indeed for wealth as such"[208] (Luttwak, 1999, p. 140). For me, striving for a desirable role in the world economy is, at most, a means to an end, but not an end in itself. As it is explained in detail the next section, neoliberal geoeconomics does consider the population's highest possible standard of living as an end in itself. This is one of the main differences between geopolitics and neorealist geoeconomics on the one hand, and neoliberal geoeconomics on the other. After all, what good is it to live in one of the most powerful countries

[208] Also see Luttwak (1993b, p. 41).

in the world (e.g., the former Soviet Union or China), if one is subjected to a low standard of living (not only physically but also psychologically)? What good is it to have the brightest minds, working the most high-skill jobs in advanced industries, if all they do is to build the smartest, biggest, and deadliest rockets, tanks, and submarines? What good is it to have the biggest rockets, if your population is starving and the pavement on the streets is broken? Such a realist mindset applied to the geoeconomic realm brings about an economically catastrophic situation, as seen in Russia or North Korea. Even though Russia is very rich in human and natural resources, the country and its people are still poor because its government has adopted a realist, geopolitical mindset. Contrary to neoliberal geoeconomics, such a mindset puts power and security above everything else, including the wealth of the nation.

On top of that, Luttwak sees the state itself in the center of his geoeconomic policies, making this abstract entity not only the main actor but also the main beneficiary of geoeconomics. Luttwak (1999) admits that "there are parallels" between geoeconomics and mercantilism, "for in both cases state authorities act against each other in commerce or industry, instead of allowing private interests to trade with each other as they see fit for their own private interests"[209] (Luttwak, 1999, p. 140). Luttwak thus highlights the common factor of stark commercial illiberalism, shared by mercantilism and neorealist geoeconomics alike. While I also consider the state as a main actor of geoeconomics, I advocate (in a more democratic fashion) that NSAs must count amongst the beneficiaries. The success of the state is not a "Selbstzweck" [end in itself]: NSAs and especially citizens are the ultimate winners or losers of geoeconomic policies. Hence, if one were to include NSAs in one's geoeconomic theory, achieving the highest possible standard of living would be a much better goal for geoeconomics.

Including NSAs as theoretically relevant actors in one's geoeconomic theory has a distinct advantage. The financiers of geoeconomic policies, meaning

[209] Originally Luttwak (1993b) similarly writes that "there are parallels" between geoeconomics and mercantilism, "for in both cases rulers or states induce countries to act against each other in commerce and industry, instead of merely trading with each other for the good and sufficient private reasons of the traders themselves" (1993b, p. 41).

the individual taxpayers and businesses, would directly profit from it. If the rivalry between states continues by economic means, the owners of those means are supposed to profit too. Instrumentalizing NSAs or their property as the means of geoeconomics, but excluding them from the ends is problematic. Control over the economic means is often in the hands of NSAs and not the state (at least in economically liberal countries). The assigned role of NSAs as geoeconomic means and foreign policy pawns should be reflected in the outcomes or ends of geoeconomics. Otherwise, NSAs might be reluctant to cooperate with states when the latter come to look for new forms of power in the private realm.

Including the achievement of the highest possible standard of living as an end of geoeconomics provides an advantage: The success of geoeconomic policies would become measurable. While the improvement of living standards is well measurable, more abstract ideas involving arbitrarily defined national interests are always subject to debate. Defining what industrial sectors or market shares are worth conquering in the name of the national interest is not only debatable, but also constantly changing. As the industrial policies of the past have shown, it is extremely difficult for states to efficiently target industrial sectors that are worth supporting in the name of the national economic interest. The industrial needs of tomorrow cannot be known for certain today. This makes broad state-funded foundational research more important than targeted support of (often struggling) industrial sectors. Business associations and economists keep highlighting that "protecting and subsidizing an industry may lead to backsliding and weakness" (Solow, 1993). The best (but counterintuitive) way to support and strengthen one's domestic industry is through intense competition with industry leaders (Solow, 1993). Moreover, if one were to make the highest possible living standards the main goal of geoeconomics, states would be inclined to cooperate. As the last 100 years have clearly shown, economic as well as political cooperation leads to an increase in the quality of living, while economic and political clashes have the reverse effect.

9.6 Neoliberal ends of geoeconomics

Neoliberals agree with the basic assumption that survival is the primary goal of states: "the greatest threat to that basic interest is for another state to invade and conquer it" (Nester, 1995, p. 121). In geopolitics, the "survival of the nation and protection of its territorial integrity [are] the main objectives of national security policy" (Sa'id Ali, 1999, p. 153). While in the past the "military and security threats superseded the economic threats", today, "'survival' as a matter of concern [is] largely gone, 'prosperity' or relative gains [has] become a key concern"—"'prosperity' threats supersede 'security' threats, the key matter of concern is prosperity, not security" (Aligica, 2002). In a similar vein, Nester (1995) argues that "the threat of foreign invasion […] is increasingly rare in international relations" and taken over by the concern for "the enhancement of a nation's economic development, independence from the interference of foreigners in one's domestic affairs, and preservation of the nation's 'way of life,' or culture" (p. 121).

In contrast to geopolitics, geoeconomics assumes that "the survival of the state and its territorial integrity is not so much challenged by external threats as safeguarded by its economic well-being, its social cohesion, and its ability to withstand economic competition" (Sa'id Ali, 1999, p. 154). In order to ensure national security, states strive for "raising productivity, economic reform, integration into regional and international markets, and protecting sources of income" (Sa'id Ali, 1999, p. 154). Other policy goals, different from the relative maximization of power, can become the top spot on the list of priorities. Nester (Nester, 1995), who defines neomercantilism as a way for states to assert geoeconomic power (Nester, 1995), argues that, "rather than spend scarce resources on the military sector, neomercantalist states concentrate on promoting high technology consumer- and equipment-industries that most efficiently create wealth and expand the middle class" (p. 295). Even though the survival of the state is never a hundred percent guaranteed, once the military threat is reduced, states can more easily pursue other goals as well.

States will always be challenged, domestically and internationally. This means that "in anarchy, security is the highest end" (Waltz, 1979, p. 126). Waltz

(1979) famously infers: “Only if survival is assured can states safely seek such other goals as tranquility, profit, and power” (p. 126). Neoliberals concur with this notion, yet, they also realize that no state is ever completely unchallenged or secure: “completely assured survival is a goal that can be approximated but never attained” (D. A. Baldwin, 1997, p. 21). There are different levels of security and insecurity: “The crucial question is not whether security is ‘assured’, but rather, ‘How much assurance is enough?’” (D. A. Baldwin, 1997, p. 21). Baldwin (1997) explains how the marginal value approach applies the law of diminishing marginal utility to a state’s security. This provides a solution to the problem of how many resources a state should spend on its security. He clarifies that “security is only one of many policy objectives competing for scarce resources and subject to the law of diminishing returns”, meaning that “the value of an increment of national security to a country will vary from one country to another […], depending not only on how much security is needed but also on how much security the country already has” (D. A. Baldwin, 1997, pp. 19-20). As a result, “rational policy-makers will allocate resources to security only as long as the marginal return is greater for security than for other uses of the resources” (D. A. Baldwin, 1997, p. 20). Every state will at some point reach a level of security, at which the marginal costs for security expenses will outweigh the marginal benefits (D. A. Baldwin, 1997, p. 22).

Once an acceptable state of survival is attained, and direct military challenge to the state is reduced, alternative means of power can take the place of military power, to better respond to new, alternative challenges (Keohane & Nye, 2012). A change of ends can, for example, cause war to become an unsuitable foreign policy tool. Mueller (2001) makes the compelling argument that “substantial agreement has risen around the twin propositions that prosperity and economic growth should be central national goals and that war is a particularly counterproductive device for achieving these goals” (p. 219). The ends of states changed, and war has become an unsuitable means to pursue those new ends: “economic strength is being used as the crucial measure, replacing military

prowess and success in war" (Mueller, 2001, p. 219).[210] To pursue those other goals (such as wealth and prosperity creation, economic growth, etc.), Keohane and Nye (2012) argue that states also need more appropriate forms of power and influence (such as economic tools).[211] The perspective changed on "how a country achieves status and 'power' in the modern world" (Mueller, 2001, p. 219). Over the last century, the idea took hold that "prestige and status principally derive from economic prowess (a quality often disparaged as debased and disgustingly materialistic by warlovers in the past)" (Mueller, 2001, p. v). In the words of Waltz (1993), "Norman Angell was not wrong, but merely pre-mature, when he concluded that wars would no longer be fought because they do not pay" (p. 77).

For neoliberals, the state's aim is not to maximize the country's geopolitical potential, but rather its socioeconomic wellbeing. While sound economics aims to maximize the value from transactions involving goods and services, geoeconomics has to achieve the same between states, while keeping domestic interests in mind. The goal of neoliberal geoeconomics is the maximization of global wealth, instead of focusing primarily on one state's own wealth. Focusing primarily on one's wealth, leads paradoxically to less wealth for all parties involved. If one is lucky, one can momentarily end up as one of the few countries that manage to benefit from such a policy in the short term. Yet, overall wealth is lost, and on the long-term the economic effects are devastating. By focusing on the overall wealth growth, one ensures that the whole cake gets bigger instead of solely focusing on augmenting one's own slice. By letting the whole cake grow, one's share of wealth might not necessarily increase relative to other countries.

[210] Yet, it is not only Western liberals who sense this change in ends. Russian scholars, such as Ignatyeva and Isaev (2019a), realize that "emphasizing military component of the politics or geo-strategy by the main powers in conditions of possessing nuclear weapon can result in global nuclear war and the mankind death" (p. 515). They contend that "the main powers understand that military conflicts are useless in acquiring foreign territories, but it is possible to expand its economical and political influence by trading expansion" (Ignatyeva & Isaev, 2019a, p. 515).

[211] Such an analysis stands in the long tradition of liberal thinkers, such as Henri-Benjamin Constant de Rebecque. In 1814 already, he wrote that "le but unique des nations modernes, c'est le repos, avec le repos l'aisance, et comme source de l'aisance, l'industrie" [the sole aim of modern nations is rest, with rest comes ease, and as the source of ease, industry] (p. 8).

However, in absolute numbers everyone, is getting richer, even though their relative shares remain the same.

In neorealist geoeconomics, the wealth and prosperity of the population is clearly not the main end, while in neoliberal geoeconomics the population's highest possible living standards are an end in themselves. This is an important characteristic of neoliberal geoeconomics that makes it different from geopolitics and neorealist geoeconomics. Contrary to Luttwak's geoeconomic ends of conquering and protecting "desirable roles in the world economy" (Luttwak, 1993a, p. 20), neoliberal geoeconomics "proposes the achievement of well-being among citizens, thus tending to avoid violence, which mercantilism instead solicited and which now has become rather unprofitable economically, at least for industrialized countries which resolve their conflicts with the instruments of geoeconomics" (Allio, 2020, p. 235). Sattich (2018) confirms that "from the point of view of geoeconomics it is concepts such as welfare, status, and prestige that drive the relations between the EU Member States, and not primarily security and autonomy" (p. 166).

In neoliberal geoeconomics, the state strives to increase the wealth of its population. It prioritizes the creation of wealth: wealth for its people and through its people, wealth for the state. In this understanding, power is a side effect of wealth, but not the main reason for pursuing wealth in the first place. Now the obvious question arises: *How can wealth be best obtained, cooperatively or competitively?* The answer to this question has been provided over and over again. As highlighted in the section on the use of economic means (chapter 8, section 5), it is cooperation that produces wealth. This is especially efficient when using economic means outside a competitive strategic frame. Since the framework is not zero-sum, the goal is to maximize absolute gains "in cooperation with others in the pursuit of common goals" (Wigell, 2016, p. 138). Cooperative engagement between states is taken seriously, and economic power is used to create a favorable external environment: "So long as welfare is the end, different communities may co-operate happily together" (Hawtrey, 1930, p. 27). Maximizing the economic value of interstate relationships, while also paying

attention to political and strategic issues, is a delicate task. Neoliberal geoeconomics strives to make the relations between states as fruitful and profitable as possible, while seeking political returns which requires to deviate "from the logic of maximization of total absolute gains" (Global Agenda Council on Geo-economics, 2016, p. 11).

The means and ends still go hand in hand, even if one ignores the change in threat perception, and takes the new economic means as a given fact of the theoretical concept. As I argue in the chapter on the relationship between means and ends (chapter 7), the ends of geoeconomics must be understood in relationship with its means: The change of means from military to economic, is also followed by a change of ends from power to wealth, and vice versa. It is not enough to argue that geoeconomics represents a change of means compared to geopolitics, as those means always impact the ends as well. The ultimate end in geopolitics is control over limited territory. Neorealist geoeconomics adopts this strive for a limited resource. Control over territory, or any limited resource for that matter, can best be established by means of force. Hence the use of military means to protect and conquer new territory. Most geoeconomics scholars do agree that there is a change of means (see means-approach). Yet, the emphasis on the use of new economic means also hints at a change in ends. The absolute control over territory is not the main goal anymore, otherwise states would not try to achieve this end with economic means. However, due to their instrumental nature, economic means are not suitable to pursue limited ends, as suggested by neorealist geoeconomics. This means that the new means of geoeconomics are not suitable to acquire a limited end such as territory, jobs, or wealth (if they are understood as limited). If used correctly, economic means can be used to increase the unlimited end of wealth. Thus, with economic means at their disposal, states will opt for an economic and cooperational approach, instead of a military and confrontational one.

9.7 Concluding remarks

In this chapter, I set out to answer the following questions: *What are the ends of geoeconomics and how are those ends different from the geopolitical ones?* At first glance, the difference between geopolitics and neorealist geoeconomics seems obvious, boiling down to the simple but important question of the state's main objective: land (as a source of power) versus wealth (as a source of power). Yet, after closer investigation, it becomes clear that there is little difference between current understandings of neorealist geoeconomics and geopolitics, as both approaches treat ends as relational and limited in nature. In the shift from geopolitics to neorealist geoeconomics, territorial superiority was only replaced by economic superiority. Today's neorealist geoeconomics maintains the focus on relative gains and the paradigm advocating for this end stayed the same. To provide a better answer to the question, I then differentiate between the ends of neorealist and neoliberal geoeconomics. The ends of neorealist geoeconomics are indeed nearly identical to the ends of geopolitics. However, I argue that the ends of neoliberal geoeconomics are quite different. Neorealist geoeconomics pursues the limited end of power (or wealth as a source of power), while the end of neoliberal geoeconomics is unlimited wealth.

In the section on the neoliberal ends of geoeconomics, I have highlighted my ideas on the nature and content of the ends of geoeconomics and how they are different from geopolitical ones. In the process, I have tried to make at least two arguments. On the one hand, I am making an argument on the analytical level, explaining the advantages of neoliberal geoeconomics. I explain how neoliberal geoeconomics can be (better) constructed, and why neoliberal geoeconomics makes more sense from a theoretical point of view. On the other hand, I am also making an argument on the ideational level, highlighting the illiberal tendencies of neorealist geoeconomics. I argue that, once we acknowledge the change of ends, the neorealist paradigm, underlying most modern geoeconomics approaches, needs to be changed as well. Geoeconomics that fully accounts for the outlined changes in means and ends, can be best conceptualized within the neoliberal paradigm.

Regarding the analytical advantages of neoliberal geoeconomics, I am making four main arguments in its favor. First, there is the obvious closeness of neorealist geoeconomics to geopolitics. I show how the realist understanding of geoeconomics was, in fact, always part of realist geopolitics. The means might have changed; however, the aims and the underlying paradigm remain the same.

Second, based on the insights gained in the chapter on the means-ends relationship, we already know that changing a concept's means has consequences for the ends too. Neoliberal geoeconomics reflects the change of means by changing the ends as well, while the ends of neorealist geoeconomics stay the same. At the same time, some higher ends are better suited to be pursued by economic means than others—especially if one intends to do so in a systematic (replicable) and strategic (mid- to long-term approach) fashion. Not only does neoliberal geoeconomics offer those new means (similar to neorealist geoeconomics), but it also applies them in new way (unlike neorealist geoeconomics). In other words, the new economic means, because of their instrumental nature, are not suited to pursue the limited neorealist ends (following the logic of means determining the ends). Similarly, the old neorealist ends are not achievable via the operational logic of the new economic means (following the logic of ends determining the means).

Third, neoliberal geoeconomics understands that wealth and power are two ends which cannot be pursued simultaneously. This irreconcilableness is metamorphically expressed as "guns versus butter" debates. While the former is a product of "the economics of power", the latter is achieved via "the economics of welfare" (Hirschman, 1945/1980, p. 3). In contrast to neoliberal geoeconomics, neorealist geoeconomics tries to pursue wealth and power at the same time, due to the notion of wealth understood as a source of power.

Fourth, the new ends of neoliberal geoeconomics reflect the changes in threat perception (attainment of acceptable state of survival, reduction of direct military challenge, new challenges), that are shared by neoliberals and neorealists alike. If wealth and economic growth become national goals—even for reasons of national security—war and any other form of competitive foreign policy would

be counterproductive. Only neoliberal geoeconomics reflects the change in threat perception by adjusting its ends and the way of pursuing them.

Regarding the ideational advantages of neoliberal geoeconomics, I am making seven arguments to highlight the illiberal tendencies of neorealist geoeconomics. Whether power is more important than wealth, or vice versa, cannot be proven empirically. Choosing one over the other is an axiom that originates from the underlying IR paradigm. Similarly, I cannot prove that neoliberal geoeconomics has a better ideational side. However, I can highlight some of the neorealist shortcomings. In the end, it is up to the readers and their moral compass to decide which one they prefer. As a liberal and democratic European, my ideological or paradigmatic sympathies should have become clear.

First, neorealist geoeconomics assume three things: that the state is a monolithic black box, that an objective national interest exists, and that the determination of this interest is the domain of experts. In contrast, neoliberal geoeconomics has the opposite view: the state is a collective of individual interest, NSAs and their interests matter, and foreign policy should be as democratic and participatory as domestic politics. While neorealist geoeconomics is dominated by objectivist approaches to the national interest, neoliberal geoeconomics adopts a subjectivist approach.

Second, by including the idea of a nation's objective national (economic) interests into their geoeconomic concepts, neorealist geoeconomists stand in the direct tradition of Dix's illiberal geoeconomics. By highlighting the subjective nature of the national economic interest, neoliberal geoeconomics stands in the tradition of Röpke's liberal approach to geoeconomics. This view of neorealist geoeconomics is inconsistent, as NSAs are neglected in the domestic national interest's formation process, while at the same time NSAs are seen as tools to be used to distort the national interest's formation process in targeted states: When NSAs matter in targeted societies, then they must surely matter in domestic societies as well.

Third, neorealist geoeconomics does not respect the economic interests of NSAs. Instead, states compete with each other by restricting the economic

freedoms of NSAs. This means that in neorealist geoeconomics, concepts such as national security or national interest are extended to include the protection of domestic NSAs from international competition and the discrimination of foreign NSAs based on their origin. Neorealist geoeconomics rejects the notion of free trade and the spirit of fair competition. Instead, it features stark commercial illiberalism.

Fourth, neorealist geoeconomics is not motivated by achieving prosperity. In contrast, neoliberal geoeconomics understands the population's highest possible standard of living as an end in itself. Increasing the power of the state is not an end in itself: NSAs and especially state citizens should be the ultimate beneficiaries or losers of geoeconomic policies.

Fifth, neoliberal geoeconomics advocates in a more democratic fashion that the beneficiaries of it must include NSAs. Neoliberal geoeconomics is fairer than neorealist geoeconomics, as the financiers of geoeconomic policies, meaning the individual taxpayers and businesses, would directly stand to profit. If rivalry between states continues by economic means, the owners of those means are meant to profit too.

Sixth, including the highest possible living standards as an end of neoliberal geoeconomics makes the success of geoeconomic policies measurable. While quality of life improvements are measurable, more abstract ideas (e.g, arbitrarily defined national interests) are always subject to debate and are hard to define.

Seventh, by striving towards wealth instead of power, neoliberal geoeconomics uses economic means in a cooperative strategic frame. Since the framework is not zero-sum, the goal is to maximize absolute gains. Cooperative engagement between states is taken seriously, and economic power is used to create a favorable external environment. As long as unlimited wealth is the end, states will cooperate happily together. In contrast, neorealist geoeconomics prefers to use economic means in a competitive strategic frame in the pursuit of relative gains. Yet, wealth can only significantly increase if countries cooperate and allow for free trade between themselves.

Chapter 10: Extension of geoeconomics

10.1 Introduction

The second source of conceptual confusion currently affecting geoeconomics is vagueness. Vagueness describes the confusing relations between geoeconomics and its referents (also known as extension, denotation, or definiendum), meaning the phenomena it is meant to apply to. Vagueness is the result of failing to define the extension or application scope of geoeconomics in a way that is either missing something (too narrow), or includes more than is useful (too wide): in other words, conceptual over- or under-extension. As touched upon in the literature review, the conceptual stretching of geoeconomics happens in two ways.

First, geoeconomics is stretched via its scope of application. Geoeconomics has been used as a foreign policy analysis tool, being applied to a wide array of countries—including Germany, China, the USA, Russia, Saudi Arabia, Brazil, Pakistan, and many more—in an attempt to make sense of their foreign policies.[212] Those countries all share fundamental differences as political entities (e.g., obvious differences in their political systems: how and by whom foreign policy is made and what the final policy looks like). Applying the same theoretical concept equally and fruitfully (i.e., being able to make sense of the different foreign policies) to all those countries is a challenging endeavor. In the process, geoeconomics must have either been used with different meanings (yet most of the time, neorealist geoeconomics approaches dominated the case studies) or with little meaning, resulting in geoeconomics loosing much of its analytical capabilities (which is what happened).

[212] The economic means used by those states might be similar, however, the operative logics and underlying paradigms are profoundly different. Just because China, Russia and Germany might use the same economic means, their policies cannot be classified with one and the same term. Few scholars have voiced their concern that this might develop into a real, fundamental problem for the prospective use of the term "geoeconomics". Vihma (2018a) argues that "the obvious differences and tensions of neoliberalism (private sector control, laissez-faire) and strategic geoeconomics (state control, strategy) should be more clearly spelled out and analysed" (p. 10).

The wider the scope of applicability is, the more limited the potential insights are. Observing the scope of application of geoeconomics, Vihma (2018b) notes that some scholars try to develop an "all-encompassing" definition and understanding of the concept (p. 49). The consequence being that the concept becomes "overly extensive and lose[s] its analytical power" (Vihma, 2018b, p. 49): hence the need for a more precise scope of application and less abstract definitions of geoeconomics. Otherwise, "if all discourses that have to do with the international economy are 'geoeconomics', then nothing really is" (Vihma, 2018b, p. 49).

Second, geoeconomics is stretched via its application throughout time[213] and space. As the world changes, geoeconomics needs to evolve accordingly. Throughout the last 100 years, the term "geoeconomics" has regularly resurfaced in academic and public debates. At the same time, the concept itself did not change much. While kings, emperors and the gold standard have largely disappeared, the mercantilist ideas and assumptions at the core of the concept are still present, in the logic of realist geoeconomics. Realist geoeconomics was stretched by time, as it did not manage to keep up with major economic and political developments (e.g., the "second unbundling" (R. Baldwin, 2006, pp. 22-35)). In other words, as the world became flatter and more "stretched", the concept remained static for the last century. In 1970, Sartori already observed that "the larger the world, the more we have resorted to *conceptual stretching*, or conceptual straining, i.e., to vague, amorphous conceptualizations" (p. 1034). This vagueness, relating to the conceptualization of the world, is discussed in the section on the spatial referents of geoeconomics.

In this chapter, I focus on the scope of application of geoeconomics. I set out to answer the following question: *What can a more consciously conceptualized extension of geoeconomics look like?* The question can be further subdivided into entitic and spatial referents. In the first part of this chapter, I study

[213] Until now, scholars have focused on contemporary cases when applying the concept. Scholars have avoided to apply geoeconomics to premodern situations. The stretching via time is thus only something that happens passively in the background and is not the direct result of the scholar's work. Hence, this part is neglected in this chapter.

the entitic referents of geoeconomics: *Can all states be equally agent and patient states or do certain exceptions apply?* The second part focuses on the spatial referents: *What and how is the geographic space understood, to and in which geoeconomics applies?*

10.2 Entitic referents

The literature on geoeconomics does not directly discuss, the scope of application with regards to the entitic referents. This does not mean that all scholars are completely unaware of this necessity. Scholvin and Wigell (2018b) raise the following question in one of their articles: "Who applies geoeconomics? Are private enterprises geoeconomic actors and, if so, should geoeconomics be conceptualized as their strategies, opposed to geopolitical strategies pursued by states?" (p. 80). Scholvin and Wigell question the current state-centric design of geoeconomics, highlighting the potential role of NSAs in geoeconomics.

In his often-cited writings on geoeconomics, Luttwak also does not directly discuss the extension of geoeconomics. However, he makes it very clear, that geoeconomics only applies to certain types of states: "Geo-economics, by contrast, is a game that can be played only by countries that have already ruled out war among themselves" (Luttwak, 1993b, p. 42). A relationship between the agent and the patient state must exist: They must have considered going to war with each other in the past, but would not do so any longer. Luttwak (1993a) also explicitly mentions small but "well-educated" states: "Small but well-educated countries can be much more successful in geo-economics than they could ever be in world politics where size always counts, and may alone be decisive" (p. 20).[214] Compared to geopolitics, the education level of a country matters more, while the physical size of the country matters less. This is a clear shift in entitic reference—even though it is not explicitly mentioned as such—as geoeconomics does not apply equally to all states.

[214] On page later, Luttwak (1993a) argues similarly: "Thus small but well-educated countries can be much more successful in geo-economics, as in plain business, than they could ever be in world politics where size always counts, and may alone be decisive" (p. 21).

In an interview with Gady (2020), Robert Ward and Yuka Koshino of the International Institute for Strategic Studies (IISS) argue that one of the biggest misconceptions by policymakers about geoeconomics is that "the largest players hold all the geo-economic cards". Similar to Luttwak, Ward and Koshino argue that in geoeconomics, size matters less than in geopolitics: "Smaller players also have agency, even if they need to build coalitions to maximize their impact" (Gady, 2020). In geoeconomics, coalition-building and multilateral initiatives become more important for smaller states as they give smaller states more agency than they would have had in a geopolitical framework.

Others contend that geoeconomics is "une sorte d'étage noble tourné vers les relations entre pays avancés et émergents, quand la géopolitique concernerait plus les pays du Sud engagés dans des stratégies territoriales et archaïques" [a kind of noble stage directed at the relations between advanced and emerging countries, while geopolitics would concern more the countries of the South engaged in territorial and archaic strategies] (Mongrenier, 2013). Similar to Mongrenier (1995), Nester also argues that geoeconomics is not meant to apply equally to all states. He (Nester, 1995) explains that "*neomercantilism* […] is a developmental and national security strategy for liberal democratic countries in an interdependent world" (p. 295), while defining neomercantilism as a way for states to assert geoeconomic power (Nester, 1995). While Nester does not talk about the recipient states, he gives three qualifiers to the agent states: they need to be liberal and democratic countries that are economically interconnected with other countries.

Blanchard and Ripsman (2013) argue that economic statecraft is "is often quite inefficient", if it is "used against the wrong targets" (p. 15). Such an argument implies that there are right and wrong targets for economic statecraft, meaning that economic statecraft does not apply equally well to all countries. The same logic applies to the use of geoeconomics when understood as a foreign policy strategy. In those cases, scholars often pretend that geoeconomics is an alternative strategy to geopolitics, one that can fully replace it, without specifying the details. Hence, the question to what referents does geoeconomics apply, can

be can be further subdivided into agent and patient states: *Who exercises geoeconomics and against whom? Can all states be equally agent and patient states or do certain exceptions apply?*

The extension of geoeconomics, especially with regards to the state's political form, is discussed in the chapter on the means of geoeconomics. Geoeconomics does not apply equally well to all states, due to domestic and foreign friction. Domestic friction happens in the agent state and describes the difficulties connected to the mobilization of economic means. Friction, or taxpayers holding their political representatives accountable, is one of the obvious reasons why wealth cannot directly be translated into power, especially in republican capitalist democracies. The less democratic the agent state, the better it can mobilize its economic means. As explained in chapter 8, illiberal states seem more efficient in transforming their wealth into economic power, since authoritarian and undemocratic states experience less friction when doing so.

Foreign friction describes the friction in the patient state that results from a lacking feedback effect (the response to application of economic means). The less democratic the patient state, the less feedback effects the political elites will experience from the application of economic means. This means that geoeconomics can potentially be less effective in cases where it does not manage to produce feedback effects. I agree with Blanchard and Ripsman (p. 16) that focusing solely on the regime type of the target state is a crude variable, overlooking the "the complexity of the domestic political environment" (p. 16), since even "democracies vary considerably in the autonomy they possess, the capacity at their disposal, and even the legitimacy they command" (p. 30). A more advanced conceptualization of feedback effects' impact is Blanchard and Ripsman's (2013) model of a state's *stateness*.[215] Geoeconomic scholars should consider integrating it in their future research, when trying to understand when

[215] Blanchard and Ripsman's (2013) model of *stateness* contains three components:

> (a) *autonomy,* or a state's ability to take decisions in the face of domestic political opposition; (b) *capacity,* or the state's capability either to compensate or coerce those who stand to lose from defying the sender; and (c) *legitimacy,* or the ability of the state to rally disaffected domestic groups. (pp. 4, 372)

and why geoeconomic policies do work in some countries but not in others. In any case, the performance of economic means also depends on the nature of the targeted state.[216] Blanchard and Ripsman (2013) highlight that "the ability of states to use economic statecraft to manipulate a target government's political fortunes effectively will depend on the nature of the target state and its domestic political institutions" (p. 26).

In contrast to realist geoeconomics, neoliberal geoeconomics does not treat the state as a black box. In neorealist geoeconomics, states are assumed to "respond to economic stimuli in a uniform manner to maximize aggregate gains and losses" (Blanchard & Ripsman, 2013, p. 19), depending on the political costs. In this process, neorealist geoeconomics fails to account for the fact that geoeconomics "does not have merely an aggregate national effect, but affects domestic groups differentially; that disaffected groups do not necessarily have access to the state; and that the state itself may not have the ability to construct policy in accordance with its own preferences" (Blanchard & Ripsman, 2013, p. 19).[217] By ignoring the internal processes, neorealist geoeconomics fails to see that economic pressure that results in political change, often does not come from the outside, but is created from within the targeted country.[218] Giving more thought to domestic affairs can potentially make a neoliberal geoeconomic

[216] The nature of the state includes the form of government, the degree of their democratic legitimacy, and the role of NSAs in the political system. The reason for this is the importance of feedback mechanisms. The same economic means have a different effect when applied to different regime types. In theory, economic sanctions can have a negative effect on the political elite, if the people are suffering under sanctions. However, in undemocratic regime types, the population is often missing the mechanisms necessary to provide feedback to their elites. As a result, smart sanctions are intended to work as a negative and direct feedback mechanism for rulers, who are perceived as undemocratic. Undemocratic, in this context, means that they lack the negative feedback mechanisms present in a democratic system.

[217] At the same time, "we must know more than simply which interest groups are affected and how. Specifically, we need to know whether the mobilized interest groups have access to the state or whether the state can alter or ignore their interests" (Blanchard & Ripsman, 2013, p. 26).

[218] Blanchard and Ripsman (2013) explain that "the impact of economic statecraft depends less on aggregate economic costs than on the impact they have on domestic interest groups in the target state" (p. 26) and that "the political leadership of economic statecraft targets will be most attuned to the domestic and international political costs and opportunities—especially insofar as they might affect its power position— of any economic influence attempt" (p. 24).

strategy more effective. Being aware of domestic dynamics in the patient state allows the agent state to adopt a geoeconomic policy that uses "the political pressures that societal interest groups and mass publics can impose on decision makers" (Blanchard & Ripsman, 2013, p. 31). However, it can also allow the patient state to be aware of those domestic pressures and to grasp the "ability to ignore or curb (and, in special circumstances, eliminate) domestic political pressures" (Blanchard & Ripsman, 2013, p. 31).

10.3 Spatial referents

As seen in the previous section, the size of states matters less in geoeconomics. Geographically smaller states can get more agency in geoeconomics as compared to geopolitics. This means that geoeconomics does not apply equally to all states of all sizes. Instead, the spatial referents of geoeconomics matter, as one would expect when considering the prefix "geo" in geoeconomics. Yet, in the literature on geoeconomics, the spatial referents, similar to the entitic referents, are often neither explicitly stated nor discussed. The geographic referents to which geoeconomics applies, and the question whether it applies equally to all referents is often left for the reader to determine. Geoeconomics scholars often fail to explicitly define how they imagine the space, in which geoeconomics unfolds, to be. What one often finds are general statements, such as that geoeconomics can be used to design a grand strategy with spatial dimensions, just like geopolitics. These spatial dimensions are often referred to as spheres of influence (Mötttlä, 2019, p. 90), and are empowered and limited by geography. Two crucial points are often not clarified: How do these empowering or limiting factors fit into the theoretical concepts? What is the nature of those spatial dimensions? Hence, it is important to clarify the geographic scope of application of geoeconomics: *What and how is the geographic space (the spatial referent) understood, to and in which geoeconomics applies and unfolds?*[219]

In neorealist geoeconomics, the state maintains the same territorial characteristics as in geopolitics. The competitive understanding of territory is

[219] In other words, *What is the geographic extension of geoeconomics?*

adapted to the economic space. In his early definitions of geoeconomics, Luttwak (1990) outlines states as "spatial entities structured to jealously delimit their own territories, to assert their exclusive control within them, and variously to attempt to influence events beyond their borders" (1990, p. 19). Even though globalization has made the world a smaller place, Luttwak argues that states remain territorially bound, with their territorial characteristics unchanged. Ulatowski (2014), who reviews specifically the spatial dimensions of Luttwak's geoeconomics approach, concludes that the geoeconomic activity of states is focused on the construction of geoeconomic space, meaning that military bases are replaced by trade and economic connections (Ulatowski, 2014, p. 134). The geoeconomic space is the product of the state's need for wealth and power: "Im geografischen Sinn löst er sich vom Territorium des eigenen Staates und besetzt das Territorium jener Staaten, in denen die eigenen Unternehmen, ihre Produkte und Markenzeichen präsent sind" [In the geographical sense, the geoeconomic space breaks away from the territory of its own state and occupies the territory of those states, where its own companies, their products and trademarks are present] (Ulatowski, 2014, p. 134).

Neorealist geoeconomics believes that the influence of geography on a state's geoeconomic strategy is still present. Generally, neorealist geoeconomics recognizes that "geographical features that are particular to places and spaces shape international relations and foreign policy—not only the distribution of power amongst states" (Scholvin & Wigell, 2018b, p. 81). Csurgai (2009a), for example, argues that "cultural, historical, and geopolitical factors have influenced nations to develop different geo-economic strategies" (p. 84).[220] Neorealist geoeconomics adopts this approach from geopolitical objectivists, that argue that the national interests are primarily dominated by objective geographic factors (Hoffmann, 2012, pp. 51-52). Some approaches to geoeconomics focus

[220] Csurgai (2009a) cites Japan as an example, arguing that

> the relatively small size of Japanese territory combined with high population density, lack of natural resources, a consensus based society in which authority, discipline, and collectivism are important values, and the country's defeat in the Second World War, influenced Japanese strategic thinking to create a strong national geo-economic disposition. (p. 84)

specifically on how geographical conditions shape economic outcomes (Scholvin & Wigell, 2018a, p. 8). Moisio (2019) points out that the relationship of "the strategic perspective on geoeconomics"[221] (p. 4) to space, mirrors and revives that of a "fixed-form geopolitics (the direct impact of geographical location on state behaviour)" (Agnew & Corbridge, 2003, p. x).

In neorealist geoeconomics, natural resources are seen as part of the "geoökonomischen Determinanten" [geoeconomic determinants], that have always influenced the strategy of people and nations (Korkisch, 1987, p. 25). Other geoeconomic determinants include great economic spheres and breadbasket regions (Korkisch, 1987, p. 25). The meaning of geographic conditions or natural resources is seen as objectively determinable. A river becomes a transportation way, lands with rich soil—a breadbasket. Such neorealist perceptions of geoeconomic "determinants" all feature one major problem: the link between a geographic object and its potential economic or political function is neither obvious nor given.[222] The function of geographic objects are neither determined nor are they self-explanatory.[223] The rich Ukrainian soil might look like a

[221] This is what I call neorealist geoeconomics.

[222] It is not the object as such that matters, but the meaning that is given to the object (i.e., what can be done with it). While geopolitics argues that mountains and rivers have universal characteristics with similar effects on people and politics, geoeconomics is more focused on the undetermined relationship of people with those objects. This understanding is based on a non-deterministic approach, that recognizes the fact that different people see different objects differently. Fertile soil is perceived differently by nomadic people than by a farming civilization. While geopolitics asks about the influence of geographic objects on people, geoeconomics is more interested in the different ways of adapting to spatial environments. Different cultures adapt differently due to their different needs and abilities.

[223] Coal, an energy rich natural resource, was present in England, China, and India, and "in several parts of Europe and East Asia coal began to be used on an expanding scale as a substitute source of energy" (Parthasarathi, 2011, p. 11). According to Parthasarathi (2011), "the rise of skills associated with coal date from at least the eleventh century in China and coal was consumed on a substantial scale in a number of areas by the eighteenth century" (p. 11), with some Chinese coal pits being "as large as those found in Europe in the eighteenth or nineteenth centuries", (p. 159). Yet, only in England should the exploitation of coal result in "the development of new skills and new technologies, including advances in the steam engine and the substitution of coal for wood in many manufacturing processes, most critically in the smelting of iron" (Parthasarathi, 2011, p. 11). Similar to England and China, India also featured large coal reserves, however, "the abundance of wood meant that there was no need to experiment with coal and the exploitation of its sizable deposits would await the nineteenth century" (Parthasarathi, 2011, p. 11).

breadbasket to Germans or Russians, however, nomadic peoples perceive the region completely different. Similarly, a river only becomes a transportation way for peoples with boats.

The neorealist focus on the impacts of geography on a state's foreign policy strategy is heavily contrasted by deterritorialization trends. In the post-Cold War world, the "transnational arena has been considered by some to be a 'borderless' entity, a seamless world characterised by deterritorialisation" (Barton, 2002, p. 142). Within the "geoeconomic arena", "firms, entrepreneurs and capital have achieved levels of considerable flexibility in terms of transactions and movements around the global economy" (Barton, 2002, p. 142).[224] For Boughanmi (2012), geoeconomics describes the "compétition non territoriale" [non-territorial competition], resulting out of the possible "coexistence de la paix et de la rivalité" [coexistence of peace and rivalry] (p. 13).

The geoeconomic deterritorialization happened first and foremost in a geographic sense. National interests are based less and less on geographic factors due to their domestically motivated and subjective definition and due to the increasing political and economic globalization (Hoffmann, 2012, p. 51). However, this does not mean that "territory" was deleted from the geoeconomic vocabulary. Barton (2002), for example, argues that "the essence of the geoeconomic system […] is competition, adaptation and flexibility, all of which lead to the capture of market share and profit maximisation" (p. 142). The conquest of land is simply replaced by the capture of market shares. Similarly, Csizmadia (2020) thinks that "in the era of geoeconomics, states will compete for markets rather than resources" (p. 88). As the result of the neglect of deterritorialization, the neorealist understanding of space (see, e.g., Luttwak's definition of geoeconomics), has been criticized for being "clearly predicated on [Agnew's (1994)] 'territorial trap'" (Moisio, 2018, p. 26). Agnew's territorial trap

[224] This perceived deterritorialization led to calls for greater national regulation of the "transboundary components of the global political economy" (Barton, 2002, p. 142), as "geoeconomic actors and agencies" were seen as "aggressive" (Barton, 2002, p. 152).

"highlight[s] the problematic spatial understanding inherent in the variants of political realism" (Moisio, 2018, p. 26).[225]

Neoliberals recognize this trend towards deterritorialization and adjust their approaches to geoeconomics accordingly. In the geoeconomic shift, from geographic to economic space, from territorial to economic considerations, geographic borders and frontiers lose their importance. Siddiqi (2018) highlights the relation to space as a differentiating factor between neorealist geopolitics and neoliberal geoeconomics: "While geopolitics and its reading centres on borders, territories and frontiers and their presumed defence from foreign enemies and invasions, the logic of geoeconomics is de-territorialised where borders and frontiers are largely meaningless" (pp. 25-26). Geoeconomics focuses on the virtual space, which is free from territorial boundaries and physical characteristics inherent to geopolitics (Chernaya, 2012, p. 20). Ulatowski (2014, p. 135) even goes so far as to argue that geoeconomic space is a "mental space" that cannot be defined in a geographical sense.

By explicitly acknowledging the deterritorialization and by including it in the way to imagine space, neoliberal geoeconomics became more open and cooperative in nature than neorealist geoeconomics. While geopolitics and neorealist geoeconomics focus on divides and exclusions, neoliberal geoeconomics seeks to connect and to include:

> Simply put, the imaginative geographies of geoeconomics differ from those of geopolitics because they enable the imagination of an expanding economic flatness rather than the sorts of political partitions and unevenness represented by visions of iron curtains, evil empires, and clashing civilization blocs. Geoeconomic visionaries tend as a result to anticipate capitalist inclusion rather than the expulsion or containment of evil others. Their focus is on networks not blocs, connections not walls, and

[225] Agnew (1994) criticizes "much of the literature on international relations" for implicitly assuming

> that a state is a fixed territorial entity (even if its actual boundaries can change) operating much the same over time and irrespective of its place within the global geopolitical order; a state is territorial much like life on earth is terrestrial. (p. 54)

> transborder ties instead of national territories. Rather than reproduce geopolitical understandings of 'us' and 'them' that fetishize place, they tend instead to fantasize about connectivity and pace. And although their visions of global integration still leave room for specific places to be excluded, such exclusion is seen as only a temporary exception explained by local endogenous factors that have led to deliberate disconnection from a global system that will ultimately and inevitably fix the problem through reconnection. (Sparke, 2007, p. 340)

The trend towards deterritorialization is closely related to the unbundling of power/wealth and territory. Neoliberal geoeconomics operates under the assumption that the link has been broken between wealth or power on the one hand, and a state's territory on the other. Thus, neoliberal geoeconomics integrates the findings of geographers, such as Agnew and Corbridge (2003), who argue that "the links between economic expansion, military power and political empire […] have largely been cut" (Agnew & Corbridge, 2003, p. 4). According to Ruggie (1993), "the doctrine of extraterritoriality was the first and most enduring instantiation" of the "'unbundling' of territoriality" (p. 165). After that, "various types of functional regimes, common markets, political communities, and the like constitute additional forms whereby territoriality has become unbundled" (Ruggie, 1993, p. 165). Ruggie (1993) concludes that "nonterritorial functional space is the place wherein international society is anchored" (p. 165).

In a similar vein, Allio (2020) argues twenty years later that "globalization and financial sector domination of the economy contributed to a further distancing in the relation between wealth and national territory" (p. 217). Diesen (2018) also argues that in today's world, the territorial link has been broken and spatial importance has shifted: "In a globalised world with growing economic interdependence and more destructive weapons, power derives increasingly from control over strategic markets, transportation corridors and financial institutions rather than territory" (p. 3). Technological advancements and economic interdependence are the two main reason for this spatial shift. Land, as a major factor of production, has been in decline since the industrial revolution. This trend

was enhanced by the rise of the knowledge economy and the service sector. If the territorial link had ever existed, it was completely shattered by the neoliberal reforms of the 1980s and the end of the Cold War.

With the shift from industrial to service economies, territory bound raw materials lost their importance. Technological advancements allow for the substitution of raw materials (Bell, 1990, p. 465).[226] Csizmadia (2020) also identifies technological progress as a reasons for the decline of territorial importance: "resources are becoming cheaper as technology progresses and new resources are discovered" (p. 88). The technological progress leads to the decrease of dependence on natural resources. While Bell (1990, p. 465) highlights energy resources as an exception to this trend, the coming green revolution and the shift to renewable energy means that energy resources are not exempted from this shift either. Instead of copper, the "new strategic 'resources' are technology and professional skills" (Bell, 1990, p. 466).

Bell (1990) argues that in today's world, power lies with the nations "that have a large and effective pool of trained professionals, a reservoir of advanced high technology, a market system that allows for flexibility and adaptation to the new technological innovations, and a supply of savings or access to capital" (p. 466). In contrast to copper, technology and professional skills are not intrinsically linked to space: they neither originate from the land, nor are they bound to it. Technology and professional skills are fluid: they have more in common with capital than with natural resources.[227] On top of that, technology and professional

[226] Bell (1990) explains how "the growth of composite materials and the 'revolution' in materials engineering have reduced the dependence on traditional metals and minerals" and that

> copper was once a vital metal; access to copper was a logistical necessity. In fact, in the first report of the Club of Rome in 1973, it was copper, not oil, that was assumed to be the most critical item among future shortages. (p. 465)

[227] Treating professional skills (i.e., humans) as a national resource is always an option. Famous examples include communist countries (e.g., GDR or the Soviet Union), where professionally skilled people were not allowed to leave the country (in the best case), or being locked up and exploited for their research in "special" research facilities (in the worst case)—see, for example, the Sharashka (Experimental Design Bureau) system in the Soviet Union.

skills cannot sustainably be attained via force.[228] Instead, they need to be nurtured from within one's own country.

However, it is not only due to technological advancements in the economic sphere but also due to technological advancements in the military sphere, that the link between territory and power has been broken. Bell (1990) also argues that "in a ballistic age, territory is no longer the basis of security" (p. 465). With cyber weapons being able to strike at any time and at any place, space has lost its importance as a place of strategic retreat: In WWII "the huge land mass of the Soviet Union allowed the Soviet army to retreat to an interior distance […]. Today, 'space' has been eroded" (Bell, 1990, p. 465). Gladky (2006, pp. 527-528) similarly argues that the emergence of new means of communication resulted in significant changes to the geopolitical structure of the world community, including the qualitative modification of the geographical factors, blurring the traditional opposition of sea and land powers in military and political terms, and undermining the traditional understanding of national and state security.

Other positive side effects of the neoliberal conception of space, including the explicit acknowledgement of the broken link between the territory and the fate of its people, are of a democratic nature. Ulatowski (2014, pp. 134-135) highlights the democratic character of neoliberal geoeconomics: the possibility of building a geoeconomic space is independent of its geographical location, and relies only on the state's activity and capacity for innovation. This means that even small states, located in a geographically disadvantaged position, can develop their own geoeconomic space and obtain benefits from international exchanges (Ulatowski, 2014, pp. 134-135). Moreover, Siddiqi (2018) highlights the "vibrant tension between territorial and de-territorial politics", raising the question (and maybe also hope) whether "geoeconomic trends possess the potential to cool down geopolitical intensities" (p. 34).

Observations on and predictions about the possibility for change of the link between the territory and people (including the economy as well as power and

[228] One might be able to take a supercomputer by force, however, operating such a machine requires trained professionals.

politics) are not novel. Renner is a famous example who wrote on this subject. In 1942, Renner already predicted that

> the flow of certain kinds of trade and traffic has been freed from physiographic and hydrographic controls. This means that existing trade routes face realignment, and many of our present trade centers face a declining strategic importance in the commercial world. This is a geonomic idea. That is, it is geographic in origin but economic in result. […] Such ideas, be they geosociologic, geonomic, or geopolitical, all spring from the same source, for they originate in the conditioning effect of the earth environment on men's affairs.

While Renner acknowledges the conditioning effect of space on peoples, he explicitly rejects any deterministic notions present in geopolitics and neorealist geoeconomics. Renner (1942) highlights geographical changes, that result out of technological innovations:

> It will be advantageous for us to realize, then, that man helps to make his own geography, and that a nation prospers only when its leaders can anticipate geographical changes before they are upon that nation with disastrous effect. Every time man makes an important invention, he creates a new geography. He does so because he alters the existing strategy of men, space, and resources. The airplane was such an invention. (p. 215)

In neorealists geoeconomics, geography and space are static terms. Territory is static and so is the understanding of wealth and power. The static conceptualization of those terms in neorealist geoeconomics is also a heritage of geopolitics.[229] Sukru (2005) explains that "Geopolitics was immobility" (p. 31).

[229] The static nature of neorealist geoeconomics was inherited from geopolitics and its methodology. Geopolitics and neorealist geoeconomics share "the methods of analysis of geographic causality", which means reading "world history in the light of geographic phenomena" (Jaeger & Brites, 2020, p. 23). Jaeger and Brites (2020, p. 26) highlight that Rudolf Kjellen created the term "geopolitical" to differentiate it from the French possibilist school of political geography. They (Jaeger & Brites, 2020, p. 26) explain that while the latter was "dynamic, strategic, and forward-looking" (possibilistic), geopolitics was from the beginning designed to be "static and descriptive" (deterministic). Jaeger and Brites (2020) even observe that "there is an unusual parallelism […] between the geographic materialism of classical geopolitics and Marx's historical materialism" (p. 26): "While geopolitical theorists condition history by geography, Marxists do so through economics" (Jaeger & Brites, 2020, p. 26). As

This immobility is reflected in the work of geopoliticians, who "have focused on stability, transitions and hegemonic powers" (Barton, 2002, p. 142). In neoliberal geoeconomics, space, especially economic and political space, is understood as a dynamic entity: "In the days of Geoeconomics the primary feature is dynamism" (Sukru, 2005, p. 31). While the territory (from which power is derived, is limited, markets and their sizes (from which wealth is derived) are unlimited. Geoeconomics is "characterised by rapid change and flexibility", which can be seen in "the internationalising and globalising of firms and markets" (Barton, 2002, p. 142). The growth of markets is limitless, and thus dynamic. The geographic growth of territory is limited by nature, and thus static.

In contrast to Luttwak's conception of fixed space, Lorot (1997) argues that space is in fact virtual or fluid: "La géoéconomie s'interroge sur les relations entre puissance et espace, mais un espace « virtuel » ou fluidifié au sens où ses limites bougent sans cesse, c'est-à-dire donc un espace affranchi des frontières territoriales et physiques caractéristiques de la géopolitique" [Geoeconomics poses the question of the relation between power and space, the latter being "virtual" or "fluid", in the sense that its limits are constantly in motion, that is to say a space free from national and physical borders that are typical of geopolitics] (p. 29). As a consequence of this spatial fluidity, Lorot (1997) argues that a geoeconomic strategy needs to include all instruments at the disposal of the state to satisfy all of the aforementioned objectives the state sets before itself. Csurgai (1998) also highlight that "geoeconomics questions the relationship between economic power and space", as it "refers to a 'virtual' space, in which the fluidity and intensity of economic exchanges makes it extremely difficult to define territorial boundaries" (p. 2). According to Csurgai (2009a), economic space is influenced by two factors: first, "a territorial one", and second, "the logic of different flows (economic, financial, technological, and information that circulate

such, geographic determinism has always been part of geopolitics, as "historical processes are conditioned to the geographical realities" (Jaeger & Brites, 2020, p. 28). This geographic determinism was also present in the early versions of geoeconomics. Dix (1925c), for example, describes geoeconomics as a static concept, with the state's economic objectives being determined by the natural conditions of the soil and the climate.

in a virtual space and relative notion of territory)" (p. 83). Some scholars even go beyond the simple controls of flows and define geoeconomics as the "strategic morphology of the world map" (Baracuhy, 2019, p. 15). This understanding is however a bit farfetched in my opinion, as it would require a concrete vision of a new world order and an actual implementation strategy coupled with it.

Due to the fluid nature of geoeconomics, space or territory is not simply lost or won like in geopolitics. Neoliberal economic cooperation or neorealist economic superiority is a slow and incremental process. Whether one's economic efforts were successful, is often only visible in hindsight. In geoeconomics, unlike in geopolitics, no decisive battles are fought over certain spaces. Instead, geoeconomics features a strong bureaucratic element, as "in geoeconomics, a nation's security is determined by the sum of countless economic policies and negotiations: prosperity or deprivation for individuals, industries, and national economies are shaped by thousands of cuts and parries rather than one decisive blow" (Nester, 1995, p. 5).

Neoliberal geoeconomics highlights the integrative forces of space, that were unleashed by economic liberalization and globalization: forces that Röpke was already describing in 1925. He argued that the national economy and the state are connected via the "Integrationskraft geographischer Faktoren" [integrative power of geographical factors] (Röpke, 1925, p. 29). Geographic factors serve as an integrating force between the state territory and the territory of the national economy. The mismatch between states' political and economic figures, leads states to get closer, first commercially and then politically.[230] This process of territorial, political, and economic alignment is fundamentally driven by the states' "geoökonomische Verbundenheit" [geoeconomic connectedness] (Röpke,

[230] Already the ancient Greek and Romans knew that "differences in natural conditions in different countries made trade between these countries mutually profitable" (Viner, 1937/2017, p. 100). Viner (1937/2017) explains that

> the early Christian philosophers took over this doctrine and gave it a theological flavor. God had endowed different regions with limited but varied products in order to give mankind an incentive to trade, so that through a world economy they would become united in a world society, and as children of one God they would learn to love each other. (p. 100)

1925, p. 30). Thus, political alignment is driven by economic integration, which in turn is caused by geographic conditions.

While there are many politically independent states, there are not as many economically independent markets. In contrast to states, which try to protect their political (and territorial) integrity by all means necessary, markets have a propensity for integration. Markets feature strong integrative forces that also affect the underlaying political entities that created those markets in the first place. If the integrative forces of markets become strong enough, they can overcome artificial political borders, leading to the integration of political entities. Röpke goes as far as to argue that economically induced political integration is a "Zwang" [force] (1925, p. 30), which not even the bigger states can resist (even if they have the potential for autarky). He predicts that economic differentiation is a process which cuts across countries' borders leading to greater economic integration between states. This process can neither be stopped by "nationale[r] Romantik" [national romanticism], nor by "protektionistische[m] Autarkismus" [protectionist autarky] (Röpke, 1925, p. 30): a view still shared today by neoliberal geoeconomics.

Similar to Röpke, Csurgai (2009a) also describes the mismatch between the state's political and economic figures, as "the current world system resembles a system of integrated economic spaces in a globalised world economy", while those economic spaces "do not coincide anymore with the territory of the nation-state due to the internationalisation of the economic systems" (p. 83). This mismatch can create tensions between the state, that tries to "protect its territory", and the economy, that "tends to open it up and to abolish borders" (Allio, 2020, p. 217). While the political space "requires a precise definition within established borders, and must be permanent", the economic space "is changeable and increasingly fast moving" (Allio, 2020, p. 217). Geoeconomics is often discussed in reference to emerging and disappearing borders and resulting tensions. Jitendra (2010), for example, asks how states can maintain and upgrade their national competitiveness in light of "emerging geo-economic borders and […]

increasingly borderless knowledge economy" (p. 244). Csurgai (2009a) also notes this tension between the political and the economic perception of space:

> Instead of protection of its territory by national boundaries and armed forces, it is necessary to open up and put different parts of the territory in the best position to attract investments, qualified work forces, and technology transfers in order to compete successfully in geo-economical rivalries. (pp. 83-84)

I would like to highlight once more, that only neoliberal geoeconomics offers a solution to the discussed tensions between the closed political and the open economic space.

The conceptualization of space matters for other components of the concept of geoeconomics as well. The way space is conceptualized is, for example, relevant for the working mechanism of geoeconomics. When developing geoeconomics, neorealist scholars simply transposed interstate competition from the security to the economic space. This is problematic as different rules apply in the economic arena. Germann (2018) points out that this transposition "may work at a rhetorical level, but without a corresponding theoretical move, it obscures rather than illuminates the specific nature of the international pressures" (p. 595). Economic competition is not the same as competition about security. The rules of engagement and of achieving "economic superiority" (as desired by neorealists) differ. As such, neorealist geoeconomics scholars either need to be explicit on the working mechanism of the economic means, or they need to adapt them and their theoretical foundation.

With a change of the perception of territory and space, comes the call for a change in means. While the military served its purpose well in conquering and defending static (geographic) territory, it struggles to fulfil the same function in the fluid, economic space. If one were to try and conquer economic space, as suggested by neorealist geoeconomics, the traditional military would be of little help. Hence, the change of means from military to economic ones is also a reaction to the reimagination of national space. If on the national security agenda territorial threats are downgraded, and economic threats are upgraded, the

military, understood as one of the primary instruments for a state's protection, must find new ways to fulfill its role. Suggesting that the military should take on a new role in the economic sphere, can be risky politically, as demonstrated by former German President Horst Köhler. His suggestions that "the military's primary role will be to protect German access to raw materials and to keep secure sea lines of communications and other key trading routes" (Szabo, 2015a, p. 10) led to a political controversy and his resignation in 2010.

The way geoeconomics understands space is also reflected in its ends, and vice versa. The trend towards deterritorialization, for example, causes a shift in the aims of geoeconomics. Leonard argues that "the competition between states in the geo-economic era will increasingly be driven by a quest for markets rather than national resources", as opposed to the colonial competition for "direct control over land and sea […] for extracting resources and for promoting long-distance trade" (Global Agenda Council on Geo-economics, 2015, p. 8). Mongrenier (2013) argues similarly that "la géopolitique aurait pour objectif propre le territoire quand la géoéconomie serait tendue vers la suprématie économique et technologique" [geopolitics would have as its own objective the territory, whereas geoeconomics would be oriented towards economic and technological supremacy]. While neorealist geoeconomics has a static understanding of its ends (power), neoliberal geoeconomics has a dynamic understanding of its ends (wealth), as markets can grow, and wealth can flow. In neoliberal geoeconomics, flows of wealth are desirable. The more dynamic the markets and the more exchanges of wealth, the better. In contrast, in neorealist geoeconomics, flows and unpredictable dynamics are seen as a threat, because every exchange of power could lead to loss of power.

This dichotomy between static and dynamic conceptualizations of space goes back to discussions between Dix and Röpke. In 1933, the latter denounces the lack of economic knowledge of many of his contemporaries. Röpke (1933, p. 10) criticizes the widespread idea that capitalism has reached its limits: limits that are supposedly imposed by geographical space (this idea was shared by Marxists and geopoliticians alike). The understanding of space as an essential and

determining factor for economic growth (Röpke, 1933, p. 11) is present in many geopolitical and geoeconomic definitions until today. Since the whole world is, in one way or another, accessible to capitalists, capitalism has no more possibility for growth. Linking economic growth to the spatial growth of one's nation is a dangerous idea, because it forces states to take control over someone else's space, in order to increase their own economic success.

For Röpke (1933, p. 10), such thinking is a prime example of a "fallacy of misplaced concreteness". This fallacy is caused by the abuse of the term "space", as economic space is not measured in square kilometers, but in Reichsmark and Dollars (Röpke, 1933, p. 10). The volume and intensity of the market does not depend on the number of square kilometers (i.e., its geographic space), "sondern vom Volumen der Kaufkraft und diese wiederum von der (sozial–ökonomisch richtigen) Produktion" [but on the volume of purchasing power, which in turn depends on (socio–economically correct) production] (Röpke, 1933, p. 11). That is why neoliberal geoeconomics strives towards the increase of (unlimited) wealth, which includes the increase of purchasing power and the socio-economic levels of production, and not (limited) territory. The extremely dangerous idea that world capitalism is only possible if its spatial area is constantly expanding, was already refuted long ago. The best way to increase the level of the world's total purchasing power, is the "ungehemmte Entfaltung der Weltwirtschaft" [unrestrained development of the world economy] (Röpke, 1933, p. 11).

10.4 Concluding remarks

In this chapter, I focused on the scope of application of geoeconomics, knowing it is often stretched, and acknowledging the need for a more precisely defined scope of application. I set out to answer the following question: *What can a more consciously conceptualized extension of geoeconomics look like?* To answer this question better, I further subdivided the question and this chapter into entitic and spatial referents. On a theoretical level, I find that the entitic and spatial referents of geoeconomics remain an underdeveloped topic, which needs further research. I believe that geoeconomics has a lot to learn especially from discussions on

economic statecraft and political geography. On a practical level, I find that geoeconomics scholars have to pay closer attention when applying the same geoeconomics approach to the foreign policies of different countries.

In the first part of this chapter, I study the entitic referents of geoeconomics: *Who exercises geoeconomics and against whom? Can all states be equally agent and patient states or do certain exceptions apply?* The entitic referents are not discussed directly in the literature on geoeconomics. Nevertheless, certain exceptions apply and not all states are equally suited to be geoeconomic agent or patient states. Some authors suggest that geoeconomics only applies to certain types of states: A relationship between the agent and the patient state must exist, meaning that they must have considered waging war on each other in the past, but would not do so any longer. Others suggest that agent states must be liberal and democratic countries that are economically interconnected with others. I find that geoeconomics does not apply equally well to all states, due to domestic and foreign friction. Domestic friction happens in the agent state and describes the difficulties connected to the mobilization of economic means. The less democratic the agent state, the better it can mobilize its economic means, since authoritarian and undemocratic states experience less friction when doing so. Foreign friction describes the friction in the patient state, which results from a lacking feedback effect in response to application of economic means. The less democratic the patient state, the less feedback effects their political elites will experience. Geoeconomics can potentially be less effective in cases where it does not manage to produce feedback effects.

A key difference between neorealist and neoliberal geoeconomics is the way in which they approach the entitic referents of geoeconomics. In contrast to realist geoeconomics, neoliberal geoeconomics does not treat the state as a black box. By ignoring the internal processes, neorealist geoeconomics fails to see that the economic pressure, that results in political change, often does not come from the outside, but is created inside the targeted country. Taking domestic affairs seriously can make a neoliberal geoeconomic strategy potentially more effective. Hence, neorealist geoeconomics applies particularly well to illiberal agent states,

as NSAs and domestic friction can be ignored. Neoliberal geoeconomics is better suited for application to liberal agent states, as it takes domestic friction and NSAs seriously. Regarding the patient state, neorealist and neoliberal geoeconomics can be applied indiscriminately, as NSAs and foreign friction are taken seriously in both approaches.

I also found that some authors argue that the education level of a country matters more in geoeconomics, as compared to geopolitics. At the same time, the physical size of the country matters less. Furthermore, coalition-building and multilateral initiatives become more important for smaller states, since they can give them more agency than smaller states normally would have had in a geopolitical context. This is a clear shift in entitic reference, as geoeconomics does not apply equally to all states. This brings us to the second part of this chapter: the spatial referents.

In the second part of this chapter, I turn towards the spatial referents of geoeconomics: *What and how is the geographic space understood, to and in which geoeconomics applies?* In the literature on geoeconomics, the spatial referents, similar to the entitic referents, are often neither explicitly stated nor discussed. Yet, as seen in the previous section, geoeconomics does not apply equally to all states of all sizes, meaning that the spatial referents of geoeconomics do indeed matter. In top of that, the application of geoeconomics to spatial referents differs between neorealist and neoliberal conceptions.

Another key difference between neorealist and neoliberal geoeconomics is the way in which they conceive space. Neorealist and neoliberal scholars imagine geoeconomics to unfold differently in space. In neorealist geoeconomics, states are seen as territorially bound, their territorial nature remains unchanged. The influence of geography on a state's geoeconomic strategy is still believed to be heavily present: geography shapes international relations, foreign policy, and has a direct impact on a state's behavior and the state's economic potential. Natural resources are seen as part of geoeconomic determinants, that have always influenced the strategy of peoples and nations. The meaning of geographic conditions or natural resources is seen as objectively determinable. In neorealist

geoeconomics, the competitive understanding of territory is adapted to the economic space.

The neorealist focus on the impacts of geography on a state's foreign policy strategy is heavily contrasted by the stark trend towards deterritorialization. The geoeconomic deterritorialization happened first and foremost in a geographic sense: The conquest of land is simply replaced by the capture of market shares. In the geoeconomic shift, from the geographic to the economic space, from territorial to economic considerations, geographic borders lose their importance. The neorealist's neglect of deterritorialization trends has been found to be problematic. In contrast to neorealist, neoliberals have recognized this trend and adjusted their approaches to geoeconomics accordingly.

The trend towards deterritorialization is closely related to the unbundling of power/wealth and territory. Neoliberal geoeconomics operates under the assumption that the link has been broken between wealth or power on the one hand, and a state's territory on the other. Technological advancements, including advancements in the military sphere, and economic interdependence are the two main reasons for this spatial shift. Land, as a major factor of production, has been in decline since the industrial revolution. This trend was enhanced by the rise of the knowledge economy and the service sector. Territory bound raw materials lost their importance, as technological advancements allow for their substitution. The new strategic resources are technology and professional skills, which are not intrinsically linked to space. They neither originate from the land, nor are they bound to it. Technology and professional skills are fluid and have more in common with capital than with natural resources.

By explicitly acknowledging the deterritorialization, neoliberal geoeconomics became more open and cooperative in nature than neorealist geoeconomics. While geopolitics and neorealist geoeconomics focus on divides and exclusions, neoliberal geoeconomics seeks to connect and to include. Neoliberal geoeconomics even highlights the integrative forces of space, that were unleashed by economic liberalization and globalization. Geographic factors serve as an integrating force between the state territory and the territory of the

national economy. As a result of the mismatch between state's political and economic figures, states are forced to get closer, first commercially and then politically. Political alignment is driven by economic integration, which in turn is caused by geographic conditions. The neorealist understanding of space as an essential and determining factor for economic growth, is a dangerous idea. It forces states to take control over someone else's space, in order to increase their own economic success.

The next chapter picks up the argument where the previous section left it. It discusses in more detail the label of the concept "geoeconomics" and the role of the prefix "geo" in it.

Chapter 11: Label of geoeconomics

11.1 Introduction

Geoeconomics, like any other concept, is a symbolic entity that consists of three elements: a meaning, a referent, and a term. The term is the label that covers both, the intension and the extension of geoeconomics. The previous four chapters have analyzed in detail the intension and extension of geoeconomics. Yet, as highlighted in the literature review, another weakness of geoeconomics, and the third source of confusion, is the lack of a good label for it—one that would cover both, its intension and extension. This chapter is dedicated to the term "geoeconomics" as such.

In the previous chapters, I have identified three problems facing the term "geoeconomics". First, the literature review has shown that some current definitions of geoeconomics suffer from of a lack of differentiation from other existing concepts. There are concepts that have different labels (e.g., neomercantilism), but their content (i.e., their intension and extension) is very similar to current conceptions of geoeconomics. The lack of contentual differentiation can lead to confusion for consumers of research. Researchers have approached geoeconomics in a ways that leads to these similarities and then confusion. I found that researchers have been working their way "backwards". They first start with the label "geoeconomics", to then define the term's intension and extension. In their attempt to animate the term "geoeconomics", researchers made use of already pre-existing ideas and concepts, hence the similarities between them. The concept's label came before the concept's intension and extension. This should be avoided, as it results in synonymy when several scholars employ it: the same term "geoeconomics" is used to label completely different ideas. To avoid problems of synonymy, one must differentiate one's new concept from existing concepts. As this problem cannot be solved on a theoretical or analytical level, it is not discussed any further in the main part of this chapter.

Second, the role of the prefix "geo" in geoeconomics is not always clear, especially in the context of empirical and theoretical trend towards

deterritorialization. Scholars seldomly explain the role and function of the prefix "geo" in geoeconomics (Scholvin & Wigell, 2018b, p. 74).[231] If they do, one might find a vague formulation such as "geographical proximity is a key element affecting geoeconomics" (Liang et al., 2019, p. 2). Thus, one might ask *What content does "geo" refers to, if geoeconomics is not about the conquering or defending of land (anymore), as it used to be the case with geopolitics?* As already discussed in the literature review, confusion can occur if the content of the concepts does not contain what the label promises. Considering the similarities with other concepts, such as neomercantilism, one needs to critically examine the role of "geo" as well as "economics" in the term's label. It should be clear why the concept is labelled "geoeconomics" and not, for example, "geo-mercantilism". Hence, the first part of this chapter deals with the following question: *What is the role of the prefix "geo" in geoeconomics?* I explain why the role of "geo" in geoeconomics is still relevant today, especially in light of and despite persistent deterritorialization trends.

Third, the current use of the label "geoeconomics" is also suffering from overextensions, similarly to the overextension of the content of the concept. Especially the case studies, in which geoeconomics has been used, have shown that geoeconomics was often either used with completely different meanings, or at times even with little meaning at all.[232] While the label "geoeconomics" is at

[231] A prominent example is Blackwill and Harris' approach to geoeconomics. Their approach has received criticism over the fact that they do not "properly explain the geo-dimension" (Scholvin & Wigell, 2019, p. 6) in geoeconomics. First, Blackwill and Harris classify economic performance and military capabilities as geographic factors. This is problematic as geographic factors are normally "limited to place-specific features" (Scholvin & Wigell, 2018a, p. 7). This is not the case for economic performance and military capabilities, as their existence and operation are not limited to a specific place. Second, they include economic factors as reference points for geopolitics as well as geoeconomics, arguing that geoeconomics "is about providing a parallel account of how a state builds and exercises power by reference to economic factors rather than geographic ones" (Blackwill & Harris, 2016b, p. 24). Therefore, it is unclear where the "geo"-dimension in Blackwill and Harris' understanding of geoeconomics, driven by economic factors, stems from.

[232] This resulted in geoeconomics loosing much of its analytical capabilities. The wider the scope of applicability is, the more limited the potential insights (and vice versa) are. Observing the scope of application of geoeconomics, Vihma (2018b) notes that some scholars try to develop an "all-encompassing" definition and understanding of the concept (p. 49). The

times used with similar meanings (e.g., the strategic use of economic means as foreign policy instruments), the paradigmatic assumptions underlying those similar approaches can still differ dramatically. This problem is discussed in the second half of this chapter. It raises the question of how different approaches to geoeconomics can be differentiated more effectively, without creating further neologisms. I suggest specifying one's usage of geoeconomics, by putting a new qualifier in front of it. Until now, qualifiers of geoeconomics (i.e., neoliberal, neorealist, or critical geoeconomics) have been an understudied topic and underused opportunity. They allow for wider theoretical plurality in the geoeconomics discourse, without overextending the concept or losing any of its analytical utility. Such an approach is not novel. It has been common and successful practice for established concepts such as geopolitics (see, e.g., Ó Tuathail, Dalby, and Routledge (2006)).

11.2 "Geo" in geoeconomics

The role of the prefix "geo" in geoeconomics not always clear. Blackwill and Harris (2016b), for example, try to differentiate geoeconomics from geopolitics, by arguing that geoeconomics provides "a parallel account of how a state builds and exercises power by reference to economic factors rather than geographic ones" (p. 24).[233] While both, geopolitics and geoeconomics, carry the prefix "geo" in their label, geoeconomics is said to make reference to economic factors, instead of geographic ones. Hence, one can rightfully ask *What is the role of "geo" in geoeconomics, if the geographic factors are explicitly replaced by economic ones?* After all, it is not the political and foreign policy component that is being replaced (i.e., "politics", the second component of the label "geopolitics") but the geographic component.[234]

consequence being that the concept becomes "overly extensive and lose[s] its analytical power" (Vihma, 2018b, p. 49).

[233] Other scholars argue that the "geo" in geoeconomics refers to "a specific spatial scope" applied when "studying the interactions between politics and economy" (Song et al., 2017, p. 1464).

[234] According to this logic, some might argue that "ecopolitics" would be a more appropriate term, if it would not already been understood as green politics.

In the past, researchers have directly and indirectly raised questions on the role and function of "geo" in geoeconomics. Scholvin and Wigell (2018b), for example, ask if geoeconomics, being understood as an analytical approach, "narrow[s] the perspective on issues that have a geo-dimension" (p. 80). The fact that geoeconomics carries the prefix "geo" in its label, gives off the impression that it might focus especially on geographic aspects of foreign policy analysis. Whether or not this is the case is a question that is related to the content of the concept. Yet, it is still important to note that the question of the meaning of "geo" was raised in the first place. It appears that the label of the concept "geoeconomics" is not that self-explanatory as it might appear at first sight.

The prefix "geo" creates the impression that geoeconomics contains a strong geographic component. This can result in conceptual tensions, when scholars observe simultaneously a trend towards deterritorialization, especially in the economic sphere. Hence, Ó Tuathail (1998) points out that "in a world of deterritorializing economies where 'who is us,' […] is the apposite question (i.e. the nominal nationality of corporations has been exceeded by their functional transnationality), the meaning of acting geo-economically is unclear" (p. 108). The territorial identities of many international actors and institutions have been diminishing, whereas transnationality has been rising in importance.[235] As a result, Ó Tuathail (1993) argues that "geo-economic discourses reveal both emergent contradictions and continuities in the struggle over articulating a political geography of the new world order" (pp. 183-184). Here, Ó Tuathail (1993) refers to the "traditional territorial forms of reasoning" (p. 184), a questionable heritage of geopolitics.[236]

The label of geoeconomics needs to be scrutinized as well, as part of the overall deconceptualization process. To better understand the labels of concepts,

[235] Ó Tuathail (1993) argues that we should adjust the "territorially defined political discourse" to the "transnational economic realities", as "the use of discourse structured on the basis of unproblematized corporate nationalities, discrete national economies, and the assumed unitary interest of territorial communities is still pervasive in a world economy made up of nominally sovereign states" (p. 184).

[236] I discuss the traditional territorial form of reasoning in more detail in the section on the spatial referents of geoeconomics.

one can break them up. This is similar to a conceptual analysis, which breaks concepts up "into their simpler and more comprehensible constituent parts" (Olsthoorn, 2017, p. 163).[237] One of the components of the neologism "geoeconomics" is the prefix "geo". Thus, one needs to ask how the prefix "geo" is generally understood. Already in 1963, Schlatter explained the meaning of the prefix "geo" and how one can expect it to work when used in a neologism:

> GEO is the Greek term for earth and is commonly used as preposition to various earth sciences. Geo-economy must be defined as economics of the earth or worldwide economy. The term may correctly be used for worldwide economic studies of cotton, or strawberries, or petroleum. (p. 1886)

As part of an attempt to reanimate Georgism (named after his inventor Henry George and also known as geoism and geonomics), Feder (1996) also explains the meaning of "geo" in geoeconomics (Feder uses the label geo-economics to refer to Georgism). Even though Feder's geoeconomics is not related to IR and the type of geoeconomics discussed in this thesis, it is still noteworthy how he understands and interprets the prefix "geo". After all, the label of a concept should indicate what the concept contains, in a way that is easily understandable to a wide audience. Feder (1996) argues that

> the 'geo' in geo-economics has a double meaning: it refers to land, in the classical sense — to the matter and forces of nature which constitute the raw material of all production. Geo-economics emphasizes the neglected role of the earthly foundation of the economy. 'Geo' also alludes to the nineteenth- century American political economist Henry George, whose philosophy underlies much of the geo-economic approach to political economy. (p. 41)

Thus, one knows that including the prefix "geo" in a concept's label will produce the association that the concept's content concerns either the earth or the study of it (geography). If this is the case, one needs to specify how one understands

[237] Olsthoorn (2017) explains that "the term 'analysis' is of Greek origin, meaning 'breaking up' or 'unfastening'" (p. 163).

"earth" and where one can find the earthly aspects in the concept. If this is not the case, and earthly components are not part of the concept's content, one especially needs to explain what the prefix "geo" refers to (e.g., George) and what role it plays in the concept's label. The following section investigates the role of "geo" in geoeconomics and what it refers to. It does so while taking into account the trend towards deterritorialization, and the stark differences between neoliberal and neorealist geoeconomics with regards to space.

In neorealist geoeconomics, similar to geopolitics, the prefix "geo" refers to the importance that geography has for the concept's content. The geographic aspects are commonly understood as the characteristics of territories of the main international actors, meaning states. The states' territoriality constitutes the geographic dimension in geoeconomics (Scholvin & Wigell, 2018a, p. 10).[238] The influence of geography on a state's geoeconomic strategy is still believed to be heavily present: geography shapes international relations, foreign policy, and has a direct impact on a state's behavior and the state's economic potential. Geography is also an important variable in the geoeconomic thinking about interstate relations. This includes the location of states in relation to other states, as well as geographical dimensions of economic power–resources, transport corridors, etc. (Scholvin & Wigell, 2018a, p. 5). On top of that, the geographical dimension of neorealist geoeconomics emphasizes that economic power is derived from, based in, and applied to specific geographical locations (Scholvin & Wigell, 2018b, p. 81).

The "geo" in geoeconomics expresses the important role that territoriality plays in the strategic application of power. Without the "geo" and its spatial features, geoeconomics would simply be economics, politics or strategy (Baracuhy, 2019, p. 15). Neorealist scholars tend to understand the "geo" in geoeconomics as a way to describe how states control spaces, in a territorial sense. This includes analyses on how states control specific geographical areas (spheres of influence) by economic means, making the object of the geoeconomic policy

[238] As explained in the section on the spatial referents of neorealist geoeconomics, states are seen as territorially bound, their territorial nature being unchanged.

geographically delimited (Scholvin & Wigell, 2018b, p. 74). In neorealist geoeconomics, the competitive understanding of territory is also adapted to the economic space: The conquest of land is, for example, replaced by the capture of market shares. Yet, the mere use of economic means in pursuit of strategic objectives does not qualify as geoeconomic: "monetary and financial policies become tools of geo-economics whenever they are applied to control a sphere of influence" (Scholvin & Wigell, 2018a, p. 10). In the geoeconomic shift, from the geographic to the economic space, physical, geographic borders and frontiers lose their importance. However, this does not mean that they lose their territorial aspects as such. In the eyes of neorealists, the territoriality is adapted to new (economic) spaces. With the increase of cross-border flows between states, economic means, rather than military ones, are becoming better suited to manage and control these flows.

As highlighted in the section on the spatial referents of geoeconomics, neorealist and neoliberal geoeconomics differ in the way they imagine the space in which geoeconomics unfolds. In contrast to neorealists, neoliberals have recognized deterritorialization trends and adjusted their approaches to geoeconomics accordingly. Neoliberal geoeconomics operates under the assumption that the link has been broken between wealth or power on the one hand, and a state's territory on the other. Neoliberal geoeconomics assumes that an important share of state power is derived from interdependency and a state's position in networks, instead of assuming that power and security are mainly connected to the physical control of territory (Scholvin & Wigell, 2018a, p. 4). As a result, "geo" in neoliberal geoeconomics gets a completely new meaning. It questions the realist assumption that the national security objective of the state is to gain control over territory or economic spaces, and to expand its sphere of influence (see decoupling of territory and wealth). The new strategic resources are technology and professional skills, which are not intrinsically linked to space. They neither originate from the land, nor are they bound to it. Technology and professional skills are fluid, and have more in common with capital than with natural resources. Neoliberal scholars tend to understand the "geo" in

geoeconomics as a way to describe how states control flows and spaces, not only territory.[239]

The "geo" in neoliberal geoeconomics also refers to the earth: Yet, not as a source of wealth and power to be desired and to be fought over, but as an interconnected system that affects all. It pertains to the global exposure of every state created by interdependence. A state's policies might not affect the state and its domestic population negatively directly, but due to interdependence it can do so indirectly through network effects (see, e.g., climate change): the challenges and solution to those challenges are both understood as interconnected with the world. While neorealist geoeconomics focuses on "national borders and place", neoliberal geoeconomics "privileges networks and pace" (Sparke, 2017a, p. 4). Neoliberal geoeconomics recognizes territorial national borders for what they are: artificial man-made constructs. It transcends those borders, integrating national spaces into the wider international context. The neoliberal discourse features "globalist claims about the 'borderless world'" (Sparke, 2017a, p. 4). Thus, the "geo" of neoliberal geoeconomics highlights the integrative forces of space, that were unleashed by economic liberalization and globalization. Geographic factors serve as an integrating force between the state territory and the territory of the national economy.

11.3 (Re)labeling geoeconomics

The current use of the label "geoeconomics" is suffering from overextensions, as it is used with completely different meanings or with little meaning at all. When using geoeconomics, "the perpetual quest for generalization" results in conceptual "ambiguity, confusion, and disputes" (Collier & Mahon, 1993, p. 846). Even when the label "geoeconomics" is used with seemingly similar meanings (e.g., the strategic use of economic means as foreign policy instruments), the paradigmatic assumptions underlying those seemingly similar approaches can

[239] This novel understanding of space is also used to differentiate neoliberal geoeconomics from realist geopolitics. While in neoliberal geoeconomics the prefix "geo" refers to a fluid, even virtual space, in geopolitics, the space is made up of concrete territories, shaped by geomorphology, climate, distances and other geographic characteristics (Mongrenier, 2013).

still differ dramatically. Taking into account that geoeconomics is used to label concepts with different underlying assumptions, this section seeks to answer how those different approaches to geoeconomics can be better differentiated, without creating yet another neologism.

Since the term "geoeconomics" is used with diverse meanings, one can come up with different sorting strategies to group similar approaches together. Popular grouping approaches include sorting by time period (see generational approaches), by country and by language (see regional approaches), or by discipline and theoretical schools (see current approaches).[240] Such grouping strategies highlight particular commonalities between different approaches, but miss others in the process. However, I show in the literature review that different conceptions of geoeconomics feature another fault line that runs across time, regions, languages, and theoretical schools, and according to which geoeconomic approaches can be grouped together. This fault line can be found in the paradigmatic assumptions (in form of methodological and ideological differences) underlying geoeconomic approaches. In fact, the methodological and ideological dividing lines can be traced back to Dix and Röpke. Even at its creation, geoeconomics already had at least two different meanings: one liberal and one illiberal. The ideological divisions between Röpke and Dix's first conceptualizations of geoeconomics[241] can be traced through time to today's many modern definitions of geoeconomics, in which they are still present.

The ideological dividing lines between geoeconomic approaches are not new, nor are they something that should be ignored or glossed over. They should be made explicit and celebrated. Instead of fighting over the one "true" interpretation of the concept, ideological and methodological plurality should be appreciated as an achievement and a core characteristic of an open and pluralistic

[240] On the surface, the main dividing line in the field of IR seems to run between the camp of scholars that believe that geoeconomics is either the pursuit of economic ends by political means, or the use of economic means for political ends. Yet, this is just one approach of classification.

[241] On an ideological level, one can observe a clash of norms and of underlying paradigmatic assumptions. On a methodological level, the conflict is about the envisaged nature and function of concepts and the role they play in good scientific practice.

society. Ideological (i.e., concerning the underlying values) and methodological pluralism helps to shed light on aspects and dimensions that would otherwise remain hidden in a monist world. In fact, ideological pluralism should be considered normal in the social sciences. A strategy must be found to make those ideological differences apparent already in the label of the concept. Otherwise, conceptual confusion and fruitless debates will persist, as "stable concepts and a shared understanding of categories are […] a foundation of any research community" (Collier & Mahon, 1993, p. 846).

I advocate the use of attributes to differentiate between different paradigmatic/ideological approaches to geoeconomics. One should specify one's usage of geoeconomics, by putting a new qualifier in front of it. Until now, qualifiers of geoeconomics (i.e., neoliberal, neorealist, or critical geoeconomics) have been an understudied topic. They are also an unexploited opportunity, as they would allow for a geoeconomics discourse that is analytically clearer and theoretically wider, without overextending the concept or losing any of its analytical utility. The use of conceptual attributes can contribute to the fight against conceptual generalizations, by specifying in what way geoeconomics is being used.

Attributes can be used to distinguish between different approaches, without creating yet another neologism. Thus, attributes also serve as clarifiers of geoeconomic approaches, making the paradigm and the intension of the concept explicit. Throughout in this thesis, I try to use attributes to differentiate between various paradigmatic approaches. While there are certainly other possible approaches, I have primarily focused on the two main ones, neorealist and neoliberal, and labelled the different approaches accordingly.

I chose attributes to further classify the geoeconomic approaches to geoeconomics as I understand geoeconomics as a radial concept. For radial concepts "it is possible that two members of the category will not share all of what may be seen as the defining attributes", with "the overall meaning [being] anchored in a 'central subcategory,' which corresponds to the 'best' case, or

prototype, of the category" (Collier & Mahon, 1993, p. 848).[242] Radial concepts "divide" the central, prototypical subcategory (Collier & Mahon, 1993, p. 852). In the case of geoeconomics, the central subcategory would be the pursuit of foreign policy goals with economic means instead of military ones. The logic behind the radial categories, meaning why and how the use of economic means plays out, is completely different though. Collier and Mahon (1993) explain that "internal form of radial categories differs from that of classical categories", because the different radial concepts "do not share the full complement of attributes by which we would recognize the overall category, as they do with classical categories" (p. 848). As radial concepts, neorealist and neoliberal geoeconomics have a greater extension than just geoeconomics (Collier & Mahon, 1993, p. 852). With radial concepts, conceptual stretching can be avoided by adding an adjective (Collier & Mahon, 1993, pp. 851-852).[243]

11.4 Concluding remarks

The term "geoeconomics" is currently facing three main problems, which I investigated in this chapter. I also tried to find solutions to them, whenever possible. The first problem affecting the term "geoeconomics" is synonymy. There are other concepts that either have different labels but similar contents, or they use the same label (i.e., "geoeconomics") but their content is different. This problem is often caused by the way scholars work with neologisms and with the term "geoeconomics" in particular. It can easily be avoided if one follows some simple rules. When trying to use geoeconomics as a neologism or in a novel way,[244] one needs to ensure that the concept's content is in fact different to already

[242] Collier and Mahon (1993) further explain that "in the process of cognition, the central subcategory functions as a gestalt, in that it is constituted by a bundle of traits that are learned together, understood together, and most quickly recognized when found together. 'Noncentral subcategories' are variants of the central one. They do not necessarily share defining attributes with each other but only with the central subcategory—hence the term radial, which refers to this internal structure" (p. 848).

[243] For radial concepts, "the possibility of encompassing more cases through the elaboration of secondary categories can allow for considerable flexibility regarding the meaning and application of the category" (Collier & Mahon, 1993, p. 851).

[244] As it is currently done because most scholars do not refer to the previous of work of other researchers on geoeconomics but prefer to "invent" the term over and over again.

existing concepts. If this is not the case, one is better advised to keep using the established terms. Moreover, one should be aware how the term "geoeconomics" has been used before, in order to connect one's argument to the existing discourse, or on the contrary distance one's interpretation from earlier approaches. This means referring back to the work of previous scholars, whether or not one likes their interpretations of geoeconomics. Using established terms as neologisms is dangerous, if one does not explain how and why one uses the term in a new way. Neologisms are not an end in themselves. One should not forget that "coin[ing] a new expression is only justified when it is linguistically self-explanatory. Where it is misleading, a slightly longer term is preferable and to no disadvantage" (Schlatter, 1963).

The second problem is the unclear role of the prefix "geo" in geoeconomics. In the first part of this chapter, I explain that "geo" essentially refers to space. To avoid confusing the reader, the concept's label should indicate what the concept contains, and the concept should contain what the label promises: in the case of geoeconomics, a conception of earth or space that plays an important role in the content of the concept. While space does often play an important role in geoeconomics, its conceptualization can differ fundamentally. While this in itself is not a problem, scholars still need to make clear what idea of space and territory they adopt in their geoeconomics approaches. In neorealist geoeconomics, the prefix "geo" refers to the important influence that geography and territoriality have on international relations. Neorealist scholars tend to understand the "geo" as a way to describe how states control specific geographical areas (spaces), understood in a territorial sense, by economic means. "Geo" in neorealist geoeconomics expresses the important role that space plays in the strategic application of power. In contrast to neorealists, neoliberal scholars tend to understand the "geo" in geoeconomics as a way to describe how states control flows and spaces, and not only territory. Neoliberal geoeconomics assumes that an important share of state power is derived from interdependency and a state's position in networks: the link has been broken between wealth or power on the one hand, and a state's territory on the other. The "geo" in neoliberal

geoeconomics also refers to the earth, however, not as a source of wealth and power to be desired and to be fought over, but as an interconnected system that affects all. “Geo” in neoliberal geoeconomics gets a completely new meaning, questioning the realist assumption that the national security objective of the state is to gain control over territory or economic spaces and to expand its sphere of influence.

The third problem is the overextension of the label “geoeconomics”, as it is currently used to label concepts that have different underlying paradigmatic assumptions. While the label “geoeconomics” is at times used with similar meanings, the paradigmatic assumptions underlying those similar approaches can still differ dramatically. The ideological dividing lines between geoeconomic approaches are not new, nor are they something that should be dismissed. In the second part of this chapter, I advocate for the usage of attributes (i.e., neoliberal, neorealist, or critical geoeconomics) to differentiate better between the various approaches to geoeconomics. Putting a qualifier in front of the label “geoeconomics” also helps to make its ideological underlying assumptions explicit. Attributes also help with the second problem, as they serve as clarifiers of geoeconomic approaches, indicating what the concept contains. Such a strategy avoids creating more neologisms and quarrels over the one “true” interpretation of the concept. Qualifiers of geoeconomics are an understudied topic and untapped opportunity: Using them allows for a geoeconomics discourse that is analytically clearer and theoretically wider, without overextending the concept or it losing any of its analytical utility.

Chapter 12: Matrix of geoeconomics' characteristics

12.1 Introduction

This chapter of the dissertation summarizes the findings of this part in form of tables. It replaces the usual concluding remarks chapter, that presents key findings in condensed form. While this might seem unusual, presenting a summary in form of a table makes logically sense and follows from the core idea of concept reconceptualization. As Sartori (1984) explains in his fourth rule on concept analysis: "in reconstructing a concept, first collect a representative set of definitions; second, extract their characteristics; and third, construct matrixes that organize such characteristics meaningfully" (p. 41). The literature review focused on "the canvassing and listing of existing, authoritative definitions", while the preceding chapters of this part covered "the clustering and transformation of these definitions into a set of extracted characteristics" (Sartori, 1984, p. 41). This chapter represents the third step in the reconceptualization of geoeconomics. It "organizes on the basis of meaningful criteria the characteristics" (Sartori, 1984, p. 41) of the two different theoretical concepts discussed and developed in the previous chapters.

Presenting one's findings in a table is not only logical, but also practical and useful. In contrast to text chapters, tables have the advantage of presenting information in a more accessible way. This is especially relevant when two theoretical concepts get directly compared. On the one hand, it allows the reader to easily spot inconsistencies or missing parts. On the other hand, it allows the reader to make further use of the theoretical findings, and to guide future research. In tables, the similarities and contrasts between competing theoretical concepts become clearly visible. These contrasts can then be further investigated: Typical usage cases include the comparison or review of the different explanatory models with the help of a case study.

12.2 Methodological stance on geoeconomics

	Positivism	**Analyticism**
Ontology	Phenomenalism: Rejection of transfactualism	
Epistemology	Mind-world dualism	Mind-world monism
Aim	Discover reality	Make sense of reality
Technique	Observe external reality	Filter out the irrelevant to create a reality
Relation to "reality"	Geoeconomics exists in reality Struggle lies in matching one's own conception of geoeconomics as closely as possible with the real-life version of it	Geoeconomics does not exist in reality Geoeconomics is used to make sense of reality and to make patterns visible
Emergence of geoeconomics	Discovered and observed in reality	Artificially created
Truth	Universal laws and principles do exist One "true" way to make sense of reality	Universal laws and principles do not exist Many ways to make sense of reality

	Positivism	**Analyticism**
Validation and evaluation of geoeconomics	Can be tested against empirical reality Geoeconomics is derived from empirical reality, it is also developed and fine-tuned by testing it against the latter Occurrence of predicted empirical trends validates the existence and relevance of one's geoeconomics approach	Cannot be tested or falsified Evaluation happens by assessing geoeconomics' explanatory potential, utility, and effectiveness, especially with regards to new and unforeseen empirical realities Trends cannot be used to prove or disprove a concept, especially when this concept was used to detect these phenomena in the first place
Examples	Geoeconomics is a particular form that the international system has taken	Geoeconomics is an analytical framework for making sense of international relations
Nature of geoeconomics	Divided: analytical and ideational usage	

Table 2: Methodological stance on geoeconomics

12.3 Conceptual nature of geoeconomics

	Analytical side	**Ideational side**
Aim	Explanation	Intervention
Goal	Make sense of reality: order, interpret, and understand international relations	Explore and reveal the theoretically possible and/or desirable
Type of analysis	Analytical	Normative
Narrative style	Descriptive	Prescriptive
Outlook	Retrospective	Prospective
Driving questions	What happened, what is, and why is it this way?	What will be/happen and what ought to be/happen?
Form	Analytical framework that provides a blueprint for how to understand the world, producing an image of reality	Idea-driven framework that uses selected boundaries and limits to reveal the theoretically possible
Primary Audience	Scholars	Policy makers
Scientific value	Higher	Lower
Policy value	Lower	Higher
Level of activity	Indirect and passive as it shapes the perception of the world, which in turn influences people's actions	Direct and active, as it advocates for the realization of the ideal-type
Level of normativity	Less obvious and only indirect, since it is based on selected axioms, which are always normative	Obvious, as it advocates for the realization of a specific normative ideal-type

	Analytical side	**Ideational side**
Validation and evaluation	Evaluated based on the usefulness of explanation and its explanatory potential, cannot be tested or falsified	Validation based on normative arguments on the consequences of the prescribed actions, utility cannot be evaluated
Examples	Geoeconomics, an analytical framework for interpreting, understanding, and analyzing international relations and foreign and economic policy	Geoeconomics, an idea-driven framework that describes a type of statecraft or foreign policy, focused on the creation of strategic competitive advantages by economic means

Table 3: Conceptual nature of geoeconomics

12.4 Means of geoeconomics

	Neorealist geoeconomics	Neoliberal geoeconomics
Means	"Economic" means	Economic means
Applied nature of means *Way in which means are used*	Military applied nature No freedom to choose how and with whom to interact: e.g., a state is forced under threat to buy weapons Forced engagement No mutual consent	Economic applied nature Freedom to choose how and with whom to interact: e.g., a state is free to accept the trade of weapons Principle of freedom Mutual consent needed
Working mechanism of means *How means are used in practice, how they fulfil their desired function*	Unidirectional and non-relational in nature: Does not require an existing economic relationship Unidirectional causal relationship between economic causes and political effects More static Economic force is absolute Example: Export of military equipment to change the regional balance of power Realist economic means are adopted by the military as well	Bidirectional, reciprocal and relational in nature: Requires an existing economic relationship Exertion of power and influence in relationships is always bidirectional and reciprocal in nature More dynamic Economic force relative Example: Export of military equipment to gain market control and strategic leverage through interdependence Realist economic means are not adopted by the military

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Operational logic *Logic of the "game" that is being played, resulting out of the instrumental nature*	Competitive and confrontational, adversarial and zero-sum Working with coercion and intimidation Suited to pursue limited ends Forced: does not feature the freedom to agree on the exchange and does not produce added value for both parties involved Pressure put on the target country is of external nature	Cooperative and cooperational, non-zero-sum Working with cooperation and incentivization Suited to pursue unlimited ends Free: features the freedom to agree on the exchange and produces added value for both parties involved, mutually beneficial Pressure put on the target country is of internal nature
Effect of economic means	Direct and immediate: effect of the use of economic means is directly felt and/or observable Reactions to the use of means are similar and easier to predict	Indirect and delayed: effect of the use of economic means is often not directly felt and/or immediate observable Reactions to the use of means differs from country to country and are harder to predict

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Economic impact of means	Focuses on easily quantifiable short-term gains or losses, neglects indirect and non-immediate costs (economic fallout) and long-term effects Cost evaluations tend to be economically incomplete, as costs that are not directly borne by the state are neglected Cheaper in the short run, more expensive for the society overall, in the long run	Long-term gains or losses of means are often not easily quantifiable, especially in interconnected structures Cost evaluations tend to be more inclusive: Takes not easily quantifiable impacts into account, e.g., economic ripple and fallout effects, unintended consequences, compensation mechanisms More expensive in the short run, cheaper in the long run and for the society overall
Cost efficiency	Less cost effective Focuses on short term gains and losses Destroys wealth: overall economic outcome is negative	More cost effective Focuses on long term gains and losses Creates wealth: overall economic outcome is positive
Domestic efficiency	Less domestic friction: Illiberal states are more efficient in turning wealth into power	More domestic friction: Liberal states are less efficient in turning wealth into power
Foreign efficiency	More foreign friction due to only one party deciding on the use of means Resistance needed to be overcome in applying means is higher	Lower foreign friction due to both parties freely agreeing to the use of means Resistance needed to be overcome in applying means is lower

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Sustainability/ Strategic application *Ability to be used repeatedly*	Not sustainable Means are used with a short-term view: they cannot be applied in a similar fashion for a prolonged period of time, not allowing for repeated usage (e.g., demands for abrupt or sudden changes in line with a confrontational logic)	Sustainable Means are used with a long-term view: they can be applied in a similar fashion for a prolonged period of time, allowing for repeated usage (e.g., economic incentives in line with a cooperational logic)
Ownership	Economic means feature a shared usage, they are often used by state and non-state actors alike State uses the means without regard for the owner Extensive control over economic means State can curb economic freedom at any time	Economic means feature a shared usage, they are often used by state and non-state actors alike State uses the means without forgetting about the owners of means Limited control over economic means Anyone is free to engage in economic activity
NSAs	State-centric design States see NSAs as a means, using them accordingly States actively interfere in economic relations to pursue strategic goals States tend to tell NSAs what to do or what not to do, assuming that they know what is best for individual NSAs	Role of NSAs acknowledged States see NSAs as a means, working with them as partners States shape the general environment in which NSAs can succeed States do not assume that they know what is best for individual NSAs

	Neorealist geoeconomics	Neoliberal geoeconomics
Relationship of means to ends	Means are chosen according to desired ends Linear means-end causality: Ends determine the means Monodirectional thinking Rational choice decision-making After choosing means, end is not changed Means and ends are two separate and independent units	Means impact the ends: Means and the ends go hand in hand (reciprocal effect) Reiterative thinking Rational choice decision-making After choosing means (e.g., due to availability), end is potentially changed Means and ends are two relational, intertwined, bidirectional, and on each other dependent units Means are teleological (goal-seeking) and teleogenetic (goal-producing)

Table 4: Means of geoeconomics

12.5 Ends of geoeconomics

	Neorealist geoeconomics	Neoliberal geoeconomics
Ends	Limited: relative power maximization Power or wealth and national economic growth understood as a source of power Not prosperity-driven: Focusing primarily on one's own wealth, leads to less wealth for all parties involved (trying to get a bigger piece of the cake, instead of growing the cake overall) Overall wealth is lost, negative long-term economic effects Scope of the national interest is extended to the economic sphere: e.g., conquest or protection of desirable roles in the world economy	Unlimited: absolute wealth maximization Wealth and national economic growth Population's highest possible standard of living and socioeconomic wellbeing is an end in itself Prosperity-driven: maximization of global wealth, instead of focusing primarily on one's own wealth (growing the cake, instead of augmenting one's share)
Strategic framework	Competitive, zero-sum, with the aim to maximize relative gains	Cooperative, non-zero-sum, with the aim to maximize absolute gains
Approach to national interest	Objectivist approaches to the national interest: objective national interests exist Determination of these interest is the domain of experts	Subjectivist approach to national interest: objective national interests do not exist, nor can they be determined

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Ends and NSAs	State is a monolithic black box: NSAs and their interests do not matter States do not respect the interests of NSAs: states compete with each other by restricting the economic freedoms of NSAs Beneficiaries are first and foremost states	State is a collective of individual interest: NSAs and their interests matter States do respect the interests of NSAs Beneficiaries must include NSAs
Ends and threat perception	Ends are not reflected: They do not show changes in threat perception	Ends are reflected: They do show changes in threat perception
Outlook of ends	Outward looking: Positioning themselves favorably in relation to other states Comparing oneself to others	Inward looking: Wealth of citizens and absolute improvements in comparisons to past Comparing oneself to an earlier version of oneself
Nature of ends	Relational and limited Focus on relative gains	Non-relational and unlimited Focus on absolute gains
Relationship of ends to means	Change of means ≠ change of ends Nature of ends is determined by the means used: economic security = e.g., physical control over resources	Change of means = change of ends Nature of ends is determined by the means used: economic security = e.g., trade alliances or mutual interdependence

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Normative aspects	In tradition of Dix's illiberal geoeconomics Features commercial illiberalism: Rejects the notion of free trade and the spirit of fair competition Not prosperity-driven Has a strong paternalistic and antidemocratic component build into it: only "real" experts know what is best for the country and can determine the "real" national interest, since the people are not fully aware and not well informed about international affairs	In tradition of Röpke's liberal geoeconomics Features commercial liberalism: Embraces the notion of free trade and the spirit of fair competition Prosperity-driven Strives to make foreign policy as democratic and participatory as domestic politics

Table 5: Ends of geoeconomics

12.6 Entitic referents of geoeconomics

	Neorealist geoeconomics	Neoliberal geoeconomics
Applicability	Its analytical side does not apply to all states and not all states can make use of its ideational side	Its analytical side applies to all states and all states can make use of its ideational side
Requirements for agent states	Agent and patient state must have ruled out war among themselves Agent country must be economically developed, and have a high level of skills and education Physical size of states matters less	Applicable independent of geographical size (big and small), location (far and close), and developmental state (developed and developing) Dependent on the activity of the state and its capacity for innovation
Requirements for patient states	(Economic) relationship between the agent and the patient state must exist Often used to describe relations between advanced and emerging countries	(Economic) relationship between the agent and the patient state must exist No further requirements
Relation to geopolitics	Next, more "noble", stage of geopolitics Logic remains the same	Alternative to geopolitics Logic is different
Friction	Geoeconomics does not apply equally well to all states, due to domestic and foreign friction	

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Friction in agent state *Difficulties connected to the mobilization of economic means*	Ignorant of agent friction, as the agent state (understood as a black box) is assumed to mobilize "its" economic means without problems The less democratic/the more illiberal the agent state, the better it can mobilize "its" economic means	Aware of agent friction, as the agent state cannot mobilize the economic means of its citizens without problems The more democratic the agent state, the better it can mobilize the economic means of its citizens and NSAs
Friction in patient state *Feedback effects*	Ignorant of patient friction, treats the patient state as a black box Change is affected from the outside due to outside pressure Focuses on the aggregate national effect of the used economic means	Aware of patient friction, does not treat the patient state as a black box Change is affected from the inside due to inside pressure Focuses on how the employed economic means affect domestic groups differently Performance of economic means also depends on the nature of the targeted state: the less democratic the patient state, the less feedback effects it will experience

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Normative aspects	Discriminatory and deterministic undertones, as only "advanced" states can engage in geoeconomics Lower levels of economic development are directly connected to "archaic" strategies and behavior, i.e., violent means of conflict resolution Same logic as geopolitics: does not possess the potential to cool down geopolitical intensities	More liberal and democratic: the activities of the state and its capacity for innovation counts, not the state's size or geographic location Takes NSAs in patient and agent states seriously Due to different logic, does possess the potential to cool down geopolitical intensities

Table 6: Entitic referents of geoeconomics

12.7 Spatial referents and label of geoeconomics

	Neorealist geoeconomics	Neoliberal geoeconomics
Meaning of the prefix "geo"	Earth and the earthly foundations of wealth and power	Earth and the spatial foundations of wealth and power
Role of the prefix "geo"	Highlights the importance of geography and territoriality, in the strategic application of power in international relations	Highlights the importance of geography and spaces, in the strategic application of power in international relations
Nature of space	Zero-sum, static: geographically delimited Territory is static as it is limited by nature	Non-zero-sum, fluid: spaces can grow and shrink, independent of territory or geography Space, especially economic and political space, is understood as a dynamic entity
Guiding question	How do geographic conditions influence a state's FP?	How do states adopt to geographic conditions?
State's understanding of geography and space	One-dimensional, primarily territorial Static source of power and wealth, desired and to be fought over	Multidimensional (including virtual spaces), interconnected and interdependent system that affects all Fluid source of power and wealth

	Neorealist geoeconomics	**Neoliberal geoeconomics**
States' relation to space	States' power is derived from, based in, and applied to specific geographical locations States' power and security are mainly connected to the physical control of territory and economic spaces: Origin of power is the states' territory and location and what flows from it States strive to gain control over territory and economic spaces, and to expand their sphere of influence Competitive understanding of territory and interstate competition is adapted to the economic space: e.g., the capture of market shares and control over cross-border flows Since territory is static, so is the understanding of wealth and power, i.e., the ends of geoeconomics Flows and unpredictable dynamics are seen as a threat, as every exchange of power could potentially lead to a loss of power	States' power is derived from interdependency and states' position in space (networks): Link between wealth/power and a states' territory has been broken States try to control and manage (cross-border) flows and spaces, and not only territory Power and wealth are not intrinsically linked to space: e.g., technology and professional skills Power and wealth are fluid resources Dynamic understanding of its ends (wealth), as markets can grow, and wealth can flow Flows of wealth are seen as desirable: The more dynamic the markets are, the more exchanges of wealth take place, the better

	Neorealist geoeconomics	**Neoliberal geoeconomics**
Geoeconomic process	Economic superiority is a slow and incremental process: success of geoeconomic policy is often only visible in hindsight Geoeconomics features a strong bureaucratic element	Economic cooperation is a slow and incremental process: success of geoeconomic policy is often only visible in hindsight Geoeconomics features a strong bureaucratic element
Discourse on space	Territorially defined political discourse: territoriality is adapted to new (economic) spaces Traditional territorial forms of reasoning remain present in discussions on economic spaces Transnationalism and deterritorialization are seen as challenges towards states Nominally sovereign states are understood as geographically delimited	Acknowledges transnational economic realities and territorial national borders for what they are: artificial man-made constructs Embraces the trend towards deterritorialization, especially in the economic sphere Nominal nationality is exceeded by functional transnationality
Space as dividing vs. bridging element	Focuses on divides and exclusions, political partitions and unevenness (e.g., iron curtains, evil empires, clashing civilizations) Reproduces geopolitical understandings of "us" vs. "them" The logic of borders and state's territories is transposed to non-territorial spaces	Focuses on connectivity and pace, on economic flatness and global integration, on how to connect and how to include (growth mentality) Highlights the integrative forces of geography: e.g., between the state territory and the territory of the national economy, leading to political alignment

	Neorealist geoeconomics	Neoliberal geoeconomics
Impact of geography	Impact of geographic conditions on states is objectively determinable Geography has a direct impact on a state's foreign policy, the state's economic potential, and international relations Geographical features that are particular to places and spaces shape international relations and foreign policy National interests are primarily dominated by objective geographic factors States maintain the same territorial character as in geopolitics: they remain territorially bound, with their territorial character unchanged	Link between a geographic object and its potential economic or political impact is neither obvious nor given Stark trend towards deterritorialization: link between wealth or power and a state's territory has been broken Geographic borders and "frontier thinking" lose their importance Extends to virtual spheres that cannot be defined in a geographical sense National interests are based less on geographic factors
Geography and NSAs	National identities of companies and NSAs remain important	Territorial identities of international actors are diminishing (see, e.g., multinational companies), with transnationality rising in importance

Table 7: Spatial referents and label of geoeconomics

Part III—Case study

Introduction to the case study

This part explores the usefulness, meaning the explicatory strength and analytical potential, of the reconceptualized neoliberal approach to geoeconomics with the help of a case study. It is the third and concluding step in the concept's reconceptualization process, building upon the findings of the previous chapters.

As a first step, I argued in the literature review that geoeconomics has to be consciously reconceptualized from the ground up, due to several severe shortcomings identified. As a second step, I showed how this can be done in the theory part. To effectively address the highlighted shortcomings, I reconceptualized geoeconomics by developing a coherent, conscious, and transparent conceptual approach to the theoretical concept of geoeconomics. This neoliberal approach to geoeconomics has several benefits over the neorealist mainstream approaches. One of the main benefits are the significant additional insights offered over geopolitics. Due to their similarities with the latter, this is something which neorealist approaches fail to deliver.

Hence, in a third and last step, I attempt to demonstrate the additional usefulness of neoliberal geoeconomics with the help of a case study. As an analytical concept, geoeconomics provides an analytical framework for understanding and interpreting international relations and foreign policy. The utility of such an approach is measured by how effectively it can make sense of reality. The case study is meant to demonstrate that the reconceptualized version of geoeconomics, meaning neoliberal geoeconomics, is in fact able to increase the concept's empirical usefulness and analytical value. It pays particular attention to the concept's explanatory potential and its analytical fruitfulness, especially for phenomena that are currently unaccounted for or perceived as paradoxical.

This part contributes directly to answering the overarching research question of this dissertation (i.e., *What is one to understand by geoeconomics?*). To do so, this part answers the following question: *How does neoliberal geoeconomics compare against neorealist geoeconomics approaches in terms of usefulness, meaning their explicatory strength and analytical potential?* I hope to

discover whether neoliberal geoeconomics provides more explanatory utility and holds greater explanatory potential as compared to neorealist geoeconomics. If I were to discover that this is in fact the case, my argument in favor of the reconceptualized neoliberal geoeconomics would be strengthened.

At the same time, this part also aims to contribute to the empirical work needed in the development of geoeconomics. Theorizing and reconceptualizing geoeconomics is not enough. Although geoeconomics has increased in popularity amongst scholars since the end of the Cold War, thirty years later, the concept "still awaits convincing empirical underpinning" (Bulmer & Paterson, 2019, p. 214). Referring to the concept's resurgence since the 1990s, Mattlin and Wigell (2016) observe that that "IR-oriented geoeconomic theorising is still in its infant stage and much empirical work needs to be done so as to kick it forward" (p. 128). While I fundamentally disagree with the methodology of this statement, meaning the argument that the theorizing or conceptualization process is driven by empirical work,[245] I generally agree with the observation that more empirical work is needed. Hence and in accordance with common academic practice, the aim of this case study is to also show that neoliberal geoeconomics can "account for a set of phenomena that is not well addressed by existing concepts" (Kim, 2020, p. 324), meaning neorealist geoeconomics. The theoretical reconceptualization of geoeconomics goes hand in hand with a case study. After all, "paradigmatic work that has generated new insights into IR has often come in the form of case studies" (Lamont, 2015, p. 126).

Due to the empirical nature of the case study, it is of high relevance to IR scholars. So far, the public has not shied away from geoeconomic analyses. Scholars observe a "growing public attention to geoeconomics as the new mode of conducting great power competition" (Kim, 2020, p. 321). This contributes to the concept's "buzz word" status and intellectual downgrading. At the same time and contrary to the public sentiment, "the IR discipline has not actively engaged in conceptual and theoretical analysis from the geoeconomic viewpoint" (Kim,

[245] Empirical work is not possible without prior theorization. Any empirical research is always based on some theoretical fundament. In IR, theory or concept formation, should always come before empirical work.

2020, p. 321). This divide between the common and the academic usage of geoeconomics is ever more growing; a feature that is typical for buzz words. The reasons for the growing divisions were highlighted in the first part: the lack of conceptual and theoretical development. With the previous part contributing to the thorough reconceptualization of geoeconomics, the present part aims to actively engage in the conceptual and theoretical analysis, that is currently still missing, from a geoeconomic viewpoint.

The focus of this part is on the analytical side of neoliberal geoeconomics. The empirical usefulness of the analytical concept is shown by applying it to one case study, explaining Germany's paradoxical FP behavior. An argument for the usefulness of the ideational side of concepts cannot be made scientifically. However, what can be made is a normative argument on the (moral) consequences of the prescribed actions. Yet, in this part, a normative argument on the ideational side of geoeconomic approaches is not being made. Its relevance would be first and foremost for policymakers and not for IR scholars. The concluding chapter touches upon the ideational side of neorealist and neoliberal geoeconomics.

In this case study I examine and compare the empirical usefulness of the two analytical concepts, by explaining Germany's allegedly paradoxical FP. In line with an analyticist methodology, the case study is not used to prove or disprove any of the two approaches compared. Instead, it judges the analytical approaches by how effectively they make sense of reality (i.e., by their explanatory potency or utility). In order to be theoretically novel, this case study needs to "create, apply, advance, test, compare or critique concepts or theories" (Sovacool et al., 2018, p. 19). From a theory perspective, this case study is novel, as it applies neoliberal geoeconomics to Germany's relation with Russia, compares it to neorealist geoeconomics, all the while advancing its standing as a new theoretical concept. From an empirical point of view, in order to be novel, this case study needs to feature either a new application, new data, or new types of evidence (Sovacool et al., 2018, p. 20). This case study is empirically novel, as it applies neoliberal geoeconomics for the first time to the Germany's FP towards Russia, improving the understanding of the topic (Sovacool et al., 2018, p. 20).

As part of the investigation on whether neoliberal geoeconomics is a useful concept in comparison to existing approaches, this case study helps explaining the still existing paradoxical observation created by the existing approaches. The case study also aims to be "socially-relevant by design, seeking to generate immediate insights for policy-makers, practitioners, managers and other stakeholders" (Sovacool et al., 2018, p. 20).

Part III starts with a chapter on this part's method and methodology, explaining why and how I am using one case for my case study. It includes a section on the case selection procedure, explaining why the case used is a most-likely case with regards to neorealist geoeconomics and a least-likely case with respect to neoliberal geoeconomics. Chapter 14 provides a general overview of the current application of neorealist approaches to Germany's FP. It goes over the ways in which Germany's FP is currently understood and characterized by neorealist geoeconomics. Chapter 14 focuses on the different (neorealist) geoeconomics narratives of the German foreign policy towards Russia and the logical inconsistencies and incongruences contained in them. It explains how the neorealist interpretation of the case study is flawed, as the evidence selected is not fully congruent with the theory, while the explanations derived do not help to make sense of the case study. Having learned about the paradoxes and the incongruences between theoretical propositions and empirical observations, chapter 15 re-examines these issues under a neoliberal lens. It showcases the utility of neoliberal geoeconomics, by providing an explanation for the seemingly paradoxical behavior of the German state and its NSAs towards Russia, showcasing the utility of neoliberal geoeconomics.

The case study confirms neoliberal geoeconomics' utility, especially when compared to its leading competitor, neorealist geoeconomics. I find that neoliberal geoeconomics fits the empirical record well and provides more leverage over the case than neorealist geoeconomics. Neorealist geoeconomics fails to account for significant aspects of the case study. The latter demonstrates that the reconceptualized version of geoeconomics increases the concept's empirical usefulness and analytical value. By succeeding in a least-likely case, neoliberal

geoeconomics strengthened its overall explanatory potential. I conclude that neoliberal geoeconomics does not only hold up against neorealist geoeconomics, but also challenges it in terms of usefulness.

Chapter 13: Method and methodology of the case study

13.1 Introduction

In this chapter I explain the case study method and methodology in detail. I am only using one case for my case study. Proponents of other methods might argue that showing the usefulness of the newly created concept on only one case is pointless. They might say that I have simply invented the concept for this specific case (actively and knowingly) or with having this specific case in mind (passively and unknowingly). When a concept is invented with only one specific case in mind, one can argue that the concept is analytically worthless, as it does not help to structure observations in other cases. Yet, my one-case approach is justified and explainable, when one takes its method and methodology into account.

Methodologically speaking, analyticists argue that scientific knowledge is produced via the analysis of specific (concrete) cases. Whether this happens in one, several, or many cases is irrelevant, as increasing the case number "does precisely nothing to advance or solidify the epistemic warrant for an analyticist claim" (P. T. Jackson, 2016, p. 222). Single case studies are used to show how situation-specific factors result in a certain outcome. The aim is not to generalize the findings to a broader set of similar cases, but to draw generalizable conclusions on the theoretical concepts' explanatory power. Empirical generalization is rejected in favor of logical generality, hence the importance of a well-developed theory. Ideal-typical accounts that are used to explain specific cases, make no claim to completeness, however they do insist on being adequate (P. T. Jackson, 2016, pp. 220-221). The case study serves as "specific examples of a more general category of events rather than as unique historical phenomena" (D. A. Baldwin, 1985, p. 25).

Regarding the method of the case study, I consciously decided not to develop a new case. Instead, my analysis of neoliberal geoeconomics examines one of the cases that is often cited to support the conventional wisdom on

geoeconomics (i.e., neorealist geoeconomics). I review[246] a case study that is often used to make one of the strongest cases in favor of the analytical utility of neorealist geoeconomics. The case of Germany and its foreign policy, especially towards Russia, has become a "classic case", often used to showcase the usefulness of (neorealist) geoeconomic approaches. This case study is, methodologically speaking, a significant[247] case. If neoliberal geoeconomics were to succeed in one of the strongest cases in favor of the already established approach, this would make a very compelling argument in favor of its analytical utility. Since the results of the case study serve as an indicator for the theoretical potential of neoliberal geoeconomics, the case study falls in the category of "archetypal" case studies (Lauth et al., 2015, p. 56).

13.2 Method

In the previous part, I elaborated how the theoretical, ideal-type concept of neoliberal geoeconomics can be defined. Subsequently, I generated sets of specific propositions and potentially observable implications from the neorealist and neoliberal geoeconomic ideal-type theoretical concepts and summarized the findings in a table. These sets of propositions and implications ground the subsequent empirical account. The case study is guided by a congruence analysis. I explore the case for congruence or incongruity between the actual observations and the theoretical propositions and implications one expects to find (van Evera, 1997, p. 56). The explanatory usefulness of the two case-specific narratives or explanatory models is then compared. The aim of the case study is to find out which theoretical concept is able to explain more of the already identified features of the German foreign policy towards Russia. When two ideal-typical concepts are used to explain the outcome of a certain case, they can be compared to see which one tells a more compelling story. The more convincing the ideal-type

[246] Review means that "there is no intent to provide full-blown, detailed case studies, but rather to evaluate existing case studies in terms of this analytical perspective" (D. A. Baldwin, 1985, p. 145).
[247] Significance refers to the ex-ante "likeliness" that the chosen case would be congruent with either one of the two theoretical concepts.

narrative, the more useful the theory. The more useful the theory, the greater its worth.

The strength of the explanatory power of theoretical concepts is judged in two ways (Blatter & Haverland, 2012, pp. 144-146). First, the absolute levels of congruence between the theories are compared. The higher the degree of congruence between deduced implications (from the theoretical concepts) and observed evidence (from the case study), the stronger the explanatory power of the theory. Second, the explanatory power of the theoretical concepts is judged, based on their ex-ante "likeliness" to be able to explain (or to be congruent with) the case study. This second step is especially important if one wants to gauge the significance of the newly formed theory in a wider scientific context (Blatter & Haverland, 2012, pp. 30-31). Hence the importance of justifying the case selection procedure before doing the actual case study.

To gauge the empirical usefulness of both concepts, empirical observations, stemming from a case study on the German foreign policy towards Russia, are analyzed and compared with the theoretical propositions and implications of neorealist and neoliberal geoeconomics. From a methodological point of view, comparing the quality of insights gained by individual approaches is always preferable to generating new insights and to simply observing more "new" phenomena. Contrary to neopositivism, in analyticism, the quality of the ideal-type narratives is also judged by the reader and the academic community. Narratives are social constructs: their merit can be found in the work they accomplish. Whether or not narratives actually get work done, is determined by the larger academic community and whether or not they find the narratives to be useful.

13.3 Methodology

Consciously applying the term "geoeconomics" means being explicit about the methodology of the concept. One contributes to the confusion surrounding geoeconomics, if one fails to explain what methodology one is using. Another reason for justifying and explaining the methodology is because I am not adopting

a mainstream neopositivist approach.[248] Contrary to the expectation of neopositivists, I am not deriving geoeconomics from an external reality. Instead, I start with the reconceptualization in order to develop geoeconomics, to then apply the concept to a case study. Neopositivists use case studies to infer the existence of geoeconomics.[249] However, due to my analyticist stance, such an approach does not make much sense: the concept of geoeconomics is not caused by or grounded in reality, but rather used to make sense of it.[250]

I use neoliberal and neorealist geoeconomics as two frameworks to make sense of a particular case. I agree with Baldwin (1985), who explains that "case studies of particular instances can enhance our understanding […], but only if we have some general framework in terms of which to judge the significance of a given case. The facts never speak for themselves." (p. 25). Davis (2005) argues similarly, in a Waltzian spirit, that "data and facts are not found in the mind-external world, but rather in and via theories of the world" (pp. 48, 49). After all, reality only emerges through careful selection and organization of infinitely available material (Waltz, 1979, p. 5). Thus, the development of some general framework always precedes the case study. Only after having developed geoeconomics theoretically, can one venture out to investigate the merits of one's approach.

Methodologically speaking, IR—like economics—is an argumentative science, meaning that "you cannot really prove things, you have to argue and justify" (Syll, 2013, p. 214). Hence, abduction (i.e., the "inference to the best explanation" (Syll, 2013, p. 214)) should be one's preferred method of

[248] Many scholars tacitly adopt a neopositivist methodology, thinking that there is such a thing as geoeconomics out there in the wild. The only struggle lies in matching one's own concept as closely as possible to the real-life version of geoeconomics.

[249] In most cases, geoeconomics is directly derived from an external reality. Positivists like to wonder how the rise of geoeconomics is caused or related to real-world events. Since the end of the Cold War, geoeconomics has been linked to all kinds of phenomena. Neopositivists often point towards international trends to argue that geoeconomics is once again on the rise, or that certain events point towards the existence of geoeconomics.

[250] Geoeconomics is not the result of foreign policy or international developments, but rather a way of making them visible and giving them meaning (analytical concept) or designing them in the first place (ideational concept).

inference.[251] Syll (2013) explains schematically that if "e is a collection of evidence" and "H would, if true, explain e" and "No other hypothesis can *explain* e as well as H does" then "H is (probably) true" (p. 214). In our case, e would mean the case study on Germany's FP towards Russia, and H would be the two rivaling conceptions of geoeconomics. To make an argument in neoliberal geoeconomics favor, I would need to show that neoliberal geoeconomics can explain Germany's relation with Russia better than neorealist geoeconomics.

13.4 Case selection

The justification of the case selection is an important step for two reasons. First, for my case study I am only using one case, which, has already been employed many times before. Second, if I want to gauge the significance of my newly formed theoretical concept in the wider scientific context, it is important to justify the case selection procedure before doing the actual case study.

There are many scholars who advocate for applying geoeconomics to new cases. For geoeconomics to become a successful theoretical framework, Kim (2020), for example, argues that it "needs to be redefined and account for a phenomenon that is not already covered in extant IR scholarship" (p. 321). While the previous part of this thesis redefined geoeconomics, this part aims to account for currently unaccounted phenomena. To do so, the easiest way would be to find a new case study, and to apply the redefined geoeconomics to newly selected empirical evidence for the first time. I am sure that one would be able to easily observe or account for some new phenomenon. However, as promising as such an approach sounds, the new findings would hold little analytical value, methodologically speaking.

Instead, one should focus on a case or empirical example that is already accounted for. The best choice would be a case that is already used to showcase the analytical utility of already existing approaches. One can only come to a judgment on a concept's analytical prowess by comparing one's new approach to

[251] I agree with Syll (2013), who argues that "the scientific method should preferably be both *ampliative*–increasing our knowledge–and increase our *epistemic warrant* in the results it gives us. The best balance between these goals is provided by abduction" (p. 214).

already existing approaches. If everybody were to go out and account for ever more unaccounted phenomena, we would end up with an endless list, as endless as empirical reality itself. Hence, this case study focuses on a case that is already well accounted for by neorealist geoeconomics.

Rather than developing new case studies, I examine a case that is often cited to support the conventional wisdom (i.e., neorealist geoeconomics). The case is selected based on its ex-ante "likeliness" that it would be congruent with either one of the two theories. In accordance with Bayesian logic, I am looking for a crucial case, one of the "'most-likely cases' with respect to a dominant or established theory in scientific discourse" (Blatter & Haverland, 2012, p. 176). Therefore, I do not pick a case study that would be easily explainable by neoliberal geoeconomics, and hard to explain for neorealist geoeconomics. Such a case would have little significance in showing the benefits of my new approach.

The explanatory power of the theoretical concepts is judged in accordance with their ex-ante "likeliness" to be able to explain the case study. The present case has to be a most-likely case with regards to the established neorealist understandings of geoeconomics. However, it also has to be a least-likely case with respect to the new neoliberal interpretation of geoeconomics. Thus any corresponding evidence found in the case study serves as strong leverage, due to the case being a least-likely one. Neoliberal geoeconomics, developed as part of this dissertation, is a new theoretical concept that needs to prove its utility for the first time. Introducing a new theory is already a risky endeavor. Moreover, the selected case is often used as an example case for the opposing theoretical concept. This provides leverage for neoliberal geoeconomics in the theoretical discourse. The selected case must be very likely to be congruent with neorealist geoeconomics, since I am trying to make an argument in favor of neoliberal geoeconomics, and against neorealist geoeconomics. As such, I am looking for a crucial and most-likely neorealist case. Such a case can be found in the realms of the classic cases of neorealist geoeconomics' scholarship.

Discussions on geoeconomics in IR are still in their early stages of development. Yet, Germany has already been identified by several scholars as the

"role model for the successful use of geo-economic power" (Mair, 2016) and "the purest example of a geo-economic power in the world today" (Kundnani, 2011a, p. 42; 2015b, p. 105; 2019, p. 66),[252] due to geoeconomics having "become Germany's leading foreign policy rationale" (Kausch, 2011, p. 50). In today's "era of commercial realism", Szabo (2014a) identifies Germany as "the kind of prototypical geo-economic power that challenges the old type of military-based power" (p. 117). Germany is said to have "forged ahead as one of the most successful contemporary geo-economic states" (Szabo, 2015a, p. 9), being "the paradigm of a geo-economic power" (Szabo, 2015b). Germann (2018) finds that a "realist-inspired depiction of Germany as a 'geo-economic power'" (p. 590) captures its recent FP suitably, while also noticing that the "realist-inspired interpretation of Germany as a 'geo-economic power'" has become a "influential account" (p. 591). Mair (2018) observes that next to China and the USA, Germany is one of the countries most often mentioned when talking about geoeconomics. Blackwill and Harris (2016b) even go so far as to call Germany "the most powerful present-day example" (p. 82) of geoeconomics. These assessments predestine Germany and its FP to be used as a case study for an alternative interpretation to neorealist geoeconomics.

While the scholarship on Germany's geoeconomic FP has been increasing in the recent years, this is not a new trend. In fact, Germany has been long used as an example for a geoeconomic state. Already in 1995, Jean and Savona wrote that Germany can be considered a geoeconomic state, "il cui principale strumento di potenza e di azione sulla scena interazionale è rappresentato dall'economia, anziché dalla forza militare" [whose main tool of power and action on the international scene is represented by the economy, rather than by military force] (Jean & Savona, 1995, p. 186). In 2011, Kundnani argued similarly that "Germany seems to be emerging as a particularly pure example of a new form of power in international relations: a geo-economic power" (p. 32). In positivist spirit, some of these assessments even extend into the future, referencing current

[252] In an interview, Kundnani reiterates that Germany is a special country, as Germany does not act as a geopolitical power, but as a geoeconomic one (Becker, 2016).

trends. Szabo (2015a), for example, argues that in the future Germany, "the geo-economic aspect of its foreign policy will likely increase" (p. 9). Meanwhile, de Wijk (2013) opines that "Germany is best placed to play a role in geo-economics" (p. 410). The past, present, and future FP of Germany is said to be geoeconomic.

Apart from its significance, there are also more general features that make Germany an appropriate case for a geoeconomic case study. The country's position as a model is due to its extensive use of economic means and very limited use of military ones, among other reasons. When choosing an adequate case to make use of geoeconomics, the means of the country studied should be primarily of an economic nature. For Szabo (2017) "geo-economic powers differ from geopolitical ones in that rather than relying of military power the latter rely on economic factors of power" (2017, p. 42). Geoeconomic states are supposed "to have relatively weak militaries and downgrade the use of force in international relations" (Szabo, 2017, p. 42). The reasons for using those means are ancillary, as long as they are economic, and the country is also powerful enough to potentially also use military means. Germany is the only great power, together with Japan,[253] that does not feature an extensive use of military means for geostrategic purposes. Germany has the ability, as well as opportunity, to easily increase and exercise its military power, but does not do so (Kundnani, 2015c). As Luttwak (1993b, p. 35) argues, traditional war between geoeconomic states must become almost unthinkable.[254]

Germany makes for a good case study also because of its high levels of economic and social development. It has been argued that geoeconomics is "the product of the progress of civilization, a characteristic of the most advanced stages

[253] Germany is located in Western Europe, surrounded by military and political allies. In contrast, Japan is located in East Asia, bordering countries such as Russia, China and North Korea. With such "difficult" neighbors, Japan is currently undergoing a process of constitutional "reinterpretations" regarding Article 9. This is one of the reasons why the case study focuses on Germany's foreign policy and not on Japan's.

[254] Geoeconomic countries, so Luttwak (1993a) argues, "are all materially capable of waging war effectively, but their social atmosphere has become allergic to war" (p. 65). While geoeconomic states are "convinced that they cannot usefully fight one another with fire and arms, virtually for any reason", they "states are still organized for warlike rivalry, and so they seem set to pursue its same purposes by geo-economic means" (Luttwak, 1993a, p. 65).

of its evolution" (Aligica, 2002). As such, geoeconomics is "a 'center' phenomenon, precisely delimited by the space within which the advanced countries interact" (Aligica, 2002). To be suitable for the case study, the country should be an advanced country interacting with other advanced countries.

Germany is identified as the agent country, whose geoeconomic foreign policy practice is to be examined in the case study. Yet, one also needs a patient country, towards which the geoeconomic foreign policy is directed. The case of Germany and its foreign policy, especially towards Russia, has become a "classic case". It is often used to showcase the usefulness of neorealist geoeconomic approaches. Szabo (2015a) goes as far as to call Germany's relationship with Russia "close to an ideal type geo-economic relationship" (p. 138). In a similar vein, Varga (2019) explains that the European Union's response towards challenges from Russia "resembles the behavior of its strongest member the most, Germany", with Germany being seen as "the most credible embodiment of a geo-economic power" (p. 80). Bulmer and Paterson (2019) highlight that "the argument that Germany is now a geoeconomic power and that commercial interests drive its foreign policy has been centred on German-Russian relations", with the Ukraine crisis being the argument's "a test-bed" (pp. 227-228). Once again, the state in question is selected based on the ex-ante "likeliness" that the chosen case would be congruent with neorealist geoeconomics.

Apart from that, the patient state or NSAs in question must also feature close economic and political relations with Germany. Geographically, Russia is a close neighbor of Germany, and has strong economic ties, but strained political relations with it. Therefore, Russia represents a least-likely case that features a low ex-ante likeliness to be congruent with neoliberal geoeconomics. Rather, it is a most-likely case for neorealist geoeconomics approaches, featuring a high ex-ante likeliness. This is a good starting point to develop some leverage for neoliberal geoeconomics in the theoretical discourse, when neoliberal geoeconomics proves more useful in explaining the case study.

The case study gains its complexity from the depth of analysis applied to the relationship of Germany with Russia, and the relevant time period

(approximately 30 years) analyzed. The case study focuses on the reunited Germany and the end of the Cold War, because only then has Germany regained its "full" sovereignty. Before that, it used to be a semi-sovereign state, prevented from fully pursing its national interests (Kundnani, 2015b, p. 24).

Since the end of the Cold War, scholars have tried to apply an array of different concepts to explain the German FP—with varying success.[255] The results have often turned out to be unsatisfactory, for one reason or another, and a new concept was quickly introduced. What all approaches had in common though, is that economic aspects were always at the center of the foreign policy interpretation in some way or another (Ulatowski, 2014, p. 136). As such, geoeconomics is one of many concepts attempting to explain the rationale of German FP. Until now, its findings have shown to be promising and geoeconomics is believed to be able to make an important contribution to account for the paradoxes contained in Germany's foreign policy (Ulatowski, 2014, p. 133).

If neoliberal geoeconomics were to successfully narrate one of the most important cases for neorealist geoeconomics, the contribution would not only be theoretical but also empirical. From an empirical point of view, Germany is an fascinating case, as its FP is often described as paradoxical (see, e.g., Kundnani (2015b, pp. 6, 103), Bulmer and Paterson (2019, p. 223)). Crawford and Olsen (2017) explain that Germany's FP "is both an empirical and theoretical puzzle", as "Germany's foreign policy approach differs significantly from traditional approaches to power in international relations" (pp. 591-592). Current theories and theoretical concepts have problems accounting for the peculiarities of the German FP. Kundnani (2011a), for example, comes to the conclusion that "it is much harder to describe the kind of foreign-policy actor that Germany has become" (p. 37), suggesting that "it may be helpful to understand Germany as a

[255] Ulatowski (2014) made a list of those concepts including "Zivilmacht", "Handelsstaat", "Zentralmacht Europas", "Normalität", "Machtpolitik", "Kontinuität", "Interessenpolitik", "Kultur der Zurückhaltung", "Zivilmacht ohne Zivilcourage", "Führungsmacht", "Gestaltungsmacht", "reluctant hegemon" (Ulatowski, 2014, pp. 135-136), and many more.

geo-economic power instead of (or perhaps as well as) a civilian power" (p. 41).[256] While disagreeing on the usefulness of geoeconomics, Fix (2018) comes to a similar conclusion that the "traditional conceptualisations of German foreign policy – from civilian to hegemonic and geo-economic power" (p. 1) have had their difficulties in sufficiently explaining Germany's FP.

13.5 Concluding remarks

To summarize, I am only using one case for my case study to draw generalizable conclusions on the explanatory power of neoliberal geoeconomics. I consciously decided not to develop a new case but to take a case that is often used to showcase the analytical utility of neorealist geoeconomics: Germany's FP towards Russia. If neoliberal geoeconomics were to succeed in this significant case, it would make a compelling argument in favor of its analytical utility. Neoliberal and neorealist geoeconomics are used as frameworks to make sense of this particular case. The explanatory usefulness of the two case-specific narratives or explanatory models is then compared. The aim of the case study is to find which theoretical concept is able to explain more of the already identified features of the German foreign policy towards Russia. The explanations can then be compared to see which one tells a more compelling story. The more convincing the ideal-type narrative, the more useful the theory. The more useful the theory, the greater its worth. Thus,

[256] Germany, like Japan, is a civilian power, or what Maull (1990) calls a *Zivilmacht*, that remerged after being defeated in the World War II. This new type of power is characterized by its cooperation with others in pursuit of international objectives, the concentration on non-military, economic means to achieve national objectives, and the willingness to develop supranational structures to address critical issues of international management (Maull, 1990, pp. 92-93). At the same time, Germany does not shy away from using its economic power against smaller and weaker states, in order to make them act according to German interests. This contrast between economic assertiveness and military abstinence is rather unusual and unique to Germany (Kundnani, 2015c). Civilian powers strive towards a new era in international relations in which the inherent security dilemmas of classic realism are shifted from the geographic-political to the economic-political realm. This is the result of civilising or domestication processes, whereby international law and norms replace the use of force (Szabo, 2017, p. 39). Among others, Kundnani (2011a) comes to the conclusion that while "the concept of civilian power is still valid as a normative concept […], it no longer adequately describes Germany as a foreign-policy actor" (p. 37). Interestingly, Kundnani (2011a, p. 32) points out that the term "civilian power" is used in a descriptive and prescriptive manner. While this differentiation is important to highlight, in geoeconomics it is often neglected.

the case study investigates whether neoliberal geoeconomics can explain Germany's relation with Russia better than neorealist geoeconomics.

Chapter 14: Neorealist geoeconomics: German-Russian case study

14.1 Neorealist explanation of Germany's relation with Russia

This chapter provides a general overview of an emergent set of discourses and of the current application of neorealist approaches to Germany's FP. Germany has become one of the strongest cases used to showcase the analytical utility of neorealist geoeconomics. This is because Germany's FP is understood to be to a high degree congruent with the implications and propositions of neorealist geoeconomics. Examples for the application of neorealist geoeconomics include, among others, Gens (2019), Kausch (2011), Kundnani (2011a, 2015a, 2015b, 2019), Maull (2018), O'Loughlin and Luc (1996), Olsen (2020), Sattich (2016, 2018), Szabo (2015a), (2017), Wigell (2016), and de Wijk (2013). I will not discuss or analyze individual texts in detail, but rather provide a general overview of their usage and analytical patterns. While the concrete example used is the German FP, similar usage patterns can be found in nearly all cases of neorealist geoeconomics' application.

Before attempting to make sense of Germany's FP with the help of neoliberal geoeconomics, I first examine the ways in which Germany's FP is understood and characterized by neorealist geoeconomics. I identified eight characteristics of the German FP that scholars use to argue that neorealist geoeconomics is in fact applicable to Germany. These characteristics are (1) the usage of economic means to pursue foreign policy ends, (2) the economic nature of its FP ends, (3) the economic motivation for using economic means, (4) the imposing way of pursuing its ends, (5) the zero-sum framework of operation, (6) the operation in a divided space, (7) the relation to non-state actors, and (8) the shift away from multilateralism.

14.1.1 Use of economic means

Germany is classified as geoeconomic as it is primarily using economic means to pursue its foreign policy ends (see, e.g., Szabo (2014a, p. 119)). Germany features

a relatively "weak" and "unimpressive" military, having downgraded the use of force as an instrument of statecraft in international relations (Szabo, 2017, pp. 42, 50). Szabo (2015a), for example, argues that "the use of economic power to impose national preferences on others" (p. 9) characterizes the German geoeconomic model of foreign policy. Germany's international engagement is understood to be special as it primarily happens with the help of "wirtschaftspolitischen Mitteln" [economic-political means] (Becker, 2016). According to Kundnani (2015b), Germany uses "economic rather than military means to" pursue "economic objectives and, above all, the promotion of exports" (p. 87). German power is described as "a strange mixture of economic assertiveness and military abstinence" (Kundnani, 2015b, p. 103).

Mair (2018) argues that due to self-imposed restrictions, economic power is the only form of hard power available to the German government. Many neorealists classify economic power as a form of hard power, since it can be used assertively to coerce other states. Kundnani (2015b), for example, argues that inside the EU, "Germany was prepared to use economic power—another form of hard power—assertively as a way to coerce other states in Europe" (p. 102). Yet, in 2019, scholars still ponder the questions of "how much power Germany's increased economic strength confers on it and whether the culture of reticence has been superseded, leaving a Germany prepared to use its new power resources" (Bulmer & Paterson, 2019, p. 215). While scholars agree that Germany has acquired new and powerful economic means, their strength and Germany's willingness to use these means are still being debated.

If "military"[257] means are used, their primary purpose is to "to protect German access to raw materials and to keep secure sea lines of communications and other key trading routes" (Szabo, 2015a, p. 10), instead of protecting the territorial sovereignty from invaders. Germany tries to avoid the use of military means, as it "threatens trading relationships not only in terms of export markets but also in terms of access to raw materials, and is very dysfunctional for a geo-

[257] See the chapter on nature of means to understand the ambiguous meaning of the attribute "military".

economic power" (Szabo, 2015a, p. 86). Even during the Ukraine crisis, Germany advocated for economic sanctions, while at the same time blocking all steps that would have built up military pressure to deter Russia (Becker, 2016).

14.1.2 Pursuit of economic ends

Another reason for Germany being classified as geoeconomic are its "definition of national interest in economic terms" (Szabo, 2015a, p. 9). Kundnani argues that Germany "primarily pursues economic objectives" (2019, p. 67). According to Szabo (2015a), Germany pursues "an economic form of realism known as geo-economics or commercial Realpolitik, similar to that of political realism, which puts the national economic interest as the ultimate value in a state's foreign policy" (p. 8). When they explain how geoeconomics comes about, neorealists do not shy away from applying the law of the instrument and from admitting that the means shape the ends. According to Szabo (2014b), the American strategic culture is shaped by its military capabilities. Similarly, Germany's strategic culture is shaped by "Germany's downgrading of military force as an instrument of statecraft" (Szabo, 2014b).

With Germany becoming increasingly dependent on exports since the early 2000s, its "objectives seemed to narrow from the civilisation of international relations to the pursuit of its own prosperity" (Kundnani, 2015b, p. 85). Prosperity is mainly defined as supporting its domestic economy, and does not mean prosperity for the individual citizen. Szabo (2015a, p. 87) makes it clear that Germany is not returning to its pacifist roots. Instead, it pursues a "grand strategy of a geo-economic power" (Szabo, 2015a, p. 87). In neorealist fashion, "power" is still the end. However, contrary to classical neorealist definitions, power is "being defined by prosperity and success in the growing competition of global economic market place", and "hard security is not a priority" (Szabo, 2015a, p. 87). Through the lens of neorealist geoeconomics, the overall wealth of the German people is not the objective of Germany's FP. Instead, Germany "is devoted to production and exports at the expense of German consumers" (Diesen, 2018, p. 141).

Germany's FP towards countries like China and Russia has economic interests as its primary goal: "securing energy imports, increasing German exports, and safeguarding German investments" (Mair, 2018). In the context of the Germany's relation with Russia, this means that Germany gives priority to the economic relationship with Russia, at the expense of values and other interests (see, e.g., the debates on "values versus interests or gas versus silence" (Szabo, 2015a, p. 137)). Even beyond Russia, Szabo (2015a) predicts that "Germany will be driven by its economic interests and these will determine its definition of national interest" (p. 139).

The definition of a state's FP ends in economic terms is often met with moralizing arguments from the side of neorealists. If a country pursues economic interests, it is often at the expense of other noneconomic interests. Neorealists like to paint economic interests as contrary to and incompatible with human rights: "Economic interests are given priority over others, such as the promotion of human rights and democracy" "(Szabo, 2014a, p. 119). They explicitly state that Germany's geoeconomic FP is "in tension with the civilian power emphasis on human rights, multilateralism, and 'Moralpolitik'" (Szabo, 2015a, p. 9). Part of Szabo's (2015a) list of the features of the German geoeconomic model is "the elevation of economic interests over human rights, democracy promotion, and other noneconomic interests" (p. 9).

14.1.3 Economic motivation for using economic means

In the neorealist geoeconomic narrative, and contrary to the standard neorealist approaches, the motivation for using economic means suddenly starts to matter. According to neorealist geoeconomics, Germany's usage of economic means is motivated by economics.[258] The latter includes two factors, Germany's geography

[258] Germany's political culture is another motivation mentioned for pursuing a geoeconomic strategy. Unlike in other neorealists analyses, Szabo (2015a) highlights that the "German political culture meshes nicely with its interests as a geo-economic power", since according to a poll, "a full 89 percent agreed that economic power is more important in world affairs than military power" (p. 86). Geoeconomics is said to happen at the expense of noneconomic values, such as "human rights, democracy, and related considerations", reinforcing Germany's "risk aversion, already a deeply embedded trait in the German political culture" (Szabo, 2015a, p. 10). The reinforced risk aversion produces a "*Nein Nation*, a Germany that increasingly says

(i.e., access to natural resources and not its spatial location in relation to other states) and its economic relations to other countries. Regarding its geography, Germany lacks "many of the key raw materials needed to fuel its manufacturing machine" (Szabo, 2015a, p. 8). This makes Germany "extremely vulnerable to disruptions in its supply chains and export markets" (Szabo, 2015a, p. 89). Thus, "it is imperative that Germany has predictable and stable access to these raw materials, especially minerals and energy" (Szabo, 2015a, p. 8). Szabo (2015a) predicts that Germany's security policy "will be defined more by German dependence on exports and raw materials" (p. 139). Regarding its economic relations, Germany's economy relies heavily on exports (Szabo, 2015a, p. 4). With Germany being dependent on foreign sales (Szabo, 2015a, p. 5), it is "imperative that it maintains its reputation as a reliable supplier, especially in the age of just-in-time production in a global chain of production" (Szabo, 2015a, p. 8). Kundnani (2015b) observes that "German foreign policy seemed to become more realist", as Germany "became increasingly dependent on demand from beyond Europe" (p. 79).

In the eyes of neorealists, the geographic and economic constraints create a tension between "Germany the Civilian Power and Germany Inc. the export-driven economy" (Szabo, 2015a, p. 8).[259] According to Szabo (2017), Germany

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no to policies which might endanger these economic interests" (Szabo, 2014b). On top of that, Germany's political and strategic culture is understood as historically grown. Past diplomatic experiences have led to Germany adopting geoeconomic policies: The German strategy of "engagement, negotiation, and conciliation, […] grew out of *Ostpolitik* and is reinforced by the risk averse nature of a geo-economic power" (Szabo, 2014b).

[259] The way in which Germany is still torn in between these two narratives, could be nicely observed in the aftermath of a statement by the then German President Horst Köhler. In a radio interview, he said:

> Meine Einschätzung ist aber, dass insgesamt wir auf dem Wege sind, doch auch in der Breite der Gesellschaft zu verstehen, dass ein Land unserer Größe mit dieser Außenhandelsorientierung und damit auch Außenhandelsabhängigkeit auch wissen muss, dass im Zweifel, im Notfall auch militärischer Einsatz notwendig ist, um unsere Interessen zu wahren, zum Beispiel freie Handelswege, zum Beispiel ganze regionale Instabilitäten zu verhindern, die mit Sicherheit dann auch auf unsere Chancen zurückschlagen negativ, bei uns durch Handel Arbeitsplätze und Einkommen zu sichern. Alles das soll diskutiert werden, und ich glaube, wir sind auf einem nicht so schlechten Weg.
>
> [But my assessment is that, overall, we are on the way across society, to understand, that a country of our size with such a foreign trade orientation and thus also foreign trade

"tends to define its interests primarily in economic terms and applies and economic logic to its foreign policies", while it "gives priority to economic over non-economic interests and values" (p. 42). As part of Germany's geoeconomic policies, "Moralpolitik or the concept of Germany as a normative power" (Szabo, 2015a, p. 10) and "other considerations such as the political record of its partners, including the state of democracy, human rights, and labor rights in economic partner countries" (Szabo, 2015a, p. 8), are subordinated to "stability, predictability, and reliability of Germany's reputation as a stable economic partner" (Szabo, 2015a, p. 10). This means that when China "exercises pressure on German business to avoid meetings with Dalai Lama, political actors will comply" (Szabo, 2015a, p. 8). Such an argument only makes sense from a neorealist perspective, as for neorealists, pursuing economic interests and furthering other noneconomic interests in the process (e.g., change through rapprochement, democratization and liberalization through economic development, etc.) are mutually exclusive.[260]

The idea that a geoeconomic Germany sacrifices its moral standard for money is not new. In 1995, Julien wrote in the German edition of the left-leaning newspaper *Le Monde diplomatique* that "Demokratie und Menschenrechte haben in der 'Geoökonomie' keinen Platz" [Democracy and human rights have no place in 'geoeconomics']. Yet, what is new is that these traditional left-wing arguments about democracy and human rights falling victim to economic interest, originally targeted at the US FP, are now picked up by scholars writing about Germany's neorealist geoeconomics. It is especially surprising in a wider historic context, in which Germany's *Ostpolitik* and version of détente has been described as "even

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> dependence, must also know that, in case of doubt, in case of emergency, military deployment is also necessary to protect our interests, for example, to secure free trade routes, for example, to prevent entire regional instabilities, which would then certainly have a negative impact on our opportunities to secure jobs and income through trade. All this has to be discussed, and I believe we are not on such a bad track.] (Köhler & Ricke, 2013)

This ultimately led to this resignation.

[260] Yet, at the same time, Szabo (2015a) has to admit that "German companies have pushed with some success for improvements in the rule of law regarding contract enforcement and other business-related areas" (p. 138).

more realist than the US version", since it favored stability and peace over transformation (Kundnani, 2015b, p. 34).

The shift from a civilian to a geoeconomic power also meant that Germany's motivation for not using military means shifted as well. As a civilian power, Germany rejected the use of military means for moral reasons (e.g., peace is good).[261] As a geoeconomic power, "avoiding taking part in military' interventions also enabled Germany to avoid disputes over values or even security' issues that might get in the way of doing business" (Kundnani, 2015b, p. 84). Germany's geoeconomics is driven by noninterventionism and not pacifism (Szabo, 2015a, p. 88). The alleged change in motivation meant that Germany exchanged its love of peace for a love of business.

In the context of current German-Russian relations, Germany is said to favor a "geo-economic approach over a value-oriented one" (Szabo, 2015a, p. 61). With German businesses being the main driver in Germany's FP towards Russia, "concerns about the state of democracy and human rights" (Szabo, 2015a, p. 133) will be neglected in favor of economic interests. This means that "the arguments about *Wandel durch Handel* and the need to continue to engage Russia continue to prevail", as "these arguments tend to support the overriding German economic stake in Russia" (Szabo, 2015a, p. 138). Szabo (2015a) even predicts, that beyond Russia, "Germany will be less likely to follow Moralpolitik and more likely to pursue commercial realism" (p. 139).

Even in neorealist geoeconomics, morals and norms play an important role in the analysis according to which Germany is becoming more and more geoeconomic. When Kundnani (2011b, p. 61) argues that Germany, the former "Zivilmacht", is turning into a geoeconomic power, he deliberately contrasts this concept with the idea of a civilian power (and its civilizing mission). Germany, understood as a geoeconomic power, is seen to act immoral, as it disregards

[261] Civilian powers avoid the use of military means and encourage the development of the international rule of law. As part of the international rules-based system, military means can exceptionally be used, when they are international legitimatized and collectively employed (Kundnani, 2015b, p. 85). In with this concept, Germany's use of military means is "largely limited to missions of peace-keeping, crisis management, and humanitarian aid restricted within the NATO alliance and UN peacekeeping operations" (Crawford & Olsen, 2017, p. 592).

Moralpolitik. Szabo (2015a) even goes so far as to compare the military conquering of Greece during WWII with Germany's current geoeconomic policies. While there are qualitative and moral differences, Szabo still argues that "their effects are comparable" (2014a, p. 123) and that "the impact on influence is not different", since the "economic power […] is just as hard a power as military power" (2015a, p. 140).[262]

14.1.4 Imposing way of pursuing ends

Germany has been classified as geoeconomic by the way in which it pursues its ends. Scholars in the neorealist geoeconomics tradition argue that Germany imposes its interests on others against their will. Geoeconomics is used to describe how Germany "has become more assertive in its use of economic power" (Kundnani, 2015b, p. 103), coercing other states through "tough conditionality" (Kundnani, 2015b, p. 104). Kundnani (2011a) explains that "geo-economics now seems particularly helpful as a way of describing the foreign policy of Germany", since it "has become more willing to impose its economic preferences on others" (Kundnani, 2011a, p. 41). As a result, "Germany is increasingly using its economic power within Europe to impose its preferences on other member states" (Kundnani, 2015b, p. 103). While Germany used to be more restrained in the past (see, e.g., the idea of a German "Kultur der Zurückhaltung"), this restraint is now easing: Germany is seen as more assertive, politically as well as economically (Becker, 2016).

Germany's pursuit of economic objectives is seen as "reminiscent of the mercantilism of nineteenth century great powers, albeit without the use of military force" (Kundnani, 2015b, p. 87). Diesen (2018) also sees Germany—contrary to other EU members and similar to China—pursuing "a neomercantilist export-based approach" inside the EU (p. 141). Kundnani (2019) argues that Germany uses its economic tools to achieve its strategic objectives within the EU, comparable to the United States' policies towards developing countries of the

[262] Setting aside the moral impact of the use of military means on the ends produced, in chapter 8 I explain that economic and military means do differ fundamentally in how they project influence.

1980s (pp. 62, 70). Diesen (2018) even goes with his analysis a step further. He argues that "Germany's systemic incentives for establishing primacy in Europe have endured", however, traditional military geopolitics is replaced with geoeconomics (Diesen, 2018, p. 139). Geoeconomics has become the new way for Germany to establishing its primacy in Europe. Hence, the way in which Germany uses its economic means matters too. When Germany focuses "almost exclusively on the pursuit of economic objectives", it is sometimes classified as a "soft" geoeconomic power (Kundnani, 2015b, pp. 103-104). When Germany uses its economic means "in a way that seems more Clausewitzian than Kantian", Kundnani (2015b, p. 104) classifies it as a "hard" geoeconomic power.

Neorealists think that their model of geoeconomics has so far been very congruent with Germany's FP. Szabo (2015a) even argues that the German approach to Russia "is close to an ideal type geo-economic relationship" (p. 138). However, Szabo (2015a) also admits that the way in which Germany pursues its ends towards Russia is an exception in the otherwise ideal typical relationship, as until very recently, Germany "had not used its economic power to impose its preferences on Russia" (p. 138). In the context of the German-Russian relationship, "neither German business nor the German government has used its large economic clout to push Russia to do what it says it wants it to do until the summer of 2014" (Szabo, 2015a, p. 138). While Germany might assert itself more inside the EU, towards Russia it has not made much use of economic instruments such as "tariffs, quotas, and rules that control access to markets, sanctions, the use of checkbook diplomacy and other means to make the other partner more dependent on you than you are upon them" (Szabo, 2015a, p. 138). Even after the 2014 crisis, economic assertiveness against Russia was primarily exercised indirectly, via EU institutions, with Germany "hiding behind the EU and other national actors" when it "allowed the EU Commission to take more coercive actions against Gazprom" (Szabo, 2015a, p. 138).

14.1.5 Zero-sum framework of operation

Another reason for Germany being understood as geoeconomic is the framework (i.e., outlook on the world) in which it allegedly operates. According to Kundnani

(2011a), Germany imposes its preferences on others "in the context of a discourse of zero—sum competition" (p. 41), "rather than to promote greater cooperation in a perceived win—win situation" (p. 37). In accordance with the neorealist geoeconomics narrative, Germany "is engaged in zero-sum competition with its European partners" (Germann, 2018, p. 591). Germany uses its economic means "to coerce other states through tough conditionality", as inside the euro zone, "a zero-sum competition between the 'core' and the 'periphery' seems to have replaced what seemed to be a win-win situation" (Kundnani, 2015b, p. 104).

The idea that Germany operates inside the EU in a zero-sum framework, is also voiced by other authors. Diesen (2018) argues that Germany pursues "state-led neomercantilist practices", featuring a "'beggar-thy-neighbour' strategy" (p. 141). In line with this logic, Germany strengthens its own economy at the expense of other EU member states. Germany's domestic fiscal policy is put into an international context. Fiscal policy is understood as being part of the FP and as an instrument for achieving a state's FP goals. This means that Germany's domestic policies and internal decisions of fiscal restraint and limiting its sovereign debt are interpreted as a form of neomercantilism. Germany's fiscal and monetary policies are blamed for creating "disharmony within the EU" (Diesen, 2018, p. 141). While Germany is said to weaken the internal cohesion of the EU, Diesen (2018) still comes to the conclusion that "German geoeconomics is a decisive advantage for the EU's collective global competitiveness" (p. 141). According to this logic, the EU's internal fractures go hand in hand with its external strengthening.

14.1.6 Operation in a divided space

The neorealist nature of the geoeconomic analysis is also present in the way Germany is understood to operate in space. Space is divided into outward and inward regions: regions that belong to the "central arena" of which Germany is part of, and regions that lie beyond. As an example, for Kundnani (2013b), geoeconomics is a particularly useful concept to describe Germany's opposition to "the use of military force even beyond Europe even as it seems to become more assertive within in". Another example is how the so-called space "EU" is divided

into a "core" and a "periphery", which are competing with each other in a zero-sum game (Kundnani, 2015b, p. 104).

Outside of Europe, Germany rejects the use of military force, as it has few ambitions to "project power beyond Europe, where it seeks above all to sell more cars and machines" (Kundnani, 2015b, p. 103). The space beyond Europe is seen "as nothing but an export market" (Kundnani, 2013a). Kundnani (2015b) argues that beyond Europe, Germany "tended to reject not just the use of military force, but even the use of economic power as a means of achieving strategic objectives, and seemed to think it could depend on soft power alone" (p. 102). Outside the EU, Germany focuses "almost exclusively on the pursuit of economic objectives" (Kundnani, 2015b, pp. 103-104). Yet, Kundnani (2019, p. 66) also points out that some observers believe that outside the EU, Germany has rediscovered geopolitics, returning to the "primacy of politics" as opposed to economics.

Within the EU, Germany uses its economic power to achieve political ends. Germany seems more willing to "use economic power – also a form of hard power – as a way to coerce other states […] *within* Europe than it is *beyond* Europe" (Kundnani, 2013a). Thus, Germany is understood as a "geo-economic power *beyond* Europe in the sense that it seems to focus almost exclusively on the pursuit of economic *objectives*", while it is seen as "a geo-economic power *within* Europe in the sense that it uses economic *means* in a way that seems more Clausewitzian than Kantian" (Kundnani, 2013a).

14.1.7 Relation to non-state actors

Another reason for Germany being classified as geoeconomic is its relation to NSAs in FP matters. Szabo (2015a) argues that the German geoeconomic model is characterized by the "predominant role of business and especially export-oriented business in the shaping of German foreign policy" (p. 9). According to neorealist geoeconomics, German businesses set the country's foreign policy agenda. Generally speaking, "it is the German private sector that is pushing German foreign policy in many areas", with business leading and politics following behind (Szabo, 2015a, p. 6). With the increase of the exporters'

contribution to the German GDP, they "seem to have exerted greater influence on German foreign policy" (Kundnani, 2015b, p. 104).

However, the relationship is not as linear as one is made to think. Kundnani (2015b) argues that it is in fact reciprocal, as "German politicians are extremely dependent on exporters" (p. 104). In return for favorable policies, German businesses promise economic growth and stable employment levels. German companies are especially reliant on the German state when they try to do business in countries, where the state dominates the economy and businesses: for example, China, Russia, or the Middle East (Kundnani, 2015b, p. 104). This leads to the deepening of the relationship between exporting business and politics. In return, this results in Germany ceding its "overall grand strategy to business interests, especially those associated with the export market and natural resources", while reducing "the role of political and administrative leaders" (Szabo, 2015a, pp. 9-10).

In the context of the Germany's relation with Russia, German businesses and its major lobbies are said to drive Germany's Russia policy (Szabo, 2015a, p. 137): the "Russia policy is largely determined by German economic interests and is driven by the private sector" (Szabo, 2015a, p. 59). Observers generally agree that "the relationship and the deep and extensive network of business relationships with Russia far exceeds those of the government" (Szabo, 2015a, p. 137). Szabo (2015a) even goes so far as to argue that "Germany's Russia policy cannot be understood without an understanding of the dynamics of economic relationships and the role of German business" (p. x). A change in Germany's FP towards Russia could only be initiated in the private sector, when "the cost of doing business with Russia becomes too high" (Szabo, 2015a, p. 56). The interest of the German business operating in Russia will continue "trumping concerns about the state of democracy and human rights" (Szabo, 2015a, p. 133).

14.1.8 Shift away from multilateralism

The last and often-cited feature of the German geoeconomic model is the country's alleged "shift from multilateralism to selective multilateralism" (Szabo,

2015a, p. 9).[263] Germany is seen to have moved from reflexive to conditional multilateralism, being less willing to cede sovereignty to supranational institutions (Kundnani, 2011b, p. 62). As a result of Germany's conditional multilateralism, its decisions are taken independently and sometimes in opposition to its Western allies and partners (Kundnani, 2011b, p. 65). Political commentators are increasingly worried that Germany's exports might in fact trump its allegiance to its western allies and the USA in particular (Szabo, 2015a, p. 3). Germany's choice in favor of economic means, and its reluctance to use military means, is also interpreted as its departure from multilateralism, in particular Atlanticism (Kundnani, 2015b, p. 46). According to Kundnani (2011a), the aspiration of a geoeconomic power is "to 'hollow out' the international system" (2011a, p. 42).

Yet, in its relations with Russia, the German stance against multilateralism is not so obvious. The construction of the Nord Stream pipelines is an often-cited example of Germany's uni- or bilateral approach towards Russia. At the same time, Germany took on an important role in the Ukraine crisis, which was to coordinate European sanctions against and negotiation processes with Russia. In fact, "Germany has moved from a more bilateral approach toward Russia to a more multilateral one in the Merkel years", even being "more willing to allow a Europeanization of energy policy as well" (Szabo, 2015a, p. 137). Nevertheless, since Germany is understood as a geoeconomic power, Kundnani (2011b, p. 65) predicts that in the future, Germany will be more reluctant to cede sovereignty to multilateral institutions and participate in them only when it suits the country. Szabo (2015a) similarly predicts, that beyond Russia, "multilateralism will be increasingly replaced by minilateralism, bilateral relations, or shifting networks rather than by alliances" (p. 139).

[263] In another publication, Szabo (2014a) argues that Germany moves "away from *true* [emphasis added] multilateralism and towards a form of selective multilateralism" (p. 119).

14.2 Flaws in the neorealist geoeconomics' explanation

As shown in the previous section, neorealist geoeconomics is used to make sense of Germany's relation with Russia. Germany is understood as a neorealist geoeconomic power for the eight above-mentioned reasons.[264] Proponents of the neorealist conceptualization of geoeconomics argue that the German approach towards Russia "is close to an ideal type geo-economic relationship" (Szabo, 2015a, p. 138). Since the case study is considered ideal-typical by proponents of neorealist geoeconomics, it means that the case study is seen as the best case for showing the usefulness of neorealist geoeconomics. Having outlined the eight neorealist characteristics of Germany's geoeconomic FP, one can confidently ask if they manage to make sense of Germany's FP (*Does neorealist geoeconomics manage to explain and to make sense of Germany's FP?*). On the one hand, I might find that the evidence selected is predominantly congruent with the theory (making it a good fit) and the explanations derived do help to make sense of the case study. On the other hand, I might also discover that the interpretation of the case is flawed (not congruent or not logical), meaning that the explanatory power and usefulness of neorealist geoeconomic as a whole would be called into question.

I can proceed in two ways to check the merit of the neorealist geoeconomics' account. The first option is to check whether the theory of neorealist geoeconomics is in fact congruent with the empirical evidence provided in the case study (*Does the theory fit the empirical evidence?*). In the present case, one would need to ask whether the eight characteristics (provided by neorealist geoeconomics), typical of a geoeconomic country and its FP, can indeed be found in Germanys' FP towards Russia. Since the case study is chosen by different scholars, who also called it ideal-typical,[265] and since the evidence was already

[264] The characteristics of Germany's FP are as follows: the usage of economic means to pursue foreign policy ends, the economic nature of its FP ends, the economic motivation for using economic means, the imposing way of pursuing its ends, the zero-sum framework of operation, the operation in a divided space, the relation to non-state actors, and the shift away from multilateralism.

[265] Varga (2019), for example, writes that "Germany is the most credible embodiment of a geo-economic power" (p. 80).

selected to showcase the merit of the concept, chances are fairly high that the evidence presented fits the theoretical concept rather well.

A second option is to check whether the narrative provided actually makes sense or if it contains some flaws. While the theoretical concept might be congruent with the empirical evidence, the constructed narrative can still contain logical inconsistencies, making the explanation a hard buy. A reason for doubting the usefulness of the applied concept, is the fact that the German FP has been described as paradoxical, even by proponents of the neorealist approach to geoeconomics.[266] Thus, the challenge to consistently explain the German FP has been recognized by the scholarly community.

In this section I argue that the neorealist interpretation of it is flawed. The evidence selected is not fully congruent with the theory, while the explanations derived do not help to make sense of the case study, due to logical inconsistencies. It would be easy for me to just present new or different evidence than the one selected by neorealists and to argue that this evidence is not congruent with the theory. Yet, methodologically speaking, such an approach would not make much sense, as the evidence selected would be derived from a different theory. Instead, I focus on three set of flaws that arise out of the neorealist conceptualization of geoeconomics. The first set is related to Germany's framework of operation, the second to Germany's political and economic interdependence, and the third to the role of non-state actors in German-Russian relations. This means that I try to ignore the logical inconsistencies produced by individual authors.[267]

Whenever I refer to empirical evidence, I only do so in reference to the evidence that has already been introduced. I can therefore correct factually wrong

[266] Kundnani (2015b) talks about the "paradox of German power" (p. 103), explaining that "Germany is once again a paradox" (p. 102). He argues that the German paradox can be better understood with the help of geoeconomics.

[267] An example of an author-specific logical inconsistency can be seen in the following argument: "Germany is the most credible embodiment of a geo-economic power, with a relatively weak and passive strategic culture" (Varga, 2019, p. 80). Neopositivists often define geoeconomics as a FP strategy or framework. Thus, a geoeconomic FP is by definition strategic, it is not created by accident or via the interpretation of scholars. To argue that Germany acts according to a geoeconomic strategy, while also arguing that is has a weak and passive strategic culture is mutually exclusive and does not make much sense.

statements made by neorealists (e.g., German business prevents the German government from enacting economic sanctions against Russia). However, I will not provide new arguments that are unrelated or unknown to neorealist theory[268] (e.g., constructivist arguments about Germany needing to maintain a sense of a reasonably stable self (Eberle & Handl, 2018)). This approach will allow one to better understand the merit of neorealist geoeconomics, before comparing it to a completely new interpretation of the case study.

14.2.1 Flaws related to Germany's framework of operation

Relying primarily on economic means to pursue one's FP goals is considered a "oddity" by neorealist scholars, since they usually argue that "states must accumulate military power to ensure security in an anarchic world" (Crawford & Olsen, 2017, p. 592). Yet, even neorealists realize that states, which primarily use economic means to ensure their security, do exist. Germany regained its sovereignty after 1990, however, it "continued to eschew the use of force in the traditional sense" (Crawford & Olsen, 2017, p. 592), despite its material capabilities. To overcome this paradox of Germany not returning to "normality", neorealist scholars have come up with the concept of neorealist geoeconomics. They try to argue that some states like Germany strive towards the accumulation of economic power, instead of military power. By doing so, neorealists hoped to make their theory congruent with the empirical reality after the end of the Cold War. The neorealist assumption was that Germany would strive towards the accumulation of economic instead of military power, all the while operating in a zero-sum framework. While such an assumption, seemed fruitful at first, it is accompanied by inconsistencies.

For neorealists, having a zero-sum framework of operation means that Germany is only interested in the maximization of its own economic interests. Szabo (2017), for example, explains that Germany's foreign policy towards

[268] One of these types of arguments is that Germany's FP towards Russia has to be understood in light of "guilt about the damage wrought by Germany on Russia in the Second World War and gratitude to Russia for peacefully withdrawing its forces from East Germany" (Bulmer & Paterson, 2019, p. 228).

Russia is dominated by a commercial logic. The latter terminates in a "Russia-first policy", and Germany's "willingness to either tolerate or rationalize human rights and democracy concerns" (p. 44), as long as it serves its economic interests. Neorealists expect Germany to put its "national economic interest as the ultimate value" (Szabo, 2015a, p. 8) in its FP. This means that Germany is expected to have "free trade routes" (Szabo, 2015a, p. 83) and "the security of its supply of raw materials, especially energy and minerals" (Szabo, 2015a, p. 85) on top of its security agenda. However, the explanation of neorealist geoeconomics does not add up, as Germany did not act as expected. Instead, Germany pushed for sanctions against Russia, subordinating its own economic interest, while at the same time regarding Russia as a partner, defying the idea of a zero-sum framework.

There are two major takeaways from the flaws related to Germany's framework of operation. First, the evidence is not congruent with neorealist geoeconomics. Germany is not only pursuing its economic interests, which goes against the suggestion of neorealist geoeconomics. Instead, Germany changed its position from pursuing purely economic objectives, to overruling and going against large sections of the German business community, by imposing tough sanctions on Russia (Kundnani, 2019, p. 66), "despite the impact on German exporters and Germany's dependence on Russian gas" (Kundnani, 2015b, p. 114). The first EU sanctions against Russia, which were supported by Germany in response to the Ukraine crisis, were already enacted in March 2014. While Szabo argues that Germany's foreign policy towards Russia is dominated by a commercial logic, Kundnani (2019, p. 66) highlights the fact that Germany subordinated its extensive economic interests to its strategic interest of protecting the European security order: "Germany seemed to some extent to re-prioritise strategic objectives over economic ones—at least in relation to Russia" (Kundnani, 2015b, p. 114). Bulmer (2019) concludes that while economic interests are important, "Merkel's policy saw politics trumping economic interests" (p. 13).

Therefore, the evidence on trade does not point into the direction of neorealist geoeconomics. However, neorealists might try to argue that Germany only changed its economic position. Instead of pursuing a Germany-first approach in economic matters, it follows a zero-sum framework in political matters. As part of the zero-sum framework, neorealists would expect Germany to take a hard stance against Russia. At first sight, their expectations seem to hold true. Russia violating international law and threatening European security resulted in the questioning of "the fundamental tenet of *Ostpolitik*, the pursuit of cooperation with Russia" (Siddi, 2016, p. 666). Moreover, the 2016 German White Paper identifies Russia as a main challenger of the current European peace order. Russia is perceived as using force to advance its own interests, unilaterally redrawing European borders, which has "implications" for the security of Germany (Bundesministerium der Verteidigung, 2016, p. 31). Furthermore, Russia is described as rejecting a close partnership with the West, in favor of strategic rivalry, military modernization and hybrid warfare (Bundesministerium der Verteidigung, 2016, p. 32). In line with this assessment, one can expect Germany to regard Russia as an enemy.

However, after closer inspection, I conclude that the opposite is in fact the case. The operative logic of Germany can easily be observed, as it has been openly stated by German policy makers,[269] foreign policy documents and practitioners in numerous instances.[270] Especially when dealing with Russia, the clash of

[269] Germany does not, as described by neorealist geoeconomics, follow a zero-sum framework. If Germany had in fact adopted a zero-sum framework, it would at least understand Russia and its FP rationale. However, this is clearly not the case. Almost all political actors in Germany had to concede that they had assumed for too long that Russian President Putin thinks like the West, even though he follows his own logic (Rinke, 2014, p. 43). One of the famous examples of this non-understanding include an alleged statement by the German Chancellor Merkel, who is said to have voiced her concerns about Russian President Putin being out of touch with reality, living "in another world" (Baker & Weisman, 2014, p. A1). Maybe he is, or maybe he is just playing a different game. Knowing what "game" is being played is important, as "decisions made by the player can be evaluated as irrational only if it is well known what game we are playing" (Malinowski, 2019, p. 513). Instead of arguing that Russia's or Germany's FP is irrational, one should first try and understand the framework in which they operate. Hence, the problems with Russia have also to be understood in the context of the operative logics.

[270] The operative logic does not dictate the foreign policy behaviour towards adversaries alone, but also towards partners. Therefore, one cannot only study how Germany deals with Russia bilaterally, but also needs to investigate the role Germany's European partners play in this

operative logics become apparent. Even though Russia's FP towards Ukraine poses a security risk to Europe, with Germany openly recognizing this risk, "*Ostpolitik* has not been abandoned altogether; it continues to play a role in current developments and shapes the long-term objectives of Germany's Russia policy" (Siddi, 2016, p. 666). This can also be seen in the 2016 White Paper. It emphasizes the importance of cooperation with Russia and highlights the broad spectrum of common interests and relations. Lasting security and prosperity in Europe cannot be achieved against Russia, but only with it, in strong cooperation (Bundesministerium der Verteidigung, 2016, p. 32). In fact, Germany still regards Russia as a partner, defying the hostile zero-sum logic and hoping for further cooperation in the future. With relations being as strained as they are, neorealist geoeconomics cannot explain why Germany insists on maintaining a form of *Ostpolitik* as part of its long-term objectives, while putting sanctions on Russia at the same time.

The second takeaway is that the neorealist argument is logically inconsistent, as the provided narrative does not make sense. According to neorealists, Germany can be classified as geoeconomic due to its zero-sum framework of operation and due to its usage of economic means. Yet, as the previous part has shown, it is questionable whether it is even possible to effectively employ economic means in a zero-sum fashion in the first place. After all, the operational logic, which describes the logic of the "game" that is being played (i.e., confrontational and zero-sum vs. cooperational and non-zero-sum), results out of the instrumental nature of the used means. Economic means are based on a cooperative operational logic working with incentivization, while military means are based on a competitive operational logic working with coercion. Because of their instrumental nature, economic means are not suitable to pursue limited ends. They cannot be used in the same direct and uncompromising way as military means. They have to be used cooperatively to be effective. This is due to the fluid and flexible nature of the economy. I agree

relationship. The role of multilateralism versus bilateralism and Germany's preference for the former is a strong indicator in favour of the non-zero-sum operative logic.

with Germann (2018), who argues that "transposing inter-state competition from the security to the commercial arena may work at a rhetorical level, but without a corresponding theoretical move, it obscures rather than illuminates the specific nature of the international" (p. 595) forces that influences Germany's FP.[271]

It is not the first time that the "realist-inspired depiction of Germany as a 'geo-economic power', locked into zero-sum competition" (Germann, 2018, p. 590) has been called into question. Germann (2018) makes the strong argument (in the context of the Euro debt crisis) that neorealist geoeconomics is "built around an empty core: unable to theorise how anarchy shapes the calculus of states where security competition has receded" (p. 590). According to Germann (2018), neorealist geoeconomics "cannot explain why German state managers have insisted on an austerity response to the crisis despite its significant risks and costs even for Germany itself" (p. 590): "Germany's contradictory choice for austerity remains unexplained" (p. 592). While in the German-Russian relationship the security competition has unfortunately not receded yet, the argument against neorealist geoeconomics is still applicable. Neorealist geoeconomics cannot explain why Germany would heavily sanction Russia, producing costs even for Germany itself.

14.2.2 Flaws related to Germany's interdependence

With Russia considered a major threat, neorealist geoeconomics expects Germany to avoid political and economic interdependence with Russia. These expectations result out of the underlying assumption that interdependence is a potential threat to national security, as it decreases sovereignty. Avoiding political interdependence includes confronting Russia unilaterally, whereby avoiding multilateralism. Interdependence is perceived as a vulnerability, that other states

[271] As Germann (2018) already pointed out in the context of the European debt crisis, the assumption that "an anarchy-induced imperative of survival should underlie the zero-sum rationale of Germany's crisis managers" (p. 595) is a dubious one. The assumption is dubious, since "even sympathetic critics have raised serious doubts as to whether the security dilemma—in which greater security for some means greater insecurity for others—can be easily extended to the economic sphere" and "whether it actually explains zero-sum behaviour even where and when it occurs" (Germann, 2018, p. 595).

can exploit, and that one should protect oneself against. States that understand "economic interdependence as a positive sum" game are "vulnerable to strategic dependencies" (Martikainen & Vihma, 2016, p. 2). Scholars have argued that in the past, "Germany has acted in accordance with realist assumptions about 'interdependence' as EU legislation is used to influence smaller member states without surrendering Germany's own autonomy" (Diesen, 2018, p. 142). Acknowledging existing forms of economic interdependence, neorealist geoeconomics expects that Germany would avoid increasing its economic and energy interdependence with Russia. Germany is expected to use the existing economic relationship with Russia as an economic means to pressure Russia into changing its FP. However, none of the mentioned neorealist expectations could be observed in the recent Ukraine crisis: The theoretical concept turned out to be not congruent with the empirical evidence.

Until now, neorealist geoeconomics was not able to comprehensively explain the German foreign policy towards Russia: It cannot make sense of Germany encouraging trade with Russia—handing out substantial export guarantees and continuing to support trade, investment, and energy interdependence—while imposing economic sanctions with the help of its European partners at the same time. Germany's private companies are encouraged to do business with Germany's biggest (in trade volume) trading partner, that is sanctioned at the same time. Germany continued to issue Hermes export credit guarantees, with Russia being year after year one of the countries with the highest coverage. Both means, export guarantees and economic sanction, used by Germany are of an economic nature. Yet, one is confrontational while the other one is cooperational. Trying to make sense of this situation with the help of neorealist geoeconomics will leave one puzzled.

Proponents of neorealist geoeconomics have argued that Russia's use of its energy and the resulting cooperation with other countries "should be analysed as energy geoeconomics", aiming to drive "political wedges" between the EU member states (Martikainen & Vihma, 2016, p. 3). Instead of furthering energy interdependence with Russia, the "EU and the member states should recognise

Russia's strategic behaviour in the energy sector" and "counter it firmly" (Martikainen & Vihma, 2016, p. 2). An energy dependency of Germany on Russia exists, as "no short-term substitution to any meaningful extent is possible", and "a sudden and complete cut-off of Russian gas supplies would create severe problems" (Adomeit, 2016, p. 12) for Germany. Hence, from a neorealist perspective, one would assume that Germany would follow the dictum *Schweigen für Gas* [Silence for gas], describing the "reluctance and aversion of German government […] to criticize Russia's powerful drift into authoritarian, undemocratic domestic policies and increasingly assertive foreign policy because of its dependency on Russian gas" (Adomeit, 2016, p. 12).

Yet, this is not what happened. Even proponents of neorealist geoeconomics have to acknowledge that "Berlin resisted pressure from the EU in its bilateral agreement with Russia to develop Nord Stream I and Nord Stream II, the latter negotiated while Berlin pressured other EU members to impose and maintain sanctions on Russia" (Diesen, 2018, p. 153). Contrary to the predictions of neorealists, Russia could not or did not instrumentalize Germany's dependence on its gas during the Ukraine crisis. Neorealist geoeconomics cannot explain why Germany did not bow to Russia, despite its critical dependency. In fact, Germany confronted Russia multilaterally, while trying to increase its energy interdependence at the same time. As a result, neorealist geoeconomics fails to explain why Germany would work towards increasing interdependence with Russia, one of the countries recognized as one of its greatest challengers to its national security. Adomeit (2016) comes to the conclusion that the neorealist idea "that Germany's Russia policy is constrained by the country's dependency on Russian gas is unconvincing today as it was more than a decade ago" (Adomeit, 2016, p. 13).

Referencing the neorealist geoeconomics logic, some scholars have doubted Germany's commitment to multilateralism: "Its commitment to multilateralism is shallow and weak" (Crawford & Olsen, 2017, p. 603). Other scholars have argued in a similar vein that "Berlin's close unilateral relationship with Russia […] seemed to signal a departure from multilateralism" (Bulmer &

Paterson, 2019, p. 166). It is true, that the German-Russian Partnership for Modernisation (PfM) used to be a bilateral affair at its launch in 2008. However, only two years later in 2010, the PfM was already uploaded to the EU level (Siddi, 2016, p. 667), losing its unilateral character. Instead of being a rival to existing relationships between the EU and Russia, the "PfM complemented previous agreements between the EU and Russia aimed at developing a strategic partnership" (Siddi, 2016, p. 667). Germany's initial bilateral approach was not meant as an alternative or rival to existing multilateral relations, but rather as an initiator for further multilateral relations.

While Germany's commitment to multilateralism is doubted, Germany is also perceived as "playing a leading role in the peace process" (Bulmer & Paterson, 2019, p. 166). Scholars agree that the German government showed an unusual willingness to take a leadership role in the crisis (Rinke, 2014, p. 34). As part of the negotiation process with Russia, "Germany steered EU foreign policy" (Siddi, 2016, p. 668). Against the assumption of neorealist geoeconomics that Germany would only "assume leadership in order to steer a European policy that avoids economic losses and aims at a quick normalisation of relations with Russia" (Fix, 2018, p. 10), Germany did not take charge of the steering process to dominate other EU member states' policies towards Russia. Instead, the process was "influenced by the desire to heed the transatlantic partnership and achieve consensus within the EU—and thus to act in accordance with the 'transatlantic' and 'Europeanist' foreign policy tenets" (Siddi, 2016, p. 669).

Studying Germany's reaction to the Ukraine crisis shows that the argument predicting the demise of Germany's support for multilateralism was rather "blunt", resting "solely on a very specific, and partly one-sided, interpretation of Germany's policies with regard to the Greek sovereign debt crisis" (Crawford & Olsen, 2017, p. 603).[272] What actually happened was that Germany "used its

[272] Scholars have pointed out that the Greek sovereign debt crisis is not well suited to serve as an indicator for Germany's policy towards Russia. There are two often cited reasons. First, "one case should not be required to bear the full load of a prediction that Germany is abandoning multilateralism" (Crawford & Olsen, 2017, p. 603). Second, "geo-economic arguments solely focusing on national interests in the realist sense ignore the evidence that Germany has used its economic power to strengthen European solidarity and that Germany […] actively sought to

structurally privileged economic position within the European Union and towards Russia not to advance its own national economic interests, but to sanction Russia, hazarding the consequences of economic losses" (Fix, 2018, p. 10). Against the predictions of neorealist geoeconomics, Germany did not use its structural power "to try to water down EU sanctions policy towards Russia, but on the contrary has used its economic weight to advocate for stronger sanctions against Russia" (Fix, 2018, p. 12). Hence, Bulmer and Paterson (2019) conclude that Germany's FP during the Ukraine crisis "rebutted the geoeconomic power thesis as Germany prioritised the international rule of law over German economic interests" (Bulmer & Paterson, 2019, p. 166). The neorealist geoeconomic argument of Germany rejecting multilateralism in favor of good economic relations with Russia is not congruent with the empirical evidence.

This case becomes even more puzzling, when learning from proponents of neorealist geoeconomics that while Germany "has become economically assertive within Europe, it remains strikingly unassertive beyond Europe, where it has few of the aspirations of France and the UK to project power" (Kundnani, 2015b, p. 6). This shows once more how Germany is seen as assertive vis-à-vis its European allies by neorealists, while being lenient with Russia. Instead of putting economic pressure on Russia, it "pressured" other EU members to impose sanctions together on Russia. Germany saw itself faced with the difficult task of "persuading the other twenty-seven member states of the EU to back a strong stance" (Bulmer & Paterson, 2019, p. 228).[273] And in the end, Germany managed to "secure the support of other members of the EU" (Bulmer & Paterson, 2019, p. 229) for sanctions against Russia.

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uphold the rules and norms that defined the Economic and Monetary Union (EMU) regime in order to shore up the shaken multilateral monetary cooperation" (Crawford & Olsen, 2017, pp. 603-604). In any case, Crawford and Olsen (2017, p. 604) highlight that "one of the central German priorities in the [Greek] crisis handling was to uphold the institutionalised norms of a multilateral regime", underlining once more the "continued strength of multilateralism as a pillar of German foreign policy identity" (p. 604). I come to the very same conclusion in the way Germany handled the Ukraine crisis.

[273] Some countries were more difficult to convince than others. Bulmer and Paterson (2019, p. 228) explain that "Hungary, which has become something of an outlier, and Greece, which has traditional ties to Russia, looked like being the most difficult but Austria, France and Italy, all with strong economic ties to Russia, also posed difficulties" (p. 228).

While it is true that Germany pressured other EU member states, it did so with the goal of adopting a strong common stance against Russia. From the beginning, the sanctions against Russia were "advocated for more potently by Germany than by France", with both countries eventually becoming "key actors in a complex case of geoeconomic diplomacy" (Olsen, 2020, p. 141). In fact, it was Germany which "took the lead in drawing up a three-stage system of economic sanctions on Russia, which was approved by the European Council on 6 March 2014" (Bulmer & Paterson, 2019, p. 229). Not surprisingly, Igor Shuvalov, the First Deputy Prime Minister of Russia, called Germany the driving force behind the sanctions against Russia (Rinke, 2014, p. 45). Still, proponents of neorealist geoeconomics prefer to only focus on the pressure exerted on other EU member states, and ignore the sanctions against Russia. In their view, inside of Europe Germany uses "economic power—another form of hard power—assertively as a way to coerce other states", while outside of Europe, Germany tends "to reject not just the use of military force, but even the use of economic power as a means of achieving strategic objectives" (Kundnani, 2015b, p. 102). Hence, scholars who adopted a neorealist geoeconomic perspective are wondering why Germany does not put more pressure on Russia instead of its European allies, and why it does not give up the idea of energy and economic interdependence with Russia.

14.2.3 Flaws related to the role of NSAs

The third group of flaws is related to the role of NSAs in the making of German FP towards Russia. While neorealism neglects the role of NSAs in forming a countries FP, neorealist geoeconomics understands NSAs as a shaping factor of the German FP towards Russia. Specifically commercial NSAs are understood as the most important force shaping Germany's FP towards Russia (Szabo, 2015a, p. 47). In the context of the German-Russian relations, German businesses with a stake in Russia are said to drive Germany's Russia policy (Szabo, 2015a, p. 47); with business leading and politics following behind (Szabo, 2015a, p. 6). One way for German business to steer Germany's relation with Russia is via "extensive

lobbying efforts" (Szabo, 2015a, p. 49).[274] The German government and the German businesses are seen to be tightly connected. This has political effects: "German companies lobby the German government to make policy that promotes their interests; they in turn help politicians maximize growth and in particular employment levels" (Kundnani, 2011a, p. 41).

As a result of the perceived impact of German business, Germany's Russia policy has been called "'intermestic'" (Szabo, 2015a, p. 35), describing the interweaving of domestic and international politics. The German state together with German companies is said to "focus on trade at the expense of human rights, democracy, and the rule of law" (Kundnani, 2011a, p. 42). With Russia violating all three, especially international law in the case of the Ukraine crisis, neorealist geoeconomics expects Germany to nevertheless focus on trade and turn a blind eye to the latter. And indeed, even after the sanctions were enacted, the German state supported its businesses on the Russian market (e.g., via export credit guarantees), and German businesses continued to be active in Russia. This led some commentators to speculate that German businesses were actively undermining Germany's foreign policy interests, acting "as overt 'sanction spoilers'" (Olsen, 2018, p. 48). Then again others argued that the German government had in fact no real interest in the economic sanctions and that Germany was "covertly" pushing its businesses to do business with Russia. However, the neorealist geoeconomics story of a business-driven FP towards Russia does not add up. There are three examples to illustrate this inconsistency.

First, the actions of German commercial NSAs deviated in the Ukraine crises considerably from what neorealist geoeconomics expects of profit-driven enterprises. Neorealist geoeconomics expects that "German business wants the economic sanctions to be rescinded immediately and unconditionally" (Adomeit, 2016, p. 10). However, with the Ukraine crisis unfolding, "German industry

[274] Szabo (2015a) lists the following organizations as the most influential Russia lobbies of German business: "the Ost-Auschuss der Deutschen Wirtschaft (OA), or the Committee on Eastern European Economic Relations, the German Russian Forum and the Confederation of German Industry (BDI)"; with the Ost-Auschuss being ranked as the most significant one, having "been extremely successful and influential when it comes to lobbying the German government on its policy toward the East" (p. 50).

became more supportive of sanctioning Russia, despite the economic consequences" (Forsberg, 2016, p. 34). While some argue that the German "business lobby first resisted the sanctions" (Forsberg, 2016, p. 39), even the more critical observers admit that they ultimately "accepted them" (Forsberg, 2016, p. 39). Scholars overwhelmingly agree that the German business community stood behind the German government, supporting its course and the economic sanctions against Russia. This includes, for example, the Federation of German Industries (BDI), which "publicly spoke out in favour of the sanctions at an early stage" (Olsen, 2018, p. 48), emphasizing that sanctions are necessary if international law is clearly violated (Rinke, 2014, p. 43), that peace and freedom stand above economic interests (Forsberg, 2016, p. 34), and that the BDI adheres to the principle of the primacy of politics (Adomeit, 2016, p. 11). Other German business organizations that voiced their support for the sanctions include the Osteuropaverein and the Federation of German Wholesale, Foreign Trade and Services (BGA). Even the German Eastern Business Association (Ost-Ausschuss der Deutschen Wirtschaft) did not try to challenge or undermine the official position of the German state (Forsberg, 2016, p. 34). Szabo admits that "German business, included the Ost-Auschuss has lined up to support Merkel's tougher sanctions policies after the shoot down of the Malaysian airliner" (Szabo, 2015a, p. 138). Some big Germany companies, like Opel and BASF, even "withheld their investments in Russia because of the crisis, the Russian economic downturn and the perceived Russian hostility to foreign investors" (Forsberg, 2016, p. 34).

Against the predictions of neorealist geoeconomics, "the influence of the industrial lobby turned out to be less decisive than expected" (Forsberg, 2016, p. 39) and there is "little evidence" (Olsen, 2018, p. 48) that German companies acted as sanction spoilers. Bulmer (2019) explains that "the very powerful economic actors were not able to prevail against the unwelcome sanctions policy of the Merkel government" (p. 235). As a result, a puzzling discrepancy emerges between neorealist geoeconomics and the real-life evidence. It becomes obvious that German corporations themselves were in fact supportive of the sanction regime, whereby directly hurting their business interests.

Even during the crisis, one would have expected business to lead and politics to follow. Szabo (2017) explains that the state "has tended to follow the private sector rather than guide it", with firms creating "a set of material incentives for policy makers and help set the policy agenda" (p. 42). Instead of following business as predicted by neorealist geoeconomics, representatives of the state (namely the Chancellery and the Foreign Office) stepped up and "stressed the 'primacy of politics' in particular towards German economic lobby organisations" (Fix, 2018, p. 10). Adomeit (2016) observes that the "German industry and commerce appeared to have accepted the primacy of politics over economics and by and large supported the policy of sanctions against Russia" (p. 1). Hence, Adomeit (2016) concludes that "the view of German business advocating the primacy of economics over politics and solidly opposed to sanctions […] is erroneous" (p. 10). In a similar vein, Siddi (2016) argues that "the argument that German foreign policy towards Russia is determined exclusively by national business interests" (p. 669) is refuted. While I do not necessarily deem the argument as such refuted (speaking from an analyticist perspective), one can conclude that the evidence is clearly not congruent with the theory.

Moreover, while neorealist geoeconomics argues that economics trumps politics (including, e.g., human rights, international law), Adomeit (2016) highlights that "the primacy of politics over economics in German Russia policy essentially has never been questioned" (p. 16). Instead, Germany "stepped up to show increased responsibility in EU foreign and security policy", being "prepared to sacrifice a degree of its traditional special economic relationship with Russia" (Vihma & Wigell, 2016, p. 382). Germany showed Russia that "there were red lines after all" (Eberle & Handl, 2018, p. 2), supporting sanctions against it, even if that meant suffering economic disadvantages as a result (Rinke, 2014, p. 45). Neorealist geoeconomics is not congruent with the empirical evidence, as Germany did not cave to its businesses, their economic interests, and Russia,

being "prepared to bear the economic cost" (Eberle & Handl, 2018, p. 2) in the process.[275]

When applying neorealist geoeconomics in a neopositivist methodological framework, one predicts that "Germany will continue to look for ways to dampen down the split with Moscow", as "its economic interests in Russia will continue to outweigh those it has with Ukraine" (Szabo, 2015a, p. 131). Yet, in contrast to those predictions, neorealist scholars were surprised to discover that even four years later, European sanctions were still in place and that German businesses had accepted "a substantial loss of trade revenue with an important export market" (Olsen, 2020, pp. 140-141). This means that the theoretical concept of neorealist geoeconomics is therefore not only not congruent when analyzing the role of commercial NSAs in past events, but also when predicting their behavior in future events. Hence, one can question the overall role that commercial NSAs play in the creation and execution of Germany's foreign policy.

Second, German businesses are depicted as the active driver of Germany's foreign policy towards Russia. At the same time, they are also seen as "cornerstones in giving Germany shaping powers on the global stage" (Szabo, 2015b). It is logically inconstant to be an active driver of foreign policy and at the same time a passive economic instrument of one's governments. These are two contradictory roles, which an entity cannot play at the same time. This makes the role of German business in Germany's relation with Russia unclear: *Is business calling the shots or is it simply a tool for the German government to command at its will?*

This logical inconsistency becomes apparent when observing how neorealist geoeconomics describes the role of commercial NSAs in other cases. When studying China, neorealist geoeconomics comes to the conclusion that the country is "a mercantilist power in which a strong, far-sighted, authoritarian state controls and manipulates the overall economy and specific economic institutions

[275] The economic consequences of the crisis were directly felt by the national economy. In 2014 alone, "exports to Russia were cut by 20 per cent and 50,000 German jobs were at risk" (Forsberg, 2016, p. 34). In the first half of 2015, German exports to Russia shrunk by another 31 per cent (Fix, 2018, p. 10).

to enhance state power both domestically and internationally" (Ferchen, 2016, p. 4). Furthermore, China is seen to have "carefully created a comprehensive, long-term domestic and foreign-affairs strategy intended to leverage state control over its economy and key commercial actors like state-owned enterprises" (Ferchen, 2017). In short, China is understood as using its commercial NSAs as a foreign policy tool. While neoliberal geoeconomics explains the theoretical working mechanisms of how German business shapes the countries FP towards Russia (e.g., via lobbying efforts), the same is not the case for the companies' role as passive economic instruments. It is not clear how the German or Chinese state[276] can make use of its commercial NSAs as a FP instrument.[277] In both cases, neorealist geoeconomics struggles to explain its working mechanisms. Moreover, it is rather questionable whether the same interpretation of geoeconomics can be applied to Germany and China. After all, the state's control over German businesses is not comparable to the situation in China.

Third, the role of NSAs in the agent and the patient state of a geoeconomic policy is unclear. To focus solely on commercial German NSAs and their relationship with their own government is logically inconsistent. In order to understand the German relationship with Russia, Sazbo (2015a) explains that he needed to adopt a "different type of foreign policy analysis, one that not only looks at the roles of political policymakers and opinion shapers, but also that of the private sector and lobbyists" (p. x). While he makes it clear that German business drives the German FP agenda, one is left to wonder what role Russian private sector actors and lobbyists play in shaping Germany's FP. If one attributes the FP shaping powers to German NSAs, they surely must apply to other NSAs (domestic and foreign, at home and abroad) as well. After all, Germans NSAs are not unique or special, nor are they much different from other NSAs, such as Russian ones. If the FP shaping powers do not apply to other NSAs, the qualifiers

[276] Ferchen (2017) observes that more effort is needed to understand how the country is able to effectively implement its use of commercial NSAs for FP purposes.
[277] In fact, Ferchen (2016) concludes that despite China's growing economic impact "there are few indications that China has been able to commensurately expand its international political and geostrategic influence, as geoeconomics would suggest" (p. 4).

for the powers of NSAs (e.g., only working in democratic states, only working domestically, etc.) must be clearly stated.

Therefore, it is logically inconsistent to only focus on German NSAs. This becomes especially clear in the way Szabo (2015a) explains the relationship between China and German businesses. When China "exercises pressure on German business to avoid meetings with Dalai Lama, political actors will comply" (Szabo, 2015a, p. 8). This raises the question of the function of NSAs and whether they are only a tool in the hands of the German government or if they are also an instrument of foreign governments to pursue their interests in Germany. The same question applies to Russian businesses operating in Germany and for Russian businesses inside Russia, but with close ties to Germany.

Likewise, one wonders what role German private sector actors and lobbyists play in forming Russia's FP towards Germany. While their role is not obvious at first sight, knowing more about it can contribute to making sense of Germany's FP towards Russia. This is especially true when trying to understand why Germany would be interested in continued economic exchange with and investment in Russia, despite economic sanctions. Szabo (2015a) argues that since German firms have heavily invested into Russia and since they create many jobs in Russia, those firms pose an "obvious" (p. 62) constraint on the German FP towards Russia. Yet, the constraints that German businesses create for the Russian government are not mentioned. However, Szabo (2015a) admits that "German companies have pushed with some success for improvements in the rule of law regarding contract enforcement and other business-related areas" (p. 138). This means that German businesses do not only "constrain" their own government, but that they can also influence the governments of the states in which they operate. Being aware of these effects is important to understand the motivation for the continuation of *Ostpolitik*.

14.3 Concluding remarks

According to proponents of neorealist geoeconomics, Germany's FP is to a high degree congruent with the implications and propositions of neorealist

geoeconomics. I have identified eight characteristics of Germany's FP that make it geoeconomic in the eyes of the mentioned proponents. These characteristics are (1) the usage of economic means to pursue foreign policy ends, (2) the economic nature of its FP ends, (3) the economic motivation for using economic means, (4) the imposing way of pursuing its ends, (5) the zero-sum framework of operation, (6) the operation in a divided space, (7) the relation to non-state actors, and (8) the shift away from multilateralism. However, after having studied the characteristics of Germany's FP that make it geoeconomic, I find that the neorealist interpretation of Germany's FP is flawed. The selected evidence is not fully congruent with the theory, while the derived explanations do not help to understand the case study, due to logical inconsistencies. Three sets of flaws arise out of the neorealist conceptualization of geoeconomics.

The first set of flaws is related to Germany's framework of operation. Against the predictions of neorealist geoeconomics, Germany pushed for sanctions against Russia, subordinating its own economic interest, while at the same time regarding Russia as a partner, defying the idea of a zero-sum framework. Neorealist geoeconomics cannot explain why Germany would heavily sanction Russia, which has costs for Germany itself. The second set of flaws is related to Germany's political and economic interdependence with Russia. Against the predictions of neorealist geoeconomics, Germany did not avoid political and economic interdependence with Russia. Neorealist geoeconomics fails to explain why Germany would work towards increasing its interdependence with Russia, a country recognized as one of the greatest challenge to its national security. Germany encouraged trade and energy interdependence with Russia, while imposing economic sanctions with the help of its European partners at the same time. Instead of bowing to Russia, Germany confronted Russia multilaterally. The third set of flaws is related to the role of non-state actors in German-Russian relations. The neorealist geoeconomics narrative of a business-driven FP towards Russia does not add up. In the Ukraine crises, the actions of German commercial NSAs deviated considerably from neorealist geoeconomics expectations of profit-driven enterprises. It turned out

that German corporations were in fact supportive of the sanction regime, whereby directly hurting their business interests.

Chapter 15: Neoliberal geoeconomics: German-Russian case study

15.1 Explanations of flaws by neoliberal geoeconomics

In the previous chapter, I examined whether the narrative provided by neorealist geoeconomics for the case study on Germany's foreign policy towards Russia makes sense or if it contains some flaws. I made two discoveries. First, I found that neorealist geoeconomics is not congruent with the empirical evidence of the case study. Second, I learned that the constructed narrative contains logical inconsistencies. This makes the neorealist geoeconomics narrative of the particular case study a hard buy. Even though the case study has been described as ideal-typical, I find that the neorealist interpretation of the case study is not only flawed, but that the explanations derived do not help to make sense of the it.[278]

Having learned about the three set of flaws and the incongruence between the theoretical propositions and empirical observations, one can re-examine these issues under a neoliberal lens. The neoliberal version of geoeconomics, conceptualized in the previous part of this dissertation, promises to provide insights that can help to understand these observations. Time has come to show that it can deliver on its promise and make more sense of the mentioned flaws. Hence, this chapter asks if and how neoliberal geoeconomics can account for what happened in the case study on Germany's FP towards Russia, and what explanation it can give for the seemingly paradoxical behavior of the German state and its NSAs. After answering this question, one can come to a conclusion on whether neoliberal geoeconomics explains Germany's FP better than neorealist geoeconomics does. Therefore, I intend to discover whether neoliberal

[278] Not surprisingly, I am not alone in my assessment of the performance of neorealist geoeconomics. Bulmer and Paterson (2019) also conclude that the interpretation by neorealist geoeconomics of the Ukraine crisis was "trumped" by the actions of the German state, especially "Merkel's defence of the rule of law" (pp. 247-248).

geoeconomics provides more explanatory utility and holds greater explanatory potential than neorealist geoeconomics.

To show that neoliberal geoeconomics is more useful, I could just present new or different evidence than the one selected by neorealists. The new type of evidence, selected with the help of neoliberal theory, can then be used to easily show the usefulness of neoliberal geoeconomics. Methodologically speaking, such an approach would not make sense, as the evidence selected would be derived with the help of a completely different theoretical approach. In order to avoid this selection bias, I focus on the three set of flaws that arise out of the neorealist conceptualization of geoeconomics, outlined in the previous chapter.

The first set of flaws is related to Germany's framework of operation. It contains two flaws. First, neorealist geoeconomics cannot explain why Germany would subordinate its own economic interest by pushing for and imposing tough sanctions on Russia. Second, neorealist geoeconomics cannot explain why Germany still regards Russia as a partner in times of crisis.

The second set of flaws is related to Germany's stance towards political and economic interdependence. It contains four flaws. First, neorealist geoeconomics cannot explain why Germany would work towards increasing economic interdependence with Russia, a country that is recognized as one of the greatest challenges to Germany's national security. Second, neorealist geoeconomics cannot explain why Germany encourages trade with Russia while imposing economic sanctions with the help of its European partners at the same time. Third, neorealist geoeconomics cannot explain why Germany is not making stronger use of the already existing interdependent economic relationship with Russia, and exploit the existing economic means to pressure it into changing its FP. Fourth, neorealist geoeconomics cannot explain why Germany would confront Russia multilaterally.

The third set of flaws is related to the role of non-state actors in German-Russian relations. It contains two flaws. First, neorealist geoeconomics cannot explain why German commercial NSAs were supportive of the sanctions regime against Russia, whereby directly hurting their business interests. Second,

neorealist geoeconomics fails to clearly define the role of German commercial NSAs in the German-Russian relationship.

However, I will not focus solely on these specific flaws. Instead, I will also try to question the underlying assumptions that lead to the production of them. While neoliberal geoeconomics agrees at least superficially with some of the assumptions made by neorealist geoeconomics (e.g., use of economic means, or strive for economic ends), it differs fundamentally on some of the others (e.g., way of pursuing its ends, framework of operation, or relation to non-state actors). It is not a coincidence that the observed flaws are all linked to the underlying assumptions on which neoliberal and neorealist geoeconomics differ. I argue that the flaws are also the result of the underlying assumptions described in the chapter on the neorealist geoeconomics explanation of Germany's relation with Russia. Questioning the underlying assumptions, can help to resolve them.

15.2 Germany's framework of operation

Applying neorealist geoeconomics to Germany's FP creates two major puzzles that are related to Germany's framework of operation.

15.2.1 Subordination of economic interests

First, neorealist geoeconomics cannot explain why Germany would subordinate its own economic interest by pushing for and imposing tough sanctions on Russia. The reason for this is the underlying assumption that Germany operates in a zero-sum framework. As part of this framework, Germany prioritizes the maximization of its economic power over other non-economic interests. Its national interest is defined in economic terms. The maximization of economic power can even happen at the expense of large parts of the society, such as consumers, as long as the country's relative economic power is increased.

When trying to solve this puzzle, one can turn to neoliberal geoeconomics, which defines the framework of operation and the striven-for economic ends differently. Neorealist geoeconomics assumes that states operate in a non-zero-sum framework. It pursues economic ends that are absolute and come in the form of an overall increase of wealth for the whole society. This means that

subordinating one's economic interest makes sense (i.e., sanctions can be supported and even implemented), as long as it contributes to the overall increase of a nation's prosperity and economic growth in the medium to long run. The population's highest standard of living and socioeconomic wellbeing is an end in itself. Thus, analyzing Germany's FP under a neoliberal geoeconomic lens, solves this incongruence.

While certain groups in the German society, with economic interests in Russia, advocated for preserving good relations with Russia, the German government was "able to prevail over German economic interests" (Bulmer & Paterson, 2019, p. 230). Under a neoliberal lens, it becomes clear why this could happen. The so-called "German economic interests" were not the "national" economic interests (i.e., the interests of the society overall) as neorealist like to argue, but rather economic interests of a particular group of German entities. Hence, what happened according to neoliberal geoeconomics was that the German government gave priority to the interests of one group of society over the interests of certain economic actors in Germany.

For the same reason that Germany sanctioned the export of dual-use goods, Germany did not stop the construction of Nord Stream II: a focus on the overall increase of wealth as the end of a neoliberal geoeconomics strategy pursued. While the stop of exports of dual-use goods affects certain businesses in Germany (and Russian consumers), the stop of Nord Stream II would affect large parts of the Germany society. Rising gas prices do not only affect the Germany industry, but also the average German consumers, who needs the heat in the winter. Importing fracked American gas from the USA, transported in liquefied form by ships to ports via terminals to be financed by the EU, is much more expensive (Braml, 2020b, p. 8). Stopping Nord Stream II would have decreased the wealth of large parts of the German society, directly (higher gas prices) and indirectly (subsidizing the infrastructure needed for the import). While the sanctions cut into the wealth of individual firms, continuing to build Nord Stream II preserved the wealth of consumers in Germany.

In the Nord Stream II case, neorealist and neoliberal geoeconomics' ends meet.[279] Neorealist geoeconomics comes in the form of the USA's push for the export of its domestically produced gas and the connected higher costs for the importer. Arguments that appeal to market and economic criteria are ignored. Instead, the USA argues that Germany has to pay a higher price for its security to its protecting power, the United States (Braml, 2020b, p. 8). The neorealist argument is backed by the idea that Germany relies on the USA, which protects Germany from Russian aggression, but still buys its natural gas from Russia. Neoliberal geoeconomics comes in the form of Germany's stance to stick to Russian gas. The German argumentation is backed by classical ordoliberal arguments, including appeals to the free market, market efficiency, economic costs and benefits, and the idea that agreements must be kept. Moreover, Germany is not only using economic, but also security related arguments, linked to the tradition of *Ostpolitik*, which are explained in more detail below. In any case, German commentators regard the USA's view as past-oriented and oblivious to history, as even during the Cold War, Russia was always a reliable energy supplier to the West (Braml, 2020b, p. 8). And even today, the US imports oil from Russia. The arguments around Nord Stream II show that that neorealist geoeconomics, if followed by Germany, would be expensive for the German society overall.

Neorealist geoeconomics argues that if Germany pursues economic interests, it happens at the expense of other noneconomic interests. Germany is said to give priority to the economic relationship with Russia, at the expense of values and other interests. Yet, this argument only works because of the neorealist underlying assumption that economic interests are contrary and incompatible with human rights. Neoliberal geoeconomics does not share this assumption. Instead, it argues that it is a false dilemma, as Germany is not "forced to decide between between [*sic*] its values and its interests" (Kaim & Stelzenmüller, 2013, p. 6). The tension between economic and noneconomic interests "does not imply that

[279] In the case of Nord Stream II, Germany's as well as the USA's policy towards this project have been called geoeconomic. Yet, the two policies are fundamentally different. This shows once again that there is a dire need for a clear differentiation between the different forms of geoeconomics.

Germany […] should have to choose between its traditional normative and multilateral orientation and a [neorealist] geo-economically oriented foreign policy" (Kaim & Stelzenmüller, 2013, p. 6).

Having to choose between a normative and an economically oriented FP is a choice, that does not make sense in the eyes of neoliberal geoeconomics. Economic interests and noneconomic values are not two absolute and contrary ends: achieving one does not mean giving up on the other. In the long-term pursuit of a nation's wealth, economic interest and noneconomic values are equally required, as they go hand in hand. While the "conflicts between German values and interests, especially in dealing with authoritarian states, are often unavoidable in the short term", "in the long-term, however, a commitment to values is an existential interest for any Western democracy" (Kaim & Stelzenmüller, 2013, p. 6). According to neorealist geoeconomics, neither of these ends has an intrinsic value that makes one more desirable than the other. Instead, economic interest and other noneconomic interests are just "means" to a higher end, that of increasing a nation's absolute wealth.

Neoliberal geoeconomics advances a functional argument. The question is not whether pushing certain values is good or bad (normative argument) but rather whether pushing them helps to increase a nation's wealth. As such, an argument for the spread of democracy would not be based on the idea that democracy is something intrinsically or morally good. It would rather stand on a functional idea, such as the idea that democracies don't fight each other. Hence, according to neorealist geoeconomics, Germany does not want to "civilize" the world for normative but for functional reasons, because a "civilized", democratic, and open world is a prosperous world. While it is possible to increase one's wealth in the short run via the prioritization of economic interests,[280] in the long run, noneconomic interests are as important: "For human dignity, civil liberties, rule of law, and participation do not undermine the stability of individual countries and regions; they are its prerequisite" (Kaim & Stelzenmüller, 2013, p. 6).

[280] Giving up on certain values in the short term is permissible, as it is possible to further them via the pursuit of economic interests in the long run (see, e.g., *Wandel durch Handel*).

Stability is the prerequisite for economic growth and for the increase of wealth. Hence, noneconomic ends are equally needed for the maximization of a nation's wealth: "Supporting these goals in other countries, therefore, is an expression of Germany's values as much as of its strategic interests" (Kaim & Stelzenmüller, 2013, p. 6).

Some scholars argue that "German foreign policy became more economically driven almost by default—that is, in the absence of overriding strategic objectives" (Kundnani, 2015b, p. 83). In the absence of strategic objectives, the zero-sum framework remained, and the ends simply became economic. After all, every country is assumed to have economic interests. What is striking though, is the assumption that some countries do not have strategic objectives. Just because a country does not feature overriding "national interests" or objectives, does not mean that something is lacking or absent. Some countries simply reject the notion of an "national" interest that can override other interests as dangerous and undemocratic. After all, who is to determine what is in the national interest?![281] It is also worth noting that those neorealist strategic objectives are deemed "overriding" in nature. Due to their intrinsic nature, they have the ability, to override other interests, so the argument goes. It would be interesting to know from where those strategic objectives get their ability (i.e., legitimacy) to override other interests. From a neoliberal perspective, the question is not *what* the overriding strategic objectives are, but *whose* are they?

15.2.2 Treating Russia as a partner

Second, neorealist geoeconomics cannot explain why Germany still regards Russia as a partner—working towards further cooperation in the middle of one of the worst political crises in Europe after the end of the Cold War—whereby defying the idea of having a political zero-sum framework of operation. To solve this puzzle, one needs to be aware of neorealist geoeconomics' underlying assumptions. One of them concerns the use of economic means. Germany is classified as geoeconomic because it uses economic means to pursue its foreign

[281] *Where do overriding strategic objectives come from? How are they created?*

policy ends. According to neorealist geoeconomics, economic power is the only form of hard power available to the German government, and it is used to assertively coerce other states. Germany is expected to use its economic means in a hegemonic manner against Russia.

However, Germany does not act like an economic hegemon that uses its economic powers to further its own wealth at someone else's expense. In fact, "Germany never sought the role of hegemon, reluctant or otherwise" (Bulmer & Paterson, 2019, p. 260) in the first place. Germany did not apply its economic means to Russia in a competitive and confrontational manner. Germany does not coerce Russia into changing its FP, furthering economic exchanges with the country and regarding it as a partner instead. Therefore, Germany's FP is perceived as paradoxical.

This puzzle can be solved with the help of neoliberal geoeconomics. According to the latter, economic means are used in a cooperative and cooperational manner. Hence, the sanctions against Russia are not meant to coerce or to intimidate Russia to change its behavior. Their function is to incentivize Russia to cooperate, for example by returning to the negotiation table (see, e.g., Minsk agreements). The German FP can be understood better if one dismisses the neorealist geoeconomics' idea of Germany operating in a zero-sum framework, using its economic means in a hegemonic and coercive fashion.

Neorealist geoeconomics argues that economic power is a form of hard power, which Germany assertively uses to coerce other states. However, this interpretation is not widely shared in Germany. Mair (2018) explains that Germany is not aware or does not want to be aware of its economic powers in the neorealist sense: the extent of Germany's economic influence and its possible instrumentalization is often relativized, while Germany's potential economic influence is not placed in a strategic framework. Mair (2018) concludes that "although Germany possesses considerable economic power, it is barely aware of it" or does not make itself aware of it. Such an understanding of economic power fits much better into the neoliberal geoeconomics conceptual framework.

In the Nord Stream II case, neorealist and neoliberal geoeconomics' means also meet. As mentioned in the previous section on the ends of geoeconomics, the use of neoliberal economic means must be in line with the ordoliberal principles. The latter do not only impact the ends pursued, but also the way in which the means are used. The USA's position towards Nord Stream II is congruent with the neorealist geoeconomics way of using economic means. Instead of securing the economic freedoms of market participants, the US government has tried to protect its oil and gas industry with all its economic and military power (Braml, 2020b, p. 4). In this process, the USA impaired Europe's energy and economic interests, including German ones. Braml (2020b) explains that the USA is politically managing or manipulating energy and financial flows, especially through sanctions. The free market is only allowed to be free as long as it serves the political goals of the USA. Free enterprise is seen as a competitor to geostrategic objectives: Access to the US market and the dollar are instrumentalized as (neorealist) geoeconomic means (Braml, 2020b, p. 4). Such way of using economic means is contrary to the principles of neoliberal geoeconomics. In the discussions on Nord Steam II, the German government has repeatedly emphasized that the free market should continue to be free, and that the state should not try to interfere in purely economic projects. In contrast to the USA, Germany did not try to coerce other states or NSAs economically to support or oppose the project.

As a result of Germany's neoliberal way of using its economic means, Bulmer and Paterson (2019) observe that Germany's "economic power does not confer the same direct leverage in the Ukraine crisis" (p. 230) as compared to the Euro crisis. Bulmer and Paterson only come to this conclusion because they assume that the German state would not interfere into the market like the USA did during the construction of Nord Stream II. In the European debt crisis, Germany's power was linked to its ability to take on debt. In the Ukraine crisis, Germany derived its economic powers from the economic links with Russia (and Ukraine). However, while the national debt is in the hands of the sovereign, the economic links with Russia are in the hands of private individuals. The source of

economic power is different. Combined with the idea that Germany cannot simply command its commercial NSAs as it wishes (see, e.g., ordoliberals and the freedom of the market), Bulmer and Paterson come to the conclusion that the economic power of Germany was limited.

To increase its status and power, Germany opts to implement cooperational economic means instead of confrontational ones. The prioritization of crisis prevention over sanctions in organizational terms (inside the ministries, see below) shows that the status of cooperational economic means has been upgraded. While the economic means at the disposal of the Foreign Ministry "had been decried as German 'check book diplomacy' in the 1980-1990s" (Olsen, 2020, p. 139), this view has changed completely: "Now, German diplomats refer to them as a 'key foreign policy instrument' that ideally would find itself embedded in a conceptual strategic approach to impede and resolve conflicts deemed detrimental to German interests" (Olsen, 2020, p. 139).

The German Foreign Ministry realized that Germany had to find a way to manage its economic power that resulted out of the newly gained economic strength after the country's reunification, the Agenda 2010, and the financial crisis. To better manage its power, the Foreign Ministry initiated organizational adjustments inside the ministry, with the aim to "strengthen its geoeconomic toolbox" (Olsen, 2020, p. 139). Neorealist geoeconomics would assume that this initiative could be used to "create an independent sanctions unit within the Auswärtiges Amt" (Olsen, 2020, p. 139), among other things. Such units are common and can, for instance, be found in the French Foreign Ministry. However, such a unit was not created. Instead, under Steinmeier's direction, a "new high-budget General Directorate for Crisis Prevention, Stabilisation, Post-Conflict Peacebuilding and Humanitarian Assistance" (Olsen, 2020, p. 139) was set up. The prioritization of certain organizational units over shows how economic means are understood in the German Foreign Ministry. With prevention, stabilization, and assistance being prioritized over sanctioning and pressuring during the change process, neoliberal geoeconomics can make better sense of these structural adjustments. These means fall clearly into the neoliberal geoeconomic toolbox.

While the Ukraine conflict intensified, Germany's reactions stayed overwhelmingly of an economic nature (in the neoliberal sense). In line with the neorealist interpretation, Germany has blocked several attempts to use military means as a tool for containment against Russia (Kundnani, 2019, p. 66). However, Germany also "rejected the proposal to send weapons to the post-Maidan Ukrainian government" (Siddi, 2016, p. 669). Even though weapon deliveries are seen as economic means by neorealists, Germany still rejected them. The reason for the rejection is that Germany understood those possible weapon deliveries as having a military applied nature. In Germany's understanding, those weapons would have fueled the military conflict with Russia. However, there exists another reason for Germany's rejection of the use of military means.

When combining the first and the second puzzle, neorealist geoeconomics cannot explain why Germany insists on maintaining a form of cooperative *Ostpolitik* as part of its long-term objectives (understanding of Russia as a partner), while putting sanctions on Russia at the same time (subordination of economic interest). To solve this puzzle, one needs to be aware of the neorealist geoeconomics' underlying assumptions. One of these regards the motivation for the use of economic, instead of military means. According to neorealist geoeconomics, Germany's usage of economic means is motivated by economics, including the access to raw materials and the country's economic dependence on exports. Protecting the country's access to raw materials and its reputation as a reliable trade partner is of the upmost importance. The reason for not using military means is said to be of an economic nature, as their usage would threaten Germany's trading relationships. The use of military means is said to get in the way of doing business: Germany's use of economic means is driven by noninterventionism for economic reasons. According to neorealist geoeconomics, Germany advocates for economic sanctions and against the built up of military pressure to protect its economic relationship with Russia. Yet, by sanctioning Russia, Germany is still endangering both, its access to raw materials and its trade relations with Russia.

Neoliberal geoeconomics can solve this puzzle by explaining the motivation for the usage of economic means. As mentioned above, neoliberal geoeconomics advances a functional argument (similar to neorealist geoeconomics). Neoliberal geoeconomics argues that not only economic means do work, but they work even better than military means. Economic means are more efficient and effective in achieving the ends outlined above. Hence, the argument for economic means is a functional one.

The neoliberal rational for the use of economic means is linked to the perception of problems and challenges faced. New ends and new threats require new means to achieve and to overcome them. Simply adopting the old means and strategies of operation will not be the most efficient way of achieving the new ends. In line with the functional argument, countries with a neoliberal geoeconomic FP adopt economic means because it allows them to better achieve their ends. This does not mean that military means cease to exist, or that there is an unwritten law preventing the use of military means. They can still be used, however, countries with a neoliberal geoeconomics FP deem them inefficient and not well suited to achieve their striven-for ends.

Neoliberal geoeconomics does not argue that economic means (pacifism) are intrinsically better than military means. This would be a moral argument, often championed by constructivists and sometimes even picked up by proponents of neorealist geoeconomics. Neoliberal and neorealist geoeconomics should avoid including constructivist arguments in their argumentation. Constructivist arguments related to the use of appropriate means come in all shapes and forms. Next to the moral value of pacifism, there exist arguments about Germany rejecting certain means because of its past (for obvious reasons). A classical example of this argumentation is showcased by Maull (2018), who argues that "the rejection of Germany's past and its previous foreign policy approaches steeped in Machtpolitik and military expansionism and the pursuit of a foreign policy explicitly committed to the values of the Basic Law" (p. 2). Because of Germany's abuse of military means in the past, those means are no longer deemed acceptable. While a normative argument for or against the use of economic and

military means can be made, those arguments fall in the realm of ideational aspects of geoeconomics. Hence, they are not covered in this chapter.

The argument in favor of economic means must thus be a functional one. Germany choses to adopt economic means because they work. Faced with the challenges of the 21st century, it became apparent that "overwhelming military power could not prevent threats to security, such as climate change, terrorist attacks, and cyberattacks. It was not even useful in winning wars" (Crawford & Olsen, 2017, p. 594).[282] Especially in the European context, the use of economic means has proven to be spectacularly successful for Germany. With the help of geoeconomics, the bond market and the eurozone, "Germany has done more to remake Europe in its likeness in the past four years than it had accomplished in the past century", fulfilling "its century-long quest for a pliant European market for German manufacturing" (Blackwill & Harris, 2016b, p. 82). Commentators like to paint this as a spectacular success story, as Germany "had previously tried (and failed) to accomplish [these objectives] by force" (Blackwill & Harris, 2016b, p. 82).

The use of economic means and the rejection of military ones "has proven an active and powerful response to twenty-first century trends that show the declining usefulness of military force as an instrument of national security policy" (Crawford & Olsen, 2017, p. 604).[283] As long as the goal of Germany is to secure "global supply chains, opening up and protecting vital markets, prioritising access to the raw materials required for the economy to prosper" (Diesen, 2018, p. 140), economic means are much better suited to pursue those ends. Since Germany

[282] Several scholars have argued that the realist view of power is simply too limited (Nye, 1990), especially when applied to new theories that reflect current changes in the international system. It is doubtful that in today's interconnected world, the realist mantra of "military issues will always trump[ing] economic considerations on the scale of strategic priorities" (Scholvin & Wigell, 2018b, p. 82), can still be maintained.

[283] As outlined in the chapter on the means of geoeconomics, "force cannot defeat tribal combatants living in caves; it cannot defeat computer hackers whose whereabouts are unknown […]; it cannot defeat unhinged and diffuse terrorist networks, autonomous terrorist cells, and supposedly 'lone wolf' attackers" (Crawford & Olsen, 2017, p. 605). Moreover, military means cannot "extinguish the security threat that comes from the earth's warming atmosphere; it cannot solve the global refugee crisis; it cannot reduce a host of other lurking security threats that were once unthinkable, but are now inevitable" (Crawford & Olsen, 2017, p. 605).

cannot control the global supply chain by military means, cooperation and the use of economic means is the only feasible option to achieve those ends.

One of the benefits of economic means are that they score much lower than military means on the threat perception scale.[284] Instead of threatening one's neighbor, economic means pull them in into closer cooperation. Germany's policy inside Europe but also vis-à-vis Russia has been so successful because "Germans took away the German threat from their neighbors by stressing their European vocation and multilateral diplomacy" (Szabo, 2015a, p. 4). As a result of the use of economic means, Germany "succeeded in lowering the fears and distrust of its neighbors" (Szabo, 2015a, p. 4). With Russia focusing on the exercise of military force, the German approach manages to fly unnoticed under the "threat-radar". It will not scare Russia, which allows for cooperation. With *Ostpolitik*, Germany managed "to gain the confidence of the Soviet leadership to the point that Gorbachev could accept the unification of Germany in 1990 without fear of revanchism" (Szabo, 2015a, p. 11). The low threat perception associated to the use of economic means is important, as it is one of their success factors.[285]

In the present case study, the question is not whether Russia is a friend or foe (zero-sum logic) and whether Germany responded appropriately to the classification of Russia. The question is whether the economic means applied by Germany work. The head of the German Foreign Ministry once said that if the goal is the transformation of Russia, a "Außenpolitik, die nur die Kategorien Sieg oder Niederlage, Freund oder Feind kennt, eher vom Ziel weg als zu ihm hinführt" [foreign policy that knows only the categories of victory or defeat, friend or foe, leads away from the goal rather than toward it] (Westerwelle, 2013). Germany

[284] Neoliberal geoeconomics argues that economic means should be used to make people do what one wants them to do, with both parties agreeing to the exchange. This means that the state with a neoliberal geoeconomics FP needs to propose a good deal, one that the other party cannot refuse. Neorealist pressure is replaced with neoliberal incentivization. Fear should not play a role in the exchange. If it does, one can end up pressuring people to do things, they would otherwise not do.

[285] The need for reducing Germany's threat perception was already recognized by Helmut Schmidt. In a Bundesbank Council meeting in 1978, he argued that Germany had to clothe itself in a European mantle, in order to cover its increasing economic, political, and military strengths (Diesen, 2018, p. 140).

had to find the most effective means in dealing with Russia. The aim is not to treat Russia as an enemy that must be fought for moral reasons, but rather as a geographic reality[286] that one needs to live with peacefully and profitably.

One can turn to history to get an indication of what means of interaction with Russia have been successful and might again be successful in achieving the end of profitable coexistence. The German and the Rus' peoples share over 1000-years of history, so there is plenty of history and best practice cases to learn from. Most recent events include WWI, WWII, and the Cold War. Szabo (2015a), for example, comes to the conclusion that during the Cold War, "the West German grand strategy relied on its economic prowess for its influence and was brilliantly successful" (p. 4). This positive assessment of *Ostpolitik* is to a large extent shared by the members of the German Foreign Ministry (Siddi, 2016, p. 673).[287] As a result of the Cold War, one of "the lesson drawn for future policy was that dialogue, diplomacy, mutual trust, and multilateralism were the best approach for dealing with seemingly intractable opponents" (Szabo, 2015a, p. 112). The Cold War ended peacefully with Germany being allowed to reunite because of "detente and engagement with the other side" (Szabo, 2015a, p. 11). Even during the Ukraine crisis, Germany did "not entirely abandoned *Ostpolitik*" (Siddi, 2016, p. 674), since Germany has "maintained a policy of diplomatic engagement with Moscow" (Siddi, 2016, p. 674).[288]

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[286] Geographic reality denotes the fact that Moscow is closer to Berlin than the infamous *Schinkenstraße* on Mallorca. The geographic distance between countries influences their relations (e.g., via the threat perception). Due to their complementary geographies and economies, Germany and Russia were repeatedly politically drawn together over the last centuries. These developments were in line with Röpke's prediction on the alignment of economic and political spaces. While geographic realities influence political relations, they do not determine them. As such, one should avoid mystifying the German-Russian relationship, by, for example, arguing that both countries are "destined" for each other.

[287] Kundnani (2015b) explains that during the Ukraine crisis, "*Ostpolitik* was still seen in Germany as one of the Federal Republic's big foreign-policy successes—a decisive and distinctively West German contribution to the end of the Cold War. In fact, many in Germany thought that it was detente, rather than more aggressive US policies, that had brought the Cold War to an end" (pp. 81-82).

[288] This kind of policy is not exclusive to Russia. During the start of the Iraq war, "Gerhard Schröder stressed diplomacy and multilateralism", while "Angela Merkel has linked sanctions against Iran to active engagement with Iran in negotiations" (Szabo, 2015a, p. 11).

These lessons were internalized by Germany and their application can be observed during the Ukraine crisis. On the one hand, Germany is "not shy of criticizing Russia sharply, and it is willing to bear the economic cost of imposing sanctions on Russia in retaliation for breaches of international law" (Forsberg, 2016, p. 41). Germany supported economic sanctions as a way to send Russia a clear signal about a red line being crossed. On the other hand, Germany rejected the use of military means, "opposing both weapon deliveries to the Ukrainian military as well as a permanent (in contrast to rotating) stationing of North Atlantic Treaty Organisation (NATO) troops in eastern Europe, which would have violated the NATO–Russia founding act" (Fix, 2018, p. 7).

Germany's policy towards Russia is not dictated by a zero-sum logic, as "partnership and cooperation are still seen as desirable and as the key principles of the relationship to which the countries should return in the longer run" (Forsberg, 2016, pp. 41-42). The aim of the Germany strategy is to avoid "further escalations of tensions with Moscow and attempt to keep diplomatic and trade channels open" (Siddi, 2016, p. 673). Throughout the Ukraine conflict, "German foreign policy officials argue that the PfM with Russia has not failed, as projects continued to be implemented" (Siddi, 2016, p. 673).

Overall, the policy towards Russia can be characterized as nuanced: "Germany has defended sanctions against Russia but has also mediated attempted solutions to the conflict" (Forsberg, 2016, p. 41). Observers have described Germany's policy as featuring a "three-fold crisis-management framework: economic sanctions; dialogue with Russia; strengthening of Ukraine, in leadership of the EU" (Fix, 2018, p. 7). Only a non-zero-sum framework can make sense of such a nuanced policy towards Russia.

It is worth highlighting that Germany has always taken a strategic long-term approach towards Russia. Such an approach is in line with neoliberal geoeconomics, as the effects of economic means are often indirect and delayed. Neoliberal geoeconomics focuses on long term gains and losses, prioritizing the usage of means with a long-term view. As a result, Germany pushes for "a broader partnership with Russia, as well as cooperation with the Eurasian Economic

Union, […] as the long-term goal of EU–Russia relations" (Siddi, 2016, p. 673). In German foreign policy circles, the strategic partnership with Russia "is still seen as a long-term objective that could be achieved when the current crisis is resolved and Russia restores its commitment to international law and OSCE principles in Europe" (Siddi, 2016, p. 674).

15.3 Germany's relation to interdependence

Applying neorealist geoeconomics to Germany's FP creates four major puzzles, related to Germany's political and economic interdependence.

15.3.1 Increase of economic interdependence

First, neorealist geoeconomics cannot explain why Germany would work towards increasing economic interdependence with Russia, a country that is recognized as one of the greatest challengers to Germany's national security. To solve this, one needs to be aware of the neorealist geoeconomics' underlying assumptions. These say that economic interdependence creates political leverage. As a result, economic (as well as political) interdependence is understood as a vulnerability and potential threat to national security. Since other states can exploit interdependencies, they should be avoided. This is especially the case in times of crisis, when countries are most likely to make use of interdependencies. That is why neorealist geoeconomics expects Germany to avoid economic interdependence with Russia and cannot make sense of policies that go in the opposite direction.

Neoliberal geoeconomics can solve this puzzle, as it assumes that states perceive interdependence as an opportunity and not a threat. Interdependence is by definition always mutual. Only by focusing on the aspect of mutually, can one understand Germany's FP towards Russia. While it is true that Germany is dependent on Russian gas, Germany is not afraid that Russia would abuse this dependency because of this mutuality. Adomeit (2016) explains that "given Russia's extreme dependency on fuel exports for its economy, a gas cut-off would be an almost suicidal step for the Kremlin to take – and, hence, it is extremely unlikely ever to wield this 'weapon' against Germany" (p. 12). Germany

recognizes interdependence as an opportunity, thus it is a positive phenomenon that should be scaled up. Trade alliances and mutual interdependence can, for example, help to achieve economic security. Neoliberal geoeconomics envisions that Germany derives its power from interdependency and its position in space (networks). In the case of German-Russian relations, interdependence is a means for Germany to influence Russia.

The importance of interdependence in Germany's FP towards Russia has long been recognized. The German "tried and time-tested approach" towards Russia has been "change through engagement" (Szabo, 2015a, p. 25). In order to achieve "systemic change and the improvement of political relations", Germany relied on "economic and societal interlocking, interlinking, and engagement (*Verflechtung*)" as an important tool (Adomeit, 2016, p. 16). As part of *Ostpolitik*,[289] Germany championed the idea of change through rapprochement (*Wandel durch Annäherung*) and change through trade (*Wandel durch Handel*). Change through rapprochement required political interdependence while change through trade required economic interdependence. Both maxims influence Germany's FP towards Russia until today and are congruent with the neoliberal geoeconomics conceptualization of interdependence.

One example of today's version of "change through engagement" comes in the form of the German-Russian Partnership for Modernization program (PfM).[290]

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[289] Mastanduno (1999), summarizing the research findings of Newnham (2002), explains the working mechanics of *Ostpolitik* as follows:

> The Federal Republic of Germany used a steady stream of economic inducements over two decades to inculcate Soviet dependence on German commerce and credits and to signal Germany's benign foreign policy intentions. In the crucial endgame of the cold war, Gorbachev counted on Germany, more so than any other Western state, to provide much-needed economic support. The German government responded at critical moments with food aid and sizable economic credits. The clinchers, which paved the way for Russian acquiescence to unification on Germany's terms, included a five billion deutsche mark credit, a willingness to allow Russia to buy goods from the eastern zone of Germany with rubles rather than hard currency, and a commitment to provide financial support for the Red army in the German Democratic Republic and for its postunification resettlement in Russia. (p. 302)

[290] Neorealist geoeconomics is oblivious to this kind of usage of interdependence. Neorealist geoeconomics cannot understand the logic behind the PfM. When observing Germany's FP towards Russia, proponents of neorealist geoeconomics come to the conclusion that Germany "tended to reject not just the use of military force, but even the use of economic power as a

Its objective was to promote domestic reforms in Russia (e.g., strengthen the rule of law) and to enhance bilateral trade (Siddi, 2016, p. 667). Russia was also interested in this partnership, as it hoped to profit economically from German technology transfers. Explaining the logic of the modernization partnership, the head of the German Foreign Ministry stated that "close economic networks [with Russia] can contribute to overcoming remaining lines of division" (Szabo, 2015a, p. 25). The rationale behind the PfM is that "Russia cannot be changed through pressure from the outside but only through continual and nonthreatening interaction and interdependence, which will lead to change from within" (Szabo, 2015a, p. 25).[291]

When recognizing the role of interdependence in Germany's FP strategy towards Russia, its impact and importance become immediately apparent. Interdependence with Russia is important for Germany, as "the weaker

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means of achieving strategic objectives, and seemed to think it could depend on soft power alone" (Kundnani, 2015b, p. 102). Just because Germany did not use its economic power in a confrontational manner against Russia, does not mean that Germany did not manage to achieve its strategic objectives in a cooperational way.

[291] The German Foreign Minister Westerwelle (2013) described the exact mechanism as follows:

> Deutsche Außenpolitik ist wertegebunden und interessengeleitet. Oft genug sind das zwei Seiten ein und derselben Medaille. Ich will nur zwei Beispiele nennen: Wenn wir im Ausland für deutsche Wirtschaftsinteressen eintreten, dann können verantwortlich investierende deutsche Unternehmen als Mikrokosmos westlicher Werte ein Beispiel setzen. Sie bringen Wohlstandsgewinne und setzen Standards in Schwellenländern. Sie fördern so das Entstehen einer selbstbewussten Mittelschicht, die Rechtstaatlichkeit und politische Teilhabe einfordert. Zweitens: Wenn wir im Rahmen unserer zahlreichen Menschenrechts- und Rechtstaatsdialoge gegenüber einem Land konkrete Verbesserungen anmahnen, dann fördert das zugleich unsere langfristigen wirtschaftlichen und politischen Interessen. Handel und Investitionen florieren dort, wo es ein verlässliches, berechenbares Regelwerk gibt. Frieden ist vor allem zwischen Demokratien gesichert.
>
> [German foreign policy is value-based and interest-driven. Often enough, these are two sides of the same coin. Let me give just two examples: When we promote German economic interests abroad, German companies that invest responsibly can set an example as a microcosm of Western values. They bring prosperity gains and set standards in emerging countries. In this way, they promote the emergence of a self-confident middle class that demands the rule of law and political participation. Secondly, when we call for concrete improvements in a country as part of our numerous human rights and rule of law dialogs, this also promotes our long-term economic and political interests. Trade and investment flourish where there is a reliable, predictable set of rules. Peace is secured above all between democracies.]

Germany's entanglement with Russia is in economic terms, the weaker also is its leverage towards Russia" (Fix, 2018, p. 10). Another reason for Germany to increase its interdependence with Russia is to avoid Russian counterbalancing reactions.[292] These could come in the form of Russia "befriending" other non-liberal states out of economic necessity. Germany wants to avoid Russian counterbalancing reactions, especially in the area of energy. More interdependence with Germany can avoid greater diversification on the Russian side. Braml (2020b, p. 8) explains that US security experts have pointed out that sanctions in the energy sector against Russia would harm the West, as they encourage Russia to develop an Asia-focused diversification strategy. This diversification would lead to greater independence from energy exports to Germany, lowering the leverage of Germany's economic means.

The promotion of economic interdependence also helps to further other noneconomic but still strategic German interests (e.g., the rule of law, human rights) in Russia. Germany is convinced that "economics will trump the use of military force over the medium term, if not immediately, and that Russia's dependence on outside markets will eventually draw it back from further confrontation" (Szabo, 2015a, p. 130). Thus, furthering economic interdependence is believed to have the side effect of lowering the potential for military escalation. This makes economic interdependence with Russia important, as "geopolitical conflicts are a cause of minimal economic exchanges between states and consequentially, minimal economic exchanges mean that geopolitics continues to assume importance" (Siddiqi, 2018, p. 38).

15.3.2 Encouragement of trade

Second, neorealist geoeconomics cannot make sense of Germany encouraging trade with Russia while imposing economic sanctions with the help of its European partners at the same time. Encouraging trade comes in the form of handing out substantial export guarantees and continuing to support trade with

[292] Realist geoeconomics argues that economic power should be used to make people do what you want them to do. It works with coercion and force. The downside of the use of force, even if it is "just" economic, is that it can lead to counterbalancing.

and investments in Russia. Neorealist geoeconomics struggles to make sense of Germany's policy to encourage German NSAs to do business with Germany's biggest (in trade volume), sanctioned trading partner. This struggle arises from the neorealist geoeconomics assumption that trade creates interdependency, while it strengthens the economy of the trading partner.

Neoliberal geoeconomics can make sense of Germany encouraging trade with Russia, since it understands trade as an economic means for change. Encouraging trade does not only benefit NSAs involved, but can be part of a neoliberal geoeconomics strategy. As an example, the German economic and political elite understands trade with Russia as an agent for (political) modernization (Bulmer & Paterson, 2019, p. 228). As explained above, "change through engagement", including economic engagement in the form of trade, is one of the principles underlying the design of Germany's FP towards Russia. Economic engagement does not only happen for the obvious, economic reasons, but also for political ones. This is important to highlight, as proponents of neorealist geoeconomics criticize Germany for neglecting strategic and pollical aspects in their FP towards Russia. Germany prioritizes money over values, so their argument goes. If trade was a goal in itself, not serving any higher (political) purpose, this critique would be well-founded.

However, Germany regards trade relations with Russia as important, also because they may boost civil societies, "lead to improved integration of the country in international governance frameworks, create incentives for constructive behavior, and perhaps even encourage social change in the country itself" (Kaim & Stelzenmüller, 2013, p. 34). Believing in the positive political impact of trade does not mean that Germany is oblivious to its potential negative side effects. There exists an awareness that trade relations with Russia can also contribute to stabilizing its current form of government with all its negative aspects and provide it with "new leverage over its own civil society" (Kaim & Stelzenmüller, 2013, p. 34). However, the German perception remains that the benefits outweigh the risks and that trade with Russia can have positive FP consequences. After all, the main focus of Germany's FP lies on improving the

relationship between Germans and Russians and not between the Russian government and its people.

Trade with Russia is also interpreted through an ordoliberal lens in Germany.[293] Generally speaking, the market should be free and NSAs should be allowed to freely choose with whom they want to trade. This includes the peoples of Russia. The role of the state is to secure the economic freedoms of market participants and not to manipulate the market. The freedom of the market should not be limited by political goals that do not enjoy a large political consensus. Free enterprise is not seen as a competitor but as an enabler of geostrategic objectives. In the discussions on gas trade with Russia, the German government has repeatedly emphasized that the market should continue to be free, and that the state should not try to interfere in purely economic projects. Despite Foreign Minister Steinmeier's calls for more diplomatic engagement in economic processes, "German diplomats, explicitly referring to ordo-liberal principles, consistently underscored certain limits in their approach as engagements at the micro level were still 'not part of our DNA'" (Olsen, 2020, p. 138). However, this does not mean that international trade is without *Ordnungspolitische Leitplanken* [regulatory measures] that ensure the functioning of the market. Export guarantees are one of those instruments used by Germany to enable trade in areas, where trade would not be possible otherwise.

For Germany, export guarantees are primarily economic instruments. They are not awarded according to political but economic criteria.[294] Due to their sound

[293] The presence of the ordoliberal lens in Germany's FP also became apparent during the Euro crisis. In talks with German economists and policymakers, Kundnani (2019) discovered that they

> reject the accusation of mercantilism precisely because they do not see it as the role of the state to reduce Germany's current account surplus. They argue that the surplus is an outcome variable rather than a policy variable. According to them, it reflects the relative competitiveness of the German economy. It is the product of market forces and not a deliberate strategy by the German government. In particular, they argue it would be inappropriate for the government to intervene in the economy to raise wages or take other measures so as to increase aggregate demand. (p. 69)

A similar logic is at play when discussing the regulation of trade with Russia.

[294] Already during the Cold War, credit guarantees were seen as a way to promote a country's FP objectives. Huntington (1978) called for changes in the US government credits system, as due to the Jackson-Vanik and the Stevenson amendment, export credits were only given to the

economic operation, the Hermes covers have been profitable for the German state throughout the years. Therefore, the German system of export guarantees can not be compared to systems of state funded exports.[295] When export guarantees are used as imagined by neorealist geoeconomics, they fall into the category of what Luttwak (1993a) calls "predatory finance" (p. 20). Predatory finance includes measures in which the economic rationale is replaced by a competitive political one. As such, they become a form of offensive use of economic means, which includes "offering loans at below-market interest rates" to boost export sales, especially when "interest rates are suddenly reduced in the course of a fought-over sale" (Luttwak, 1993a, p. 20). Offering loans at below-market interest rates clearly violates any sound economic rationale, with society overall suffering and individual companies profiting from the loans. Luttwak (1993a) points out that "foreigners can routinely expect to pay lower interest rates for their credit purchases than local borrowers, whose taxes pay for the very concessions that foreigners receive" (p. 20). The use of such economic means is not part of neoliberal geoeconomics, as they are neither sustainable (race to the bottom regarding the interest rates), nor are they producing an overall positive economic outcome (local borrowers having to pay for the artificially lowered interest rates). Not only does predatory finance decrease the overall wealth of society, it also shifts it (from taxpayers to exporters).

15.3.3 Lack of pressure on Russia

Third, neorealist geoeconomics cannot explain why Germany is not making stronger use of the existing interdependent economic relationship with Russia and use the existing economic means to pressure it into changing its FP. Neorealist geoeconomics is puzzled that Germany instead works towards increasing the

USSR in exceptional circumstances. Huntington (1978) explains that "the effect of these enactments has been to put a freeze on U.S. government credits and to deny the government the possibility of using credits as a way of promoting its foreign policy objectives with the Soviet Union" (p. 77).

[295] The German export guarantees to Russia are also not part of other forms of predatory finance, such as dumping. As part of dumping processes, states subsidize exports below their normal value (e.g., production cost or the cost sold in the domestic market) for political reasons. Most of the times, such processes go hand in hand with an overall loss of wealth for societies.

energy and economic interdependence with Russia. This is because neorealist geoeconomics assumes that economic means are a form of hard power that can be used to coerce other states. The effects of using economic means are direct and immediate. Neorealist geoeconomics only accounts for the effects that are directly felt and observable. The focus is on easily quantifiable short-term gains or losses. Indirect and non-immediate costs are neglected. With Germany and its allies under pressure by Russia's policy towards Ukraine, neorealist geoeconomics expects Germany to use its already existing economic relationship with Russia as a confrontational economic means.

This puzzle can be solved with the help of neoliberal geoeconomics. Neoliberal geoeconomics is aware of the indirect and delayed effects of geoeconomics. While the effects of the use of economic means might not be directly felt or observable, it does not mean that mid- to long-term consequences are neglected. The cost evaluation of neoliberal geoeconomics tends to be more inclusive over the long run. One of those consequences, already discussed above (taking the form of a compensation mechanism), is Germany's concern about Russia diversifying its trade and reducing interdependence with Germany. Being aware of these effects of the means' usage, leads to a different pattern of use than suggested by neorealist geoeconomics.

When taking long-term consequences into account, states are less likely to sacrifice their economic relationships for short-term gains. Economic relationships are built on trust and need time to develop. Once that trust is betrayed, it takes a lot of effort and time to rebuild it. This means that confrontational economic means can only be used effectively once. After that, the hard-earned trust is lost, and the targeted state will look for ways to avoid such economic vulnerability in the future. This mechanism can be seen at play in the statements of representatives of German NSAs with economic stakes in Russia. They concluded that "long-lasting damage has been done to economic relations with Russia, as mutual trust has been weakened and Moscow will try to diminish its dependence on business with the West in the future" (Siddi, 2016, p. 672).

To better understand Germany's hesitance towards pressuring Russia, one needs to realize that Germany's economic power stems from its interdependence with Russia, and interdependence is a double-edged sword. It is too shortsighted to simply look at Germany's economic export power and to argue that it is either a strength or a weakness. While "Germany's strength lies in its prowess as an export power", at the same time, "this is also a potential vulnerability given the role of factors outside of Germany's control" (Szabo, 2015a, p. 85). Moreover, pressuring Russia would take away one's leverage over Russia. Combined with the ordoliberal lens, Mair (2018) raises the question whether "Germany can use its economic strength in geoeconomic strategies, but without undermining that exact strength". The reason for raising this question is that Germany derives its economic strength from non-interference, meaning that it abstains from using its means in a neorealist geoeconomics way. Indeed, Germany's

> economic strength of the last ten years came as a result of German policy forgoing the opportunity to turn the economy into an object or instrument of its foreign and security policy through state regulations and interventions. Free trade agreements were primarily advanced for economic reasons; foreign trade promotion mainly served private-sector purposes, and companies were not encouraged to invest in certain countries or withdraw from others. (Mair, 2018)

Lastly, there is always the functional argument against confrontational approaches towards Russia. After the end of the Cold War and the readjustment of strategic priorities, confrontational approaches have not always been successful in achieving their ends. According to Kundnani (2015b, p. 101), "German diplomats pointed to the failures of Western military' intervention in Iraq and elsewhere and said their non-confrontational approach was better" (Kundnani, 2015b, p. 101). Even with the PfM not bringing about internal change fast enough, German public "remains skeptical that it can be changed from the outside" (Szabo, 2015a, p. 33). Russia is perceived as "a defensive and insecure power rather than an expansionist one" (Szabo, 2015a, p. 33) and as such it should not be backed into a corner. In such a situation, confrontational use of economic

means should be avoided, as it is also argued that economic sanctions "against Russia are a driver for negative developments, as they reinforce Moscow's isolation and the radicalisation of its policies" (Siddi, 2016, p. 672). To overcome its insecurity, Russia needs a cooperation partner in the West, that can help it on its path to economic and political modernization. Hence, for a long time Germany has perceived Russia as "more of a problem to be managed than a threat to be confronted" (Szabo, 2015a, p. 33). While Germany did use its existing economic ties with Russia as a political tool, it is questionable whether it did so in a confrontational manner.

15.3.4 Support for multilateralism

Fourth, neorealist geoeconomics cannot explain why Germany would confront Russia multilaterally. Multilateralism is a form of political interdependence, whereby sovereignty is ceded to supranational institutions, restricting a state's room for maneuver. A unilaterally acting Germany would not need to be considerate of its allies, which would result in better economic relations with Russia. When Germany uploaded the PfM to the EU level (Siddi, 2016, p. 667), the program lost its bilateral character. Neorealist geoeconomics cannot make sense of such policy decisions. To solve this puzzle, one needs to be aware of the underlying assumptions from which the neorealist geoeconomics' puzzlement arises. Neorealist geoeconomics assumes that multilateralism creates constraints, including economic ones, and thus prefers economic power to be used unilaterally. A Germany, acting in accordance with neorealist geoeconomics, is expected to focus on its economic benefits, trying to avoid economic constraints of any kind.

This puzzle can be solved with the help of neoliberal geoeconomics. Neoliberals geoeconomics argues for economic power to be used multilaterally. According to neoliberal geoeconomics, multilateralism is an important way to engage with other states cooperatively. Today, many of the main international problems can only be solved in a multilateral setting (see, e.g., climate change, non-proliferation of nuclear weapons, terrorism, etc.). Similar to the use of economic means, the argument in favor of multilateralism is a functional one. It

is irrelevant whether multilateralism is normatively better or worse than unilateralism. What matters is that through the lens of neoliberal geoeconomics it can solve problems more effectively.

Germany understands that using sanctions unilaterally against Russia does not make much sense. Due to the fluid and flexible nature of the economy, sanctions, embargos, and other forms of trade restrictions can easily be circumvented via third states that are not part of the conflict. Therefore, economic means always need the support of a larger group of states to function (unless the sender and/or agent state is an economic hegemon). Germany has long realized this drawback of economic power and has, together with the Swiss government, made the effort "to focus international attention on the need for more targeted and effective United Nations (UN) sanctions" (Cortright & Lopez, 2002, p. xiii). Hence, it has pushed for the use of economic means in a multilateral setting. If Germany were to use economic means unilaterally, it would risk losing its reputation as a reliable (trading) partner.

To expand multilateralism is part of a neoliberal geoeconomics strategy. As such, a Germany with a neoliberal geoeconomics policy does not need to choose between multilateralism and pursuing its own economic interests. The tension between "Germany's governance interest in a peaceful reshaping of the international order on one hand and its interest in bilateral trade relations with high growth rates, returns on investment, and access to key resources on the other", does not mean that Germany is forced "to choose between its traditional normative and multilateral orientation, and a more [neorealist] geo-economic orientation" (Kaim & Stelzenmüller, 2013, p. 34). To the contrary, Germany is in fact able to pursue its interests through multilateralism.

Contrary to the proponents of neorealist geoeconomics, Bulmer and Paterson (2019) observe that "Germany's credibility to play a leading role in foreign policy is constrained by […] its reluctance to act unilaterally" (p. 247). Over the last years, Germany "committed its power to the practices of multilateralism and anti-militarism" (Crawford & Olsen, 2017, p. 592). Some scholars even go so far as to argue that multilateralism is a defining part of the

German autobiography (Eberle & Handl, 2018, p. 8). According to Crawford and Olsen (2017), Germany uses its material power to actively and effectively pursue multilateralism, a principle "at the heart of the German national interest in international politics" (p. 591). Germany is said to have a clear policy preference for "policy preference for civilian (as opposed to military) practices: adherence to international law, membership in multilateral institutions, and the practice of 'cooperative security'" (Crawford & Olsen, 2017, p. 592). I am not sure whether Germany has an autobiography, but scholars agree that since the end of the Cold War, "Germans have tended to favor multilateral and institutional approaches that emphasize a rule-based system of institutionalized cooperation" (Szabo, 2014b).

The idea that Germany is shifting from multilateralism to selective multilateralism does not hold up under closer scrutiny. As Szabo (2014b) reports, Germany has favored inclusive multilateralism over the development of exclusive multilateralism. Moreover, selective multilateralism and unilateralism runs counter to the way in why Germany aspiration to being a *Gestaltungsmacht* [Shaping Power]. This concept is part of the conceptual core of Germany's FP strategy (Bulmer & Paterson, 2019, p. 214). *Gestaltungsmacht* is seen as "a step towards multilateralism, rather than an alternative to it" (Kundnani, 2015b, p. 101). As a shaping power, Germany makes "use of networks, fashioning networks with new actors both at home and abroad", developing "networks alongside its traditional fora of the EU, NATO, and the G-8 to develop the global governance needed to deal with the new challenges of globalization" (Szabo, 2014b).

15.4 Germany's relation to NSAs

Applying neorealist geoeconomics to Germany's FP creates two major puzzles, related the role of non-state actors in German-Russian relations.

15.4.1 NSAs' support for sanctions

First, neorealist geoeconomics cannot explain why German commercial NSAs were supportive of the sanctions regime against Russia, whereby directly hurting their business interests. To solve this puzzle, one needs to be aware of the underlying assumptions from which the neorealist geoeconomics' puzzlement

arises. Neorealist geoeconomics assumes that NSAs, especially export-oriented businesses, are shaping the FP agenda on Russia. Assuming that NSAs are setting the FP agenda, neorealist geoeconomics cannot explain why those NSAs would put economic sanctions on the agenda. The solution to this puzzle can be found in the way in which neoliberal geoeconomics conceptualizes the relationship between the state and its NSAs. The short answer is that the primacy of politics persists in FP matters: "politics trumps economics" (Bulmer & Paterson, 2019, p. 231).

The long answer is given in detail below, as it also applies to the second flaw. As the section below explains, the relationship between the state and NSAs is not founded on competition, but on cooperation (for functional reasons). The state is not telling businesses what to do, nor are businesses telling the state what policies to adopt. As part of the cooperation process, the state and NSAs are in constant exchange on how to best proceed and what policy to adopt. In practical terms this means that during the Ukraine crisis, Merkel had to "persuade German business to agree to sanctions, which would shrink German exports to Russia by 26 per cent from mid-2013 to mid-2014" (Bulmer & Paterson, 2019, p. 231). The opinion of business does matter in neoliberal geoeconomics. For a FP to be successful, it needs the support of NSAs. The sanctions against Russia were thus not enacted against the will of German NSAs, but rather with their support. German businesses supported the sanctions, as they understood that it would be in their best interests.

To understand why German businesses would support the sanctions, one needs to know a little bit more about their interests. To just say that German business is interested in business, means to oversimplify things. Even if German businesses were to set Germany's FP agenda, it would not mean that "everything goes" as long as trade is free. In fact, even Szabo (2015a) has to admit that German companies are concerned with their "safety and reliability of their investments" (p. 24). This includes topics such as "the rule of law and enforcement of contracts", as well as problems linked to "bribery and corruption" (Szabo, 2015a, p. 24). The liberalization and democratization of Russia is thus also in the interest

of German companies. Rainer Linder, in his role as the managing director of the Ost-Ausschuss, explained that

> the often cited conflict between business interests and democratic values does not stand up to closer examination: through their economic activity, new production plants, and the creation of jobs, German companies contribute a great deal to the stabilization and development of societies in all of Eastern Europe. German companies and plants employ millions of people in these countries. Through their business practices they export values and rules that change these societies. Even if they are not immediately visible, these are lasting changes. (as cited in Szabo, 2015a, pp. 65-66)

15.4.2 Relationship between the state and NSAs

Second, neorealist geoeconomics fails to clearly define the role of German commercial NSAs in the German-Russian relationship.[296] It is not clear whether business is driving the FP agenda, or whether business is simply a means in the hands of the state. In the first case, neorealist geoeconomics cannot explain why German business would put sanctions on the FP agenda. In the second case, neorealist geoeconomics cannot explain why the German state did not make more use of its NSAs, by, for example, stopping the construction of Nord Stream II or the import of oil and gas. As already mentioned above, the solution to this puzzle can be found in the way in which neoliberal geoeconomics conceptualizes the relationship between the state and its NSAs: cooperation, which means that neither is the state telling businesses what to do, nor are businesses telling the state what policies to adopt. Instead, Germany has opted for a model of constant exchange and dialogue on how to best proceed with Russia. Germany actively

[296] Neorealist geoeconomics also does not clearly define the role of commercial NSAs in the agent and the patient state. To focus solely on commercial German NSAs and their relationship with their own government is logically inconsistent. If one attributes the FP shaping powers to German NSAs, they surely must apply to other NSAs as well. This inconsistency is not discussed further, as it is based on the underlying assumption that either the state controls the NSAs, or the NSAs set the FP agenda. As this assumption is not shared by neoliberal geoeconomics, the problem becomes irrelevant.

involves domestic NSAs in the foreign policy agenda development. However, that does not mean that these economic stakeholders drive the policy creation process.

The idea of cooperation between the state and its NSAs is rooted in the German tradition of ordoliberalism. Ordoliberalism, being one of the intellectual building-blocks of Germany's economy, imagines the "liberal state abstaining from direct interference in intramarket dynamics, while taking on responsibility for creating and sustaining conditions for a competitive market economy by promoting a culture of national economic stability and a rule-based multilateral system" (Olsen, 2020, p. 136). Ordoliberalism and neoliberal geoeconomics share several underlying principles regarding the relationship between the state and its NSAs. The instrumentalization of NSAs for political purposes would go against the fundamental principles of ordoliberalism, as well as neoliberal geoeconomics.[297] This means that "German diplomats cannot — and essentially do not want to — prevent business leaders from seeking direct contact with potential export markets" (Olsen, 2020, p. 147). Instead, during Schröder's term, the Chancellery became "more active in promoting the interests of business, for example, by bringing large trade delegations on visits abroad" (Kundnani, 2015b, p. 81), whereby furthering the cooperation between the state and business sector.

As part of the cooperation process, the German Foreign Ministry reached "out to the German business community to explain the political necessity of the coercive measures and gather information regarding business concerns related to EU sanctions and Russian countersanctions" (Olsen, 2020, p. 147).[298] Economic sanctions can only be successful with the help of NSAs. The compliance of the NSAs with the sanctions and their co-operative attitude was the result of "German

[297] The problem with the neorealist geoeconomics conceptualization of the relationship between the state and NSAs is that it is applied to Germany and China alike. Considering the vast differences between China and Germany, it is rather questionable whether the same interpretation of geoeconomics can be successfully applied to both countries. After all, the German state's control over its NSAs is not comparable to the situation in China.

[298] The cooperation between the German state and NSAs during the Ukraine crisis happened via ad hoc meetings, organized by the German Foreign Ministry and the Federal Ministry of Economics and Technology. Olsen observes that while this shows the state's "co-operative approach" it also illustrates "a lack of coherent practices or formal fora for such processes" (Olsen, 2020, p. 147).

government officials' trustful relations with major CEOs and well-organised business interest groups" (Olsen, 2020, p. 149). Help is not only needed in the implementation of the sanctions but also in their design. Valuable knowledge about the economic relationship with Russia resides in the hands of NSAs. In return, commercial NSAs also need the help of the state. In order to secure contracts in authoritarian states with a state-controlled economy, "German companies needed the help of German officials" (Kundnani, 2015b, p. 81).

Another reason for close cooperation between the state and its NSAs is the risk of overcompliance. In his talks with German diplomats, Olsen (2020) discovered that they are also concerned about the "risk of 'overcompliance', where businesses may feel worried about committing legal mistakes and, therefore, do not exploit market opportunities unprohibited by the sanctions" (p. 147). Olsen (2020) also found that "while both ministerial officers and business representatives underscore the theoretical state-market independence, regular contacts between various ministers and highest-ranking civil servants and major CEOs were valuable to ensuring that businesses were well informed of the government's priorities" (Olsen, 2020, p. 147). Next to the ministerial work, "the informal engagement of high-profile politicians and government representatives with individual major companies" (Olsen, 2020, p. 148) also played an important role in the implementation of Germany's sanctions policy. Overall, the cooperation between the state and NSAs is in the interest of both parties and mutually beneficial.

15.5 Concluding remarks

Neoliberal geoeconomics provides an analytical framework for understanding and interpreting international relations and foreign policy. This chapter set out to answer the following question: *How does neoliberal geoeconomics compare against neorealist geoeconomics approaches in terms of usefulness, meaning their explicatory strength and analytical potential?* Since it is a new concept, I attempted to demonstrate the additional usefulness of neoliberal geoeconomics as compared to established geoeconomics approaches. This was done with the help

of a case study, that aims to investigate the concept's analytical utility by how effectively it can make sense of reality. As part of the case study, I investigated if and how neoliberal geoeconomics can account for Germany's FP towards Russia. In line with an analyticist methodology, the case study is not used to prove or disprove any of the two approaches compared. Instead, it judges the analytical approaches by how effectively they make sense of the case under scrutiny.

I reviewed a case study that is often used to make one of the strongest cases in favor of the analytical utility of neorealist geoeconomics. Proponents of the neorealist conceptualization of geoeconomics argue that the German approach towards Russia is close to an ideal-type geoeconomic relationship. This case is methodologically speaking, a significant or crucial case, as it is often used to showcase the usefulness of neorealist geoeconomic approaches. It is a most-likely case with regards to the established neorealist understandings of geoeconomics and a least-likely case with respect to the new, neoliberal interpretation of geoeconomics. Showing that neoliberal geoeconomics can make better sense of this case, gives credit to the concept overall, as chances are high that it will also succeed in other cases.

Before attempting to make sense of Germany's FP with the help of neoliberal geoeconomics, I first went over the ways in which Germany's FP is understood and characterized by neorealist geoeconomics. I identified eight characteristics that scholars use to argue that Germany's FP is congruent with neorealist geoeconomics. These characteristics are (1) the usage of economic means to pursue foreign policy ends, (2) the economic nature of its FP ends, (3) the economic motivation for using economic means, (4) the imposing way of pursuing its ends, (5) the zero-sum framework of operation, (6) the operation in a divided space, (7) the relation to non-state actors, and (8) the shift away from multilateralism.

Having presented the eight neorealist characteristics of Germany's geoeconomic FP, one can ask if they manage to make sense of Germany's otherwise paradoxical FP. To check the merit of the neorealist geoeconomics' account, I proceeded in two ways. On the one hand, I checked whether the theory

of neorealist geoeconomics is in fact congruent with the empirical evidence provided in the case study. I asked whether the eight characteristics, typical of a geoeconomic country and its FP, can in fact be found in Germanys' FP towards Russia. I find that neorealist geoeconomics as a concept is not congruent with the empirical evidence of the case study. On the other hand, I examined whether the narrative provided for the case study on Germany's relation with Russia actually makes sense or if it contains some inconsistencies. While the theoretical concept might be congruent with the empirical evidence, I find that the constructed narrative contains logical inconsistencies. This makes the neorealist geoeconomics narrative of the case study on Germany's FP towards Russia a hard buy, as the explanations derived do not help to make sense of the case study. Even though the case study has been described as ideal-typical, I come to the conclusion that the neorealist interpretation of the case study is not only flawed, but that the explanations derived do not help to make sense of the case study.

Having learned about the incongruencies between the theoretical propositions and empirical observations, I re-examined these issues under a neoliberal lens. The neoliberal version of geoeconomics, conceptualized in the previous part of this dissertation, managed to provide insights that help to understand these paradoxical observations. It can deliver on its promise and make more sense of the mentioned paradoxes. I focus on three specific sets of flaws that arise out of the neorealist conceptualization of geoeconomics. The first set is related to Germany's framework of operation,[299] the second to Germany's stance towards political and economic interdependence,[300] and the third to the role of

[299] This includes two flaws. First, neorealist geoeconomics cannot explain why Germany would subordinate its own economic interest by pushing for and imposing tough sanctions on Russia. Second, neorealist geoeconomics cannot explain why Germany still regards Russia as a partner in times of crisis.

[300] This contains four flaws. First, neorealist geoeconomics cannot explain why Germany would work towards increasing economic interdependence with Russia, a country that is recognized as one of the greatest challengers to Germany's national security. Second, neorealist geoeconomics cannot make sense of Germany encouraging trade with Russia while imposing economic sanctions with the help of its European partners at the same time. Third, neorealist geoeconomics cannot explain why Germany is not making stronger use of the already existing interdependent economic relationship with Russia and use the existing economic means to

NSAs in German-Russian relations.[301] I find that the neoliberal conception of geoeconomics can account for what happened in the case study on Germany's FP towards Russia and that it can give an explanation for the seemingly paradoxical behavior of the German state and its NSAs. The explanations derived help to make sense of the case study. Moreover, the type of evidence selected by neorealist geoeconomics is predominantly congruent with the neoliberal geoeconomics, making it a good fit. Neoliberal geoeconomics manages to better explain and to make more sense of Germany's FP as compared to neorealist geoeconomics.

The case study demonstrates that the reconceptualized version of geoeconomics, meaning neoliberal geoeconomics, is in fact able to increase the concept's empirical usefulness and analytical value. Neoliberal geoeconomics, developed as part of this dissertation, is a new theoretical concept, that managed to prove its utility for the first time. To answer the question, neoliberal geoeconomics compares well with its neorealist brother. It manages to explain paradoxical cases, which realist geoeconomics has struggled to explain. Since I have discovered that neoliberal geoeconomics holds greater explanatory potential as compared to neorealist geoeconomics in a most-likely case of neorealist geoeconomics (i.e., a case of high significance), my argument in favor of the reconceptualized neoliberal geoeconomics is clearly strengthened. By succeeding in a least-likely case, neoliberal geoeconomics strengthened its overall explanatory potential. I therefore come the conclusion that neoliberal geoeconomics does not only hold up against neorealist geoeconomics but that is has to be understood as a serious rival in terms of usefulness. This conclusion challenges the current academic and non-academic mainstream discourse on the topic.

Based on this case study, I cannot say that neoliberal geoeconomics is generally more useful or that it holds greater explanatory potential than neorealist

pressure it into changing its FP. Fourth, neorealist geoeconomics cannot explain why Germany would confront Russia multilaterally.

[301] This includes two flaws. First, neorealist geoeconomics cannot explain why German commercial NSAs were supportive of the sanctions regime against Russia, whereby directly hurting their business interests. Second, neorealist geoeconomics fails to clearly define the role of German commercial NSAs in the German-Russian relationship.

geoeconomics. One case cannot provide conclusive evidence of the utility of an analytical concept. It might be that neoliberal geoeconomics will turn out to be only of limited usefulness in other cases, as it is possible that scholars were wrong in choosing Germany as their best case for showcasing the utility of neorealist geoeconomics. However, this is very unlikely as until today, there has not been a case comparable to the one featured here, one that has received such a broad support by scholars as the best case to demonstrate the usefulness of neorealist geoeconomics. I believe that neoliberal geoeconomics might be well suited to also explain many other, still classified as paradoxical, phenomena. Since neoliberal geoeconomics has a higher usefulness in comparison to neorealist geoeconomics in a for it least-likely case, chances are high it can also contribute to making sense of other cases, still interpreted via a neorealist lens. This needs to be confirmed by further studies.

Future research on neoliberal geoeconomics is needed for several reasons. One reason is to verify the conclusions reached in this study. German-Russian relations continue to develop and the interpretation of neoliberal geoeconomics needs to be regularly reviewed. Another reason is to reconfirm that neoliberal geoeconomics is not a single-case concept. A third reason is to further investigate how neoliberal geoeconomics performs in comparisons to neorealist geoeconomics in other cases. I am sure that other cases exist in which neorealist geoeconomics can still outperform neoliberal geoeconomics. These comparative studies are also needed if one wishes to be better able to compare the concepts' usefulness. Lastly, neoliberal geoeconomics promises to provide insights into countries FPs that until know have not been well understood. Further studies are therefore also needed for empirical reasons.

In practical terms, I can suggest the application of neoliberal geoeconomics to Japan's FP. Japan promises to be an interesting case, due to its similarities with Germany.[302] While both cases seem very similar on the surface, the country's

[302] Hughes (2005) explains that

> from the early modern through to the contemporary period, Japan has been consistently characterized by an emphasis on the economic roots of insecurity and, concomitantly, the importance of economic policy tools to tackling extant security problems. Japan has

relationships towards China and Russia might turn out to be more different than one would expect. Some scholars have even tried to argue that Japanese investments into Mexico "should be analysed within the framework of a Japanese geo-economic strategy that considered the pacific coast of Mexico as a strategic zone for future market penetration in California" (Csurgai, 2009b, p. 215).

Another potentially interesting case study is China; a country that is often said to "also use geo-economic power" (Kundnani, 2011a, p. 42). The current Chinese political system makes it an unlikely contender for neoliberal geoeconomics at first sight. Yet, studies on China's financial policies[303] have shown that "China's supposedly mercantilist policies belie a deep degree of Chinese trade and financial interdependence with the United States" (Ferchen, 2016, p. 12).[304] Hence, the current neorealist geoeconomics[305] interpretation of China's FP is criticized for being "backed by remarkably little evidence drawing a direct or even indirect link between China's global economic ties and its geopolitical influence" (Ferchen, 2016, p. 12).[306] Ferchen (2016) concludes that

> professed, and to a large degree practiced, a comprehensive view of security that seeks to use economic and military power in balanced combination, often with economic power as the foremost policy instrument. Japan has sought to use ODA and the building of economic interdependence as a means to promote developmentalism, economic growth, and state-building agendas. In the post–Cold War era it has further complemented its conception of comprehensive security with one that seeks to address the economic causes of individual human security. In many ways, then, Japan stands apart from other developed states in the consistent level of its commitment to, and prioritization of, political economy approaches to security. (p. 110)

[303] Ferchen (2016) references studies on China's exchange rate policies and its holdings of U.S. currency reserves and Treasury bonds.

[304] Ferchen (2016) warns that "absent deep economic linkages and interdependencies between China and the United States and Europe, it is possible that strategic tensions could be even more severe and the room for bargaining even more constrained" (p. 13).

[305] Ferchen (2016) uses the term "mercantilist geoeconomics framework" (p. 12) for what I call neorealist geoeconomics.

[306] For an example of unfounded and unreflected neorealist geoeconomics claims, see Schwarzer (2020): "China verfolgt ein anderes Modell geoökonomischer Machtausübung. Mit der Seidenstraßen-Initiative schafft es wirtschaftliche Abhängigkeiten und instrumentalisiert diese politisch. Die Mittel sind vielgestaltig: Investitionen, Rohstoff- und Handelsabkommen, Energie- und Infrastrukturprojekte in Europa, Asien, Afrika und Lateinamerika" [China is pursuing a different model of geoeconomic power. With the Silk Road Initiative, it is creating economic dependencies and instrumentalizing them politically. The means are manifold: investments, raw material and trade agreements, energy and infrastructure projects in Europe, Asia, Africa and Latin America] (p. 34). Concerning China's FP in Africa, scholars pushing the neorealist geoeconomics narrative, like to argue that Chinas is driving its African partners into

neorealist geoeconomics approaches lead to the overestimation of "China's ability to formulate and achieve its geostrategic goals through effective manipulation of domestic and international actors and markets" (p. 16). Overall, such approach is based on "largely unwarranted and unproven assumptions about […] the successful strategic acumen" (Ferchen, 2016, p. 16) of China, while being "too narrow, rigid, and removed from complex realities" (Ferchen, 2016, p. 16).

debt, that the Chinese companies are state-owned, and that they mainly employ Chinese. However, "alle drei Argumente sind in zwischen widerlegt. Afrikanische Staaten sind nur zu etwa 15 Prozent bei Chinesen verschuldet, 95 Prozent der in Afrika tätigen chinesischen Unternehmen sind private, ihre Mitarbeiter zu 90 Prozent Afrikaner" [all three arguments have been refuted. African countries are only about 15 percent indebted to the Chinese, 95 percent of Chinese companies operating in Africa are private, and 90 percent of their employees are Africans] (Heumann, 2020, p. 90).

Chapter 16: Conclusion

In this dissertation, I have adopted a three-step approach to answer the overarching research question: *What is one to understand by geoeconomics?* To answer it, one must first take stock of the current state of knowledge, and of the existing theoretical and empirical literature, and then assess whether they are valuable, persuasive, and complete. The literature review (see part I), does that by studying how the term "geoeconomics" has been theorized, interpreted, and employed so far, thereby critically assessing current definitions. The literature review raises and answers the question *Why is there a need to (re-)define the theoretical concept of geoeconomics?*, by unmasking the weaknesses of current conceptions and usages. Thus, I argue that geoeconomics has to be consciously reconceptualized from the ground up, due to several identified shortcomings.

The first chapter of the literature review takes a closer look at the history and development of the term, in order to explore the various meanings and usages of the term through time. Chapter 2 investigates the intellectual roots of geoeconomics (*What are the intellectual roots of the term "geoeconomics"?*), and their relevance for today's understanding of the concept (*What relevance do these roots have for today's understanding of the concept?*). Chapter 3 gives an overview of the different regional, sometimes country-specific, conceptions of geoeconomics. It answers the following question: *How do the regional conceptions of geoeconomics understand and conceptualize the term?* The chapter shows that research on geoeconomics was heavily dominated by regional interpretations from the 1970s onwards. Chapter 4 reviews contextual definitions of geoeconomics by surveying contemporary approaches to geoeconomics. It answers the following question: *What are current understandings of geoeconomics?* The chapter groups geoeconomic approaches by several criteria: core ideas, the way geoeconomics is used, the envisaged nature of the term, and its ideological affiliations. Chapter 5 concludes the literature review and assesses the coherence, consciousness, and persuasiveness of the surveyed approaches. It answers the following question: *What weaknesses or shortcomings do current understandings of geoeconomics display?* The chapter identifies four specific

shortcomings in current approaches and understandings of geoeconomics. First, there is the unclear, analytically weak, and at times contradictory definition of the term "geoeconomics". Second, there is the lack of a clear conceptual differentiation between geoeconomics and existing concepts. Third, there is the vagueness regarding the underlying ideological paradigm. Fourth, there is the unconscious use of the term "geoeconomics". By pointing out potential areas for further conceptual development, chapter 5 justifies the ensuing research on the concept's definition.

At this point it is clear that geoeconomics has to be consciously reconceptualized from the ground up. As a second step, I show in the theory part (see part II) how this can be done. The aim of part II is to contribute to the conceptual development of geoeconomics, aiming to remedy the identified shortcomings by reconceptualizing geoeconomics in a systematic manner. However, before reconceptualizing geoeconomics, the term is first "deconceptualized" (deconstructed*)*. The literature review's findings serve as motivation and guidance. Part II answers the following question: *In light of the identified shortcomings, what does a more consciously conceptualized geoeconomics look like?* To effectively address the highlighted shortcomings, I reconceptualize geoeconomics by developing a coherent, conscious, and transparent conceptual approach to it. As a result, I present a summary of my findings in the form of a reference table, and suggest the usage of a qualifier in front of the label "geoeconomics". I find that the reconceptualized version of geoeconomics promises greater explanatory potential and analytical fruitfulness, especially for currently incongruent or unaccounted for phenomena.

I am thus left with two concepts: an established and a new one. The new concept still had to prove its empirical usefulness and analytical value. After all, I could not know whether neoliberal geoeconomics had any use. Hence, in the third part (see part III), I demonstrate the additional usefulness of neoliberal geoeconomics with the help of a case study. As an analytical concept, geoeconomics provides an analytical framework for understanding and interpreting international relations and foreign policy. The utility of such an

approach is measured by how effectively it can make sense of reality. Part III answers the following question: *How does neoliberal geoeconomics compare against neorealist geoeconomics approaches in terms of usefulness, meaning their explicatory strength and analytical potential?* To put neoliberal geoeconomics to a test, I chose the hardest possible case for it to explain: Germany's FP towards Russia. It is the least-likely case for neoliberal geoeconomics because it is a case often used to demonstrate the merit of neorealist geoeconomics. In other words, it is the hardest opponent for neoliberal geoeconomics to overcome today. If neoliberal geoeconomics were succeed, to stand its ground against this particular opponent, it would have proven its usefulness beyond any doubt.

As it turns out, neoliberal geoeconomics is indeed able to make sense of Germany's FP towards Russia. Even more, it is able to make more sense of it than neorealist geoeconomics did so far. The case study demonstrates that the reconceptualized version of geoeconomics, meaning neoliberal geoeconomics, provides more explanatory utility and holds greater explanatory potential as compared to neorealist geoeconomics. The case study clearly confirms the utility of neoliberal geoeconomics. By succeeding in a least-likely case, neoliberal geoeconomics strengthened its explanatory potential. Overall, it increases geoeconomics' empirical usefulness and analytical value. I conclude that neoliberal geoeconomics does not only hold up against neorealist geoeconomics, but that it is also a serious rival to the latter in terms of usefulness.[307]

To answer the overarching research question (*What is one to understand by geoeconomics?*), I conclude that there are at least two ways of understanding geoeconomics. Geoeconomics can be understood in a neorealist and a neoliberal way. Today, the neorealist approach to geoeconomics is the most widespread one. Despite this, it lacks theoretical depth, as it has been conceptualized only superficially. An alternative way of understanding geoeconomics is of a

[307] This conclusion challenges the current academic and non-academic mainstream discourse on the topic. Yet, challenging neorealist geoeconomics is not an easy endeavor, since neorealist geoeconomics is recognized to be a "well-entrenched and politicized" concept (Ferchen, 2016, p. 16).

neoliberal nature. This approach turns out to be a promising challenger of the established conceptualization. It is new and has been developed from the ground up in this dissertation. Initially I did not set out to create a new understanding of geoeconomics, however, this new approach is the result of the weaknesses found in the neorealist approaches during the literature review and the conceptualization process. Thoroughly reconceptualizing neorealist geoeconomics showed that the concept suffers from several grave weaknesses, including logical inconsistencies. The only option left for me was to present a revised and more useful version of geoeconomics. This is how neoliberal geoeconomics came to be. Neoliberal geoeconomics is thus my answer to geoeconomics failing to conceptually and theoretically develop in the last 30 years.

I hope that this dissertation will not only reignite the theoretical and conceptual debate on geoeconomics, but that it also manages to make a case for an alternative, neoliberal conceptualization. Having more than one version of geoeconomics helps to stimulate academic debates, as paradigmatic differences have been quite successful in doing so in the past.

While I conclude that there are at least two ways of understanding geoeconomics, the concept is open for further interpretations. I invite other scholars to develop their own ideal-type approach to geoeconomics (e.g., neoclassical or critical geoeconomics). Competition between concepts is good, as it improves the arguments one makes. It leads to improvement, in and outside of academia. The blurring of conceptual lines will be avoided as one is encouraged to position oneself in a theoretical camp. The muddling of different approaches is also more likely to be called out. Moreover, competition between theoretical concepts makes paradigmatic debates more explicit. Normative underpinnings will become clearer.[308]

[308] The interpretation of FP always has a normative component to it. After the reunification of Germany, scholars started to debate whether the German FP would continue its civilian approach or whether it would "normalize". Both positions had a clear normative connotation: Supporters of the continuity-thesis demanded that Germany should maintain its role as a civilian power that acts multilaterally and cooperatively. At the same time, proponents of the change-thesis called for a normalization of German FP in the sense of a stronger orientation towards interests (Hoffmann, 2012, p. 57).

Several versions of geoeconomics are also useful to deal with the ever-evolving state of international affairs. The events surrounding the 24th of February 2022 and the invasion of Ukraine by Russia resulted in a proclaimed "Zeitenwende" [turning point] for the German foreign and security policy. It showed how quickly and fundamentally the FPs of states can change. Policies that used to be "unthinkable" are now being pondered openly, and some have already come into effect (e.g., deliveries of heavy weapons to the Ukrainian armed forces). This so-called turning point will have a strong impact on Germany's relation to Russia. The "Zeitenwende" represents a watershed moment for German policy makers. Long-held beliefs and even axioms underpinning Germany's Russia policy are being questioned and revised. The world is expected to become more volatile (due to systemic changes, e.g., climate change, technological revolutions, unraveling of the RBIO), and long-held beliefs will come increasingly under pressure. In such processes, having more than one concept available to make sense of reality is crucial. Several forms of geoeconomics allow for analytical flexibility. The more diversified one's analytical toolset, the better the chances of coping with and adapting to reality.

Plurality of concepts allows for a plurality of interpretations and understandings. Instead of arguing about one "true" form of geoeconomics, splitting the discussions into ideological camps seems preferable, as it enables us to overcome the current stativity and lack of academic discourse. The resulting rivalry is meant to further the development of geoeconomics overall, with all its different interpretations. This means that the ensuing debates can focus on more important aspects of geoeconomics, such as conceptualization, methodology, and application. Moreover, during my research process, I discovered various interesting lacunas that call for further research.

It would be worth investigating the reason why states prefer to use economic means over military ones. In the geoeconomics literature, one can find different arguments in favor of economic means. However, the reasons for this trend have so far not been investigated empirically. Some scholars argue that states do not use militarily means anymore because the latter are seen as

illegitimate. This argument is backed by the fact that the return of geoeconomics went hand in hand with the idea of the end of history. Other scholars prefer the idea that states do not use militarily means anymore because they are seen as not effective and efficient to tackle today's problems. Hence, states opt to use economic means for functional reasons. Both explanations can be compared theoretically but it would be of interest to discover empirically why, in specific cases, states decide to use economic means.

Another interesting area for further research is the role of NSAs. If more states turn to geoeconomics as a strategy, commercial NSAs need to find a way to handle their relations with states. There is already some work undertaken by scholars like Fort (2015) and Davis (2013) that goes into that direction. However, more applied research with the participation of big corporations is needed to theorize various ways of designing a corporate foreign policy (CFP). Further research in that direction would allow corporations to rethink their CFP, allowing them to operate more effectively abroad. Such research would be of interest to companies that would like to work more proactively with their governments, but also to governments that try to work in cooperation with NSAs and not merely use them as tools. Cooperating with NSAs allows governments to achieve their aims in ways that are cheaper and more efficient at the same time.

Appendix A: Practical relevance of geoeconomics

A.1 Introduction

The normative underpinnings of different geoeconomics approaches become clearer when being directly compared. One might ask why that would matter to scholars and why they should care. After all, the normative aspects of geoeconomics are part of the concept's ideational side, which is less relevant for scholars and their academic work—at least that is a common argument. However, while they are often neglected, the ideational sides of concepts are still of upmost importance, even for scholars. At the end of the day, scholars are not only scholars, but also citizens: after their research is done, they leave their research institution and return to civil life. As citizens, they have the duty to reflect on the political consequences of their actions and the implications of their research. This dissertation aims to be policy-oriented and to have an impact beyond theoretical debates. Therefore, it needs to be conscious of the translation of theory into practice.

Similarly, one can ask why a wider, non-academic audience should care about the conceptualization and reconceptualization of two analytical concepts. After all, what one gains in these processes are analytical insights, which are mostly of relevance to scholars and theoretical debates. Why should a wider audience or the public care about those abstract debates and new conceptualizations, especially when "government officials […] claim that theory is an academic concern and irrelevant for policymaking" (Mearsheimer & Walt, 2013, p. 436)? In other words, *What is the relevance of this conceptualization and reconceptualization process outside the academic scene?* The answer to this question can be found in the ideational sides of the two conceptualizations and their potential impact on the non-academic world. To study geoeconomics means "to consider the instruments used by policy makers in their attempts to exercise power", a process which links "two traditional foci of political science research—policy and power" (D. A. Baldwin, 1985, p. 9). Hence, in this chapter, I reflect on the ideational sides of neorealist and neoliberal geoeconomics. While I have

discussed their analytical sides in detail, their ideational sides have so far been neglected. Discussing the ideational sides of both approaches helps to shed light on the policy implications and political consequences of their prescribed ideal-type state or action.

A.2 Ideational aspects of geoeconomics

The focus of this section is on the ideational side of neorealist and neoliberal geoeconomics. An argument in favor of the (empirical) usefulness of the analytical side of geoeconomics can be made by, for example, applying it to a case study. In contrast, this cannot be done with the concept's ideational side, therefore, an argument for the usefulness of the ideational side of concepts cannot be made scientifically. However, it is possible to make an argument about the normative implications linked to a neorealist and neoliberal geoeconomics. Whenever scholars mention "good" or "bad" policies in their argument, one already knows that normative aspects are heavily at play. Baracuhy (2019), for example, opines that "the challenge for geo-economics – translated from foreign-policy analysis and policy advice into foreign-policy practices – is to align good economics and good foreign-policy" (p. 22). What is meant by good economics or FP is left for the reader to decide. Being aware of the normative aspects of geoeconomics, it is still puzzling to discover that "international relations theories often present themselves as scientific and even objective", despite the fact that "the underlying choice of assumptions is never objective and neither are values that animate them" (Reus-Smit & Snidal, 2008, p. 17).

When focusing on its ideational side, geoeconomics shifts from being an analytical framework to a prescriptive, idea-driven framework of operation. This framework can be used to outline a specific program for action, according to which stakeholders should act (e.g., type of statecraft). The prescribed frameworks of action are always normatively driven. The way in which states react to challenges and the way in which they decide which policy decisions to take is always guided by norms. This section investigates the normative assumptions and their consequences of the actions, prescribed by the ideational

sides of neorealist and neoliberal geoeconomics. The results are relevant for scholars and policymakers but also for citizens in general.

A.2.1 Relevance of the normative implications of geoeconomics

A theoretical excursion might seem trivial and tedious at times, but is nevertheless important. Today's researchers should be aware of the concept's underlying (ideological) paradigms and their connected implications when referring to or using a concept such as geoeconomics. The reason for that is simple: Theoretical concepts are used not only for interpreting FP but also for making it. As such, one needs to be aware of the underlying norms that shape policy, as those norms will end up influencing FP decisions. While those norms are not relevant for the process of making sense of FP, scholars who reconceptualize concepts should be aware of and clarify what norms they are baking into their concepts. Normative transparency is needed the same way as methodical and methodological transparency is needed. There are three main reasons for raising awareness for the normative implications of geoeconomics.

First, today's researchers need to be aware of their concept's underlying (ideological) paradigms, as ignorance towards the underlying paradigms hinders the scientific and societal discourse. For example, many critiques of geoeconomics' definitions miss their mark, as they are unwittingly directed against the underlying paradigms and norms, and not against the structure or argument of the concept itself. As a result, productive discussions—ones that can lead to the structural development of the concept of geoeconomics—become even more difficult to have. Thus, being aware of the underlying paradigm of a concept is a prerequisite for a constructive scholarly but also policy discourse. In debates on geoeconomic policies, ideational arguments are often falsely disguised as technical arguments. Technical arguments are indeed involved in policy decisions such as Nord Stream II, however, most of the fault lines are in fact of a normative nature. Being aware of underlying normative assumptions (that lead to the support or rejection of projects such as Nord Stream II), can also help to make the policy discourse more constructive.

Second, questioning the underlying normative assumptions is important, as the normative implications are not always as obvious as they might seem at first sight. To give an example, Hall and Hobson (2010) explain that "the majority of post-1989 liberal IR theories have returned to paternalist Eurocentric institutionalism", arguing that "the West has a duty or a burden to remake (or civilize) the uncivilized non-Western world in the West's image for the betterment of 'global humanity'" (p. 242). Only by being aware of the concept's history, Hall and Hobson (2010) were able to come to the conclusion that "modern liberalism has gone back to much of its late-eighteenth/nineteenth century origins" (p. 242). Several concepts that already existed before WWII, such as geoeconomics, have experienced a revival after the end of the Cold War. Knowing the normative history of concepts allows one to study the consequences of the concept's applications throughout history. Before WWII, for example, the idea of the burden of civilization was tightly linked to the justification for colonialism. While the post-Cold War era is different from pre-WWII times, the application of certain concepts to guide policy decisions can have similar outcomes (see, e.g., ideas about interventionism and responsibility to protect). Being aware of negative consequences can help avoid repeating the same mistakes.

Third, leaving geoeconomics in its unreflected and underconceptualized state is dangerous, as the concept can be picked up by policymakers any times. Until now, ordoliberal principles (ordoliberalism is an economic paradigm, adapted to the FP sphere) have guided the work of the German Foreign Ministry in matters of trade and economic engagement with other countries. However, German diplomats and civil servants "report […] a growing willingness to engage with the notion that a prosperous German economy can be used strategically for foreign policy purposes" (Olsen, 2020, p. 138). Policymakers are looking for new (IR) paradigms that would allow them to interfere in the market and to manipulate economic relations with other countries for political purposes. Neorealist geoeconomics is such a paradigm, whose adoption would be a dangerous step for Germany and its partners. To deter policymakers from picking up dangerous concepts too easily, one needs to have thought about the potentially negative

consequences of theoretical concepts beforehand. If dangerous concepts have already been pickup up, one needs to have a set of arguments ready to educate policymakers and the public on their consequences. Not thinking about the implications of geoeconomics beforehand is dangerous, as one is left without ammunition to counter neorealist geoeconomics arguments when needed.

A.2.2 Impact of geoeconomics on policymakers

The rise of the geoeconomics in scholarly but also policy discourses does have an effect on real-world politics, due the concept's prescriptive side. There are several ways in which the ideational side of geoeconomics can influence policymakers.

First, there exists an unresolvable "tension between the need to study what is, and the danger of reproducing it by doing so" (Buzan, 1996, p. 54). Neopositivists might argue at this point that this danger of impacting the real world is simply a fantasy of monists. However, the danger associated with the creation and use of analytical concepts also applies to dualists, such as neopositivists. While proponents of neorealist geoeconomics often see themselves "as rationally pursuing the goal of studying what is (no matter how nasty it may be)" and not as one wishes it to be, from a monist standpoint, they are "an active part of the processes they describe" (Buzan, 1996, p. 53). Thus, critical scholars would even go so far as to accuse proponents of neorealist geoeconomics of "helping to legitimise and reproduce the hierarchical structures and conflictual relations that they talk about" by helping "to create self-fulfilling prophecies" with their theories (Buzan, 1996, pp. 53-54). Ó Tuathail (1993), for example, explains that neorealist geoeconomics is characterized by "metaphors and narratives of war" and "military language", such as "adversarial economics, trade wars, targeting of economic sectors, strategic industries, invasions of markets and a new jingoistic techno-nationalism" (p. 184). The result of such language is "a renewed militarization of social and economic life, a re-legitimation of existing forms of bureaucratic authority", and "a redisciplining of private life in the name of 'competitiveness'" (Gearóid Ó Tuathail, 1993, p. 184).

In IR, the concepts used to analyze FP can impact the subject under study. While in natural sciences the "claims formulated by the scientist can [at no time]

influence the examined reality" (Malinowski, 2019, p. 502), in social sciences and geoeconomics the scholar's claims can impact reality: "It turns out that conclusions drawn from examination may considerably change the functioning of the examined subject. Therefore, developed opinions (theories and concepts) directly influence the examined subject" (Malinowski, 2019, p. 502). Theories shape the way policymakers perceive the world (e.g., "if people believe that power is the key to human relations, then they will tend to behave in ways that make it so" (Buzan, 1996, p. 54)). Moreover, the gap between scholars and their studied subject is not as big as in natural sciences. In international relations, the gap between the scholar and the practitioner is often bridged. Scholar can become practitioners: they can transform into what formerly was the object of their study. The reverse is also true: practitioners can become scholars, and then have to make sense of and give meaning to their past actions.

Second, awareness of the normative underpinnings of theoretical concepts is important, as those concepts, like theories, have the power to give meaning to worldly objects. A nuclear weapon is such an object. Theories on nuclear deterrence, for example, connect "the existence of a weapons system to a set of conditions that rationally foreclose its use" (Schulman, 1988, p. 269). The object "nuclear weapon" is given a meaning through the doctrine of "deterrence" (understood as a "prescriptive/analytic model"), which serves as an "ordering framework" and defines the "idea set within which nuclear weapons policy is conducted" (Schulman, 1988, p. 269). In the case of geoeconomics, the concept is used to give meaning to the object "economic means". When applying neorealist geoeconomics to economic means, a trade deal could be assigned the meaning of a dangerous economic tool used for strategic manipulation. Hence, policymakers need to be aware on what basis and how the objects of their policies receive their meaning. Otherwise, negative side effects can occur, such as a spiral of oversecuritization, where every economic act involving a foreigner is perceived as potentially dangerous. While "no nuclear weapon system can escape an implication under deterrence theory" (Schulman, 1988, p. 269), under a neorealist geoeconomics ordering framework, no economic activity with the Russian or

Chinese state or NSAs can escape the implication of being potentially a dangerous economic means.

Theoretical concepts have the power to redefine the meaning of objects. This also applies to the object "sanction". According to neorealist geoeconomics, sanctions are seen as a form of hard power, just as hard as military power. While this reframing might seem like a theoretical exercise at first, it can have real-world consequences when it comes to the calculation of the military budget of states. If military efforts and economic sanctions are "strategic substitutes", "then the extent of a country's contribution towards collective security does not depend on its military spending alone but also on the financial burden of economic sanctions" (Chowdhry et al., 2020, p. 3). If economic sanctions are just as hard as military power, then why should they not be included in in the military budgets of states? While proponents of neoliberal geoeconomics like to highlight the potency of (and dangers associated with) economic means in the case of Russia or China, the same arguments are rarely heard from proponents of realist theories. Instead, realist scholars prefer to call out Germany, arguing that it should raise its military budget to achieve the non-binding 2% NATO target.

If one includes the economic sanctions enacted by Germany into its military expenditure, Germany would come considerably closer to the 2% target. No other NATO country contributes as much to economic sanctioning as Germany does, with its 8.1 billion USD contribution in 2019/2020 (Chowdhry et al., 2020, p. 2). In comparison, the USA only enacted sanctions amounting to 2.6 billion USD (Chowdhry et al., 2020, p. 2). Germany's economic sanctions equal 0.23% of its GDP: Including sanctions into the defense spending, raises Germany's cost of defense from 1.57% to 1.80% of its GDP (Chowdhry et al., 2020, p. 11). So, while some realists argue that Germany is not spending enough on military means, other realists argue that economic means are as dangerous as military ones and that Germany either has to use them more actively, or should try to prevent falling victim to them. When comparing realist discourses on different topics, it becomes obvious that using or abstaining from the usage of certain arguments associated with one's theory, has a strong normative component.

Third, the ideational side of geoeconomics inspires national and international policy decisions (Aligica, 2002). Policymakers also use concepts and theories to make sense of reality, "for formulating policy responses, and for policy evaluation" (Mearsheimer & Walt, 2013, p. 448). As Mearsheimer and Walt (2013) explain, "theory is essential for diagnosing policy problems and making policy decisions": "Policymakers cannot make decisions without at least some vague theory to tell them what results to expect" (p. 436). According to Lacoste (2009, p. 44), one of the tasks of geoeconomics is to raise awareness among those who are responsible for ensuring the nation's coherence with the outside world and for mobilizing its capacities for influence and outreach. When gaining legitimacy, theoretical concepts can be used to shape public discourse. Naturally, neoliberal and neorealist geoeconomics inspire different policies. Neorealist geoeconomics is currently already used to try and shape the way in which policymakers perceive the world. Ferchen (2016) criticizes neorealist geoeconomics for being a "self-serving and politicized" (p. 16) approach.[309] Neorealist geoeconomics is pushed by commentators or critics, who try to "warn" against a country's rising global influence or its assertiveness. As a result, neorealist geoeconomics carries "the potential to exacerbate already rising tensions related to China's expanding global role" (Ferchen, 2016, p. 16).

When geoeconomics is used to inform or to inspire policymakers, the normative implications of the prescribed actions should be made clear.[310] While policymakers can be encouraged to make conscious use of theoretical concepts, the belief that this can happen in a non-ideological manner is dangerous. Ó Tuathail (1993) underlines this normative component of geoeconomics. He argues that geoeconomics "must be defined empirically as specific historical discourses […] that seek to provide a normative philosophy for state action" (p. 183). These

[309] This is especially the case for the allegedly geoeconomic conduct of China (Ferchen, 2016, p. 16).

[310] This has often not been the case, as especially realist and positivist believe in the non-ideological nature of their analyses. During the Cold War, Brzezinski "draws inspiration from Mackinder and incorporates the author's theory (though without making any explicit reference) to make an analysis of the bipolar confrontation that was intended to be realistic and non-ideological" (Jaeger & Brites, 2020, p. 28).

discourses involve, among other things, trade, markets, and competitiveness in political and civil societies. Any philosophy for state action is necessarily normatively driven, as it explores what ought to be done (see ideational concepts).

While geoeconomics as a theoretical concept might seem dry and boring, its ideational side can and has impacted decision makers. Geoeconomic thinking "has the capacity to reshape the state itself and the thinking of the political elites that claim to represent it" (Beeson, 2018b, p. 244). In the literature review, I show that since the end of the Cold War, geoeconomics has not only been more frequently used to describe and analyze the state of international affairs but that it also experienced a revival in scholarly and foreign policy debates. The fact that policymakers have indeed made use of the concept might come as a surprise, given the underdeveloped state of the concept. According to Essex (2013), geoeconomics, "continues to circulate in official [US] policy, pundit, and defense circles", where it "functions to inform the exclusive and narrow realm of national and global security strategy formation" (p. 3). Malinowski (2019) explains that

> if an average person thinks that opinion X is of no significance to the world, but opinion X is shared by the advisors of the US president, the presidents of Russia and China, then opinion X sets "the rules of the game", becoming the interpretational framework of a given situation. (p. 504)

Neorealist geoeconomics had a real impact on policy decision in the past. Gilpin (2000) explains that "the [US] President's foreign economic policy grew out of the doctrine of geo-economics that greatly influenced national thinking in the late 1980s and early 1990s" (p. 251). Advocates of neorealist geoeconomics pushed the ideas that "economic struggle among nations had displaced previous concerns over military security", that "Japan's huge trade surplus with the United States was the most serious threat faced by this country", and that Japan "had been intentionally attempting to destroy one American high-tech industry after another" (Gilpin, 2000, p. 251). As ridiculous as this might sound from today's perspective, back then "important members of Clinton's economic team shared many of these ideas and advocated strong economic measures against the Japanese" (Gilpin, 2000, p. 251). The result of these neorealist geoeconomic

policies was “a bitter and near-disastrous economic conflict with Japan” (Gilpin, 2000, p. 251), showing the confrontational nature of neorealist geoeconomics on the one hand, and its negative economic impact on the other. Hence, Mearsheimer and Walt (2013) come the conclusion that “when academics lose interest in theory”, “they relinquish one of their most potent weapons for influencing critical policy debates” (p. 448).

A.2.3 Duty of care for theoretical concepts

Scholars working with theoretical concepts need to be aware of the possible impact of their creations. Scholars have a responsibility to reflect on the implications of their research and the connected political consequences. From a monist point of view, the responsibility of the scholar should immediately be obvious. Theoretical concepts do not try to describe reality, they make reality by offering an explanation for it. By creating an ideal-type theoretical concept, one creates an image of world. Scholars are ultimately responsible for the image or the “world” that they create. Hiding behind mind-world duality is not an option for monists.

Theoretical concepts have an analytical and an ideational side. These are two sides of the same coin. Due to its prescriptive nature, the ideational side lends itself to policy creation. It can also be used as a way to justify or to legitimize FP. As an example, similar to Ratzel, “Haushofer’s ‘Geopolitik’ provided ‘scientific’ analyses, justifications and strategies for German militaristic expansion” (Bachmann & Toal, 2019, p. 144). Scholars creating or solely focusing on the analytical sides of concepts need to be aware of this. Turning a blind eye to the ideational side, arguing that the ideational side is out of their area of expertise or interest, is simply negligent. Pondering about the “creation of 3-4 ‘pan regions’ – economically and functionally integrated mega-regions each linking an industrial centre with a more or less complementary (resource) periphery” (Bachmann & Toal, 2019, p. 144), can sound interesting on paper. However, failing to mention how this could or should not be achieved is negligent. While scholars do not have a responsibly for the policy created, they have a responsibly towards the concept and its potential users. Informing users of the normative implications is part of the

duty of care. This could, for example, be done in the form of normative disclaimers.

A.2.4 Importance of conceptual plurality

Purposefully conceptualizing the different approaches to geoeconomics, based on different paradigms, is important. While one personally might not agree with certain paradigms, they can still be useful to analyze the FP of countries in which these paradigms are accepted. The plurality of FP practices and of normative differences around the world, should be reflected in the plurality of underlying paradigms and their normative axioms. MacCurdy (1944) explains that the

> tendency to project on others our own moral judgments is, perhaps, the most important single cause of international misunderstandings. We feel that the foreigner who does something of which we do not approve must know he is doing wrong and therefore is a criminal—or else, if he threatens to do such things, he must be bluffing—because of course he is a decent chap and would not really do any such thing. (p. 107)

In order to escape the tragedy of international misunderstandings and to make sense of the actions of other peoples, we need conceptual plurality. The fundamental goal of well-thought-out, competing concepts is not to be better than other concepts. In IR, they need to further understanding—understanding for the FP of other countries. Only when we understand (i.e., when we are able to make sense of an object, such as a FP), can we argue in favor or against it, can we like or dislike it, can we tolerate or reject it: “Peaceful relations depend on tolerance, and tolerance must rest on knowledge of what is to be tolerated—on both sides” (MacCurdy, 1944, p. 136).

Conceptual rivalry is also good for policy reasons: it ensures that a wider array of foreign policy options receives due consideration. In every country, “national elites still require information on the conditions under which economic statecraft can make a meaningful contribution before they can, in fact, compare economic policy instruments with others” (Blanchard & Ripsman, 2013, p. 7). Geoeconomics outlines those conditions under which economic means can have an impact. Naturally, neoliberal and neorealist geoeconomics differ in their

assessment. Having more than one ideational concept available, allows for choice and for a deliberative decision-making procedure. By presenting a new and different approach to understanding Germany's FP, I hope to provide foreign policy analysts and practitioners with an alternative and maybe even better understanding on the matter, in the hope to avoid future misunderstandings. If Germany's foreign policy strategy is better understood, other states might see the advantages it brings, resulting in the adoption of similar policies abroad. Hence, I agree with Sovacool, Axsen, and Sorrell (2018) that "research is not only an art or craft, but a civic duty", as its duty is also to generate "relevant insights for policymakers, practitioners, managers and/or other stakeholder groups" (p. 14).

Another reason for the need of competition between concepts is the need for intellectual selection processes. Similar to animals without natural enemies, neorealist geoeconomics, if it goes unchallenged, fails to develop into a better version of itself. This is dangerous, as the degradation of neorealist geoeconomics furthers its illiberal tendencies. The geoeconomic narrative of the economic decline of the USA, "does not necessarily lead to the liberal solutions proposed by Kennedy and other 'declinists'" (Gearóid Ó Tuathail, 1993, p. 191). Hence, geoeconomics, and especially neorealist geoeconomics, needs to rest on a solid normative fundament in order to avoid its degradation.

A.3 Normative implications of geoeconomics

Geoeconomics has always been a deeply contested concept, right from its creation. As part of my investigation into the history of geoeconomics, I concluded that the founding clash of norms and of underlying paradigmatic assumptions, often linked to liberal and illiberal worldviews, is currently still present. While in the 1930s, these clashes were fought out openly, today, they occur mostly covertly and without being included in the wider theoretical and normative IR discourse. This is rather worrying, especially in times where nationalistic and protectionist ideas and their connected neorealist interpretations of geoeconomics are becoming ever more popular. Despite these developments, the underlying ideological views are largely ignored in academic and popular debates on geoeconomics. Being aware of the stark ideological differences and

the connected normative natures of current geoeconomics understandings is important because it allows one to draw parallels between illiberal geoeconomic interpretations of the past and current illiberal interpretations of the concept. These parallels do not only apply to the concept itself, but also to its consequences. This awareness can serve as guidance in order to prevent repetition of past mistakes. This section compares and contrasts the normative differences of neorealist and neoliberal geoeconomics and their respective consequences.

Generally speaking, neorealist geoeconomics incorporates illiberal tendencies. Often, those illiberal tendencies are not made clear. This is a problem, as illiberal tendencies have practical consequences, which many would find undesirable (e.g., negative economic impacts). To highlight the normative and practical advantages of neoliberal geoeconomics, I go over three aspects that are different in the analytical sides of both approaches, with normative and practical consequences on the ideational side. First, there is the difference in the definition of a state's interests. This includes not only *what* but also *how* the interest is defined. Second, the operational nature of geoeconomics is also differently defined. Third, the relation to economic freedom and private property differs between neorealist and neoliberal geoeconomics. One is only able to consciously support or refuse the concept's integration into a country's FP when one knows about the normative implications of a concept.

A.3.1 Definition of state interest

The way in which states are said to define their interests is one main difference between neorealist and neoliberal geoeconomics with a strong normative component.

Neorealist geoeconomics adopts an objectivist approach to national interest. It assumes that the state is a monolithic black box, that an objective national interest exists, and that the determination of this interest is the domain of experts. This view has a strong paternalistic and antidemocratic component build into it, as only "real" experts know what is best for the country. Only they can determine the "real" national interest, since the people are not fully aware and not well-informed about international affairs. For example, the vocabulary used to

indicate that one believes in the existence of objective national interest is *nationalwirtschaftliche Gemeinwirtschaftsinteressen* [national social economic interests]. By including the idea of a nation's objective national (economic) interests into their geoeconomic concepts, neorealist geoeconomists stands in the direct tradition of Dix's illiberal geoeconomics. Neorealist geoeconomics does not need to be democratic or participatory as NSAs and their property can be used against their will to achieve the national interests of the state. Active participation from the side of NSAs is not needed in this process.

A difficulty of neorealist geoeconomics is to ensure the independence of experts that determine the national interest. This is another reason to be skeptical of neorealist geoeconomics. In the past, the idea of the "national interest" was, for example, abused by NSAs, seeking the protection of the state. During the 1990s, proponents of the neorealist geoeconomics narrative were financially supported by companies such as Chrysler and Ford Motor Company in the USA. As a result, these geoeconomics "experts" started to call for more "government intervention to stimulate sales and save" the "'dying'" American auto industry (Gearóid Ó Tuathail, 1993, p. 193).

In contrast, neoliberal geoeconomics adopts a subjectivist approach to national interests. Neoliberal geoeconomics has the view that the state is a collective of individual interests, that NSAs and their interests matter, and that FP should be as democratic and participatory as domestic politics. By highlighting the subjective nature of the national economic interest, neoliberal geoeconomics follows the tradition of Röpke's liberal approach to geoeconomics. Neoliberal geoeconomics strives to make FP as democratic and participatory as domestic politics. Neoliberal geoeconomics can only succeed if it has the support and active involvement of NSAs. The effective usage of economic means depends on the active participation of its NSAs.

As a result of the subjectivist approach to national interests, the public opinion does matter in neoliberal geoeconomics. Germany adopted an open and conciliary approach, instead of having experts convene behind closed doors to determine what is the national interest of the state. To come up with a new and

effective FP, the "German MFA consulted domestic and international experts, public opinion, as well as its own diplomatic staff to analyse how Germany's diplomatic system could be reformed to take on greater responsibility" (Olsen, 2020, p. 137). This is a lengthy and cumbersome process, however, if done well, it promises a greater societal support for a state's FP. Such an approach is not only part of the design process of a FP agenda, but also comes into play during its execution. This means that in order to effectively enact sanctions against Russia, Merkel's "first challenge was to deal with domestic opinion where there was an elite and popular consensus behind the strategic engagement with Russia" (Bulmer & Paterson, 2019, p. 228).

A.3.1.1 Public opinion matters

The public is one amongst several stakeholders whose opinion is consulted before decision are taken. This includes, for example, the view of the public regarding the use of economic means to achieve FP goals. In 2019, 60% of the German population opposed the use of their own economic power to achieve foreign policy goals (Schwarzer, 2020, p. 36). This means that one of the core principles of neorealist geoeconomics is rejected by the German public and that Germans still value their economic freedoms. Hence, Bulmer (2019) warns that while the idea of Germany as a shaping power, "playing a more prominent foreign policy role is now a firm component of elite discourse within Germany", the idea is "is unfamiliar to the German public who would likely be hostile to its assumptions if they did encounter it" (p. 214). Even in scholarly and elite FP discussions, the acceptability of one's FP suggestions for the general public is often considered, because public opinion matters. Thus, for one's suggestion to be successful it would need at least the quiet approval of a majority of the population.

A.3.1.2 Pluralistic states

States with a neoliberal FP should not be regarded as unitary actors. Viewing the German state as a unitary actor, makes one loose important data. In the case of Germany's FP towards Russia, one would miss that "individual ministries — and ministers in particular" pursued "independent policy agendas, which came to

show certain restrictions to the German MFA's ability to steer" the German FP (Olsen, 2020, p. 144). Olsen (2020) observes that "even elaborate interministerial co-ordination practices could not outweigh the autonomous agency of strong German ministries" (p. 144). In the German MFA, "the Chancellery's hands-on involvement regarding the Ukraine crisis was registered as a somewhat unwelcome interference" (Olsen, 2020, pp. 141-142). Due to Germany's federal structure, even local NSAs (e.g., small and medium-sized enterprises) were able to put pressure on their regional state governments ("Landesregierungen"), which in turn "began to question the federal government's policy line and seek independent contacts with Moscow" (Olsen, 2020, p. 145). These are just some of the factors, involving state entities, that prevented the German MFA from pursuing a strong and unified stance against Russia.

Neorealist geoeconomics also misses to understand the role played by NSAs. The fixation of neorealist geoeconomics on states as central actors in international relations leads to misperceptions of Germany's FP, as the general public and non-state actors, driven by digitalization, globalization and social networks, are also influencing state actions (Meister, 2019, p. 33). Foreign policy analysis begins with and must always be related to sociopolitical analysis: The state acts on behalf of society, which is the state's client (Krippendorff, 1997, p. 330). As a result, neoliberal geoeconomics takes a wider array of NSAs, and their respective interests, into account. In contrast, neorealist geoeconomics only includes commercial NSAs into their analysis (if they are included at all), whereby arbitrarily limiting the scope of NSAs. One either includes all NSAs or none at all. If a selection process takes place, it needs to be made transparent (according to criteria, such as the ways of influencing FP stakeholders, degree of public influence, number of lobbyists employed, etc.). In German-Russian relations, commercial NSAs will most likely be on top of the research agenda of both neorealist and neoliberal geoeconomics, because of their potential for political influence. However, to ensure the explanatory potential of one's concept, no type of NSAs should be excluded by default. After all, who is to say that future FP agendas will not be heavily influenced by other NSAs, such as climate and

human rights activists. In certain policy areas, such as climate politics or due diligence in supply chains legislation ("Lieferkettensorgfaltspflichtengesetz" [Act on Corporate Due Diligence in Supply Chains]), their influence is already apparent today. Neoliberal geoeconomics understands societies and their actors as the substrate of state action.

A.3.1.3 Striven-for ends

The end which states are said to strive for is another main difference between neorealist and neoliberal geoeconomics. Not only the way of defining a state's FP interests, but also the ends, in themselves, entail a normative component.

Neorealist geoeconomics is not prosperity-driven. Wealth and national economic growth are understood as a source of power. The focus of the state is to increase its own wealth, relative to other states. This leads to less wealth for all states involved: instead of trying to grow the cake overall, states are animated by neorealist geoeconomics to fight over the biggest piece. Yet, wealth can only increase significantly if countries cooperate and allow for free trade between them. The scope of the national interest is extended to the economic sphere, with the new aim of conquering or protecting desirable roles in the world economy. To illustrate that, proponents of neorealist geoeconomics argue that the overall wealth of the German people is not the objective of Germany's FP. Instead of trying to maximize the wealth of its citizens, Germany "is devoted to production and exports at the expense of German consumers" (Diesen, 2018, p. 141).

Realists have long argued for the submission of economics to politics. When describing the obstacles that states face when trying to use economic means for political ends, Huntington (1978) lists "bureaucratic pluralism and inertia; congressional and interest group politics; the conflicting pulls of alliance diplomacy; and most important, […] a pervasive ideology that sanctifies the independence, rather than the subordination, of economic power to government" (p. 71). Human rights, such as the peaceful enjoyment of one's possessions, is not part of his list. For realists, "commerce is […] too salient to be left to bankers and businessmen" (Huntington, 1978, p. 71).

In contrast, neoliberal geoeconomics is wealth- and prosperity-driven. It understands the population's highest possible standard of living and socioeconomic well-being as an end in itself. This can be achieved via the maximization of global wealth, instead of focusing primarily on one's own wealth (growing the cake, instead of one's share). The goal is to maximize absolute gains. Increasing the power of the state is not an end in itself: NSAs and especially state citizens should be the ultimate beneficiaries or losers of neoliberal geoeconomics policies. Neoliberal geoeconomics also advocates in a more democratic fashion that the beneficiaries of success must include NSAs. Neoliberal geoeconomics is fairer than neorealist geoeconomics, as those who finance geoeconomic policies, meaning the individual taxpayers and businesses, would directly stand to profit. If the rivalry between states continues by economic means, the owners of those means are meant to profit too.

Similar to the debate between subjectivist and objectivist, the debate on the primacy of politics versus economics as a FP end already took place in the interwar period. Dix (1927, p. 476) argues that in FP matters, the primacy of the economic has to be subordinated to the political. Even economists have to admit that

> der Mensch ist Mensch als homo sapiens, weil er doch immerhin auch über der Materie steht, weil er nicht allein vom reinen Materialismus lebt, weil das Geistige ihn in starkem Maße beeinflußt und weil er sich durch das Geistige beeinflussen läßt. Das Primat der Wirtschaft würde zu vollem Recht bestehen, wenn der Mensch nur rein materiell, rein wirtschaftlich denken würde. Das tut er aber nicht. Die geistigen Kräfte lassen sich nicht ausmerzen und sollen nicht ausgemerzt werden. Das Geistige, das Gemütvolle spielt eine viel zu große Rolle nicht nur im Leben des Menschen, sondern auch im Leben der Völker, der Nationen, als daß man nicht auch in der Praxis und in der Theorie das Primat der Politik anerkennen müßte, in der Geist, Gemüt und ähnliche übermaterielle Dinge sich durchsetzen.

> [man is man as homo sapiens, because after all he is also above matter, because he does not live by pure materialism alone, because the spiritual influences him to a great extent and because he lets himself be influenced by the spiritual. The primacy of economy would exist rightly if man would think only purely materially, purely economically. But he does not. The spiritual forces cannot be eradicated and should not be eradicated. The spiritual, the emotional, plays far too great a role not only in the life of man but also in the life of peoples, of nations, not to recognize in practice and in theory the primacy of politics, in which spirit, mind and similar supermaterial things prevail.] (Dix, 1927, p. 476)

Naturally, this raises two important questions: *What sprit of nations is Dix talking about and who defines a nation's spirit?* While every man may be spiritual, it is not the spiritual but the economical that connects all man. Everyone has to eat, while the spiritual affairs of each can be different. While it is very unlikely that all people share the same spirit, all people do share the same material needs. As such, having a FP guided by the material and not the spiritual, might seem shallow to some, however, it does represent the interests of all. Moreover, the material is also much easier to define and to measure than the spiritual. The definition of FP in spiritual terms is very similar to today's argument by neorealist geoeconomics that an "objective" national interest exists.

A.3.1.4 Oversecuritization

In neorealist geoeconomics, the scope of the national interest is extended to the economic sphere (e.g., conquest or protection of desirable roles in the world economy). At the same time, the competitive understanding of territory and interstate competition is also adapted to the economic space (e.g., the capture of market shares and control over cross-border flows). A side effect of these changes is the oversecuritization and overpolitization of trade, and economic relationships in general. In a world in which states use NSAs for political purposes, every economic act involving a foreigner is potentially dangerous, as it could be motivated politically and not economically.

Oversecuritization is especially a problem of neorealist geoeconomics, as it fails to differentiate geoeconomic means from "normal" economic activity. In neorealist geoeconomics, economic means are used for "manipulating economic rewards and punishments" by offering "discounts, side payments, and other 'carrots' selectively to some members of an opposing bloc, but not to others" (Vihma & Wigell, 2016, p. 379). The tricky part about carrots is that they are "easier to characterize as commercial activity and mutual economic interest" (Wigell & Vihma, 2016, p. 608).

According to Vihma and Wigell (2016), geoeconomic sticks in the field of energy include "price increases, explicit and implicit threats of cut-offs, and strong-arming the foreign companies" (p. 378). The sticks are easy to identify and to separate from private economic activity, as they are the result of open and directly observable state actions. Yet, Vihma and Wigell (2016) also mention geoeconomic carrots, which include "price cuts for energy or unprofitable investments, loans, side payments, and asset swaps" (p. 378). In contrast to the sticks, the carrots are not given out openly, nor are they directly observable. Carrots are harder to identify because they are not easily separable from normal economic activity. Vihma and Wigell (2016) explain that carrots are "easier to portray as solely commercial activity" (p. 378).

In neorealist geoeconomics, one can never be sure what is and what isn't a carrot, as any economic action can potentially be dangerous. The understanding of incentives is so broad that it is hard to answer the questions of where to draw the line between the private and the public in foreign economic relations, and whether private international economic activities even exist. For neorealist geoeconomics, any private economic activity in or with another country can therefore be a potential geoeconomic carrot. Thus, any such activity is of concern for the public and the state, due to analytical fuzziness. Any trade with or economic activity in Russia or China is then potentially a carrot and a risk for national security. To do business in or with such countries, one will always encounter a representative of the state in one form or another. This could be the

authority issuing the permit to build a factory, or a state-licensed bank, providing one with a credit.

In neorealist geoeconomics, mutually beneficial free trade is politicized. As an example, according to Vihma and Wigell (2016), the Kremlin uses its gas exports as carrots, "handing out discounts to certain sympathetic states in Europe" (p. 380), and as sticks, "providing 'hard' contracts to less amicable governments" (Vihma & Wigell, 2016, p. 381). However, imperfect competition is one of the features of the gas market. As such, one can never know if the gas price negotiated with Russia is "fair" (i.e., at equilibrium, reflecting the demand for gas in one's country), or if Russia has just handed one a carrot. Any business with Russia would therefore potentially count as a geoeconomic threat according to neorealist geoeconomics. This leads to the oversecuritization of economic activities in general.

Whenever economic statecraft or geoeconomics entered the scholarly agenda, someone was always quick to point out the dangers of over-politization and -securitization. This is not a new danger, as already Hirschman (1945/1980) pointed out that the "'politicalization' of trade" via the "identification of every private interest with national interest and prestige may add a heavy strain on international relations" (p. 16). In the 1990s, Jackson (J. H. Jackson, 1998) explains that the "post-cold war shift to 'geo-economics'" is being accompanied by the "the 'politization' of international economic policy issues" (J. H. Jackson, 1998). For neorealists geoeconomics, "the intrusion of the State into the economy is justified in the name of national security", whereby legitimizing "national mobilization and sacrifices otherwise associated with military mobilization" (Gagné, 2007, p. 14).

The oversecuritization of economic activity "poses an important challenge for businesses" as "a clear-cut delimitation of strategic assets is far from obvious" (Moraes & Wigell, 2020, p. 7). While the strategic nature of new technologies might be obvious to some, one might wonder how strategic buttons are, that hold the trousers of soldiers (see comments by Khrushchev (1963, p. 2)). The issues surrounding the definition of strategic goods have been extensively discussed by

Baldwin (1985, pp. 206-289). Baldwin (1985) concludes that "there is nothing absurd or ridiculous about suggesting that toys, buttons, combs, wheat, breakfast food, tractors, or clothing might be 'strategic goods'", and that "to the extent that resources in the target country are fungible, neither the type of good exported nor the end-user matters much; what really matters is the amount of resources in the target country freed for other uses" (D. A. Baldwin, 1985, p. 216). If neorealist geoeconomics were to be adopted, the "securitisation of economic policy" would ensue, with "the relative market power of telecommunications, energy, education, and electronics firms" being understood "as proxies for the emerging challenge, dominance or decline of the countries in which they are based" (Wesley, 2016, p. 4). Oversecuritization on part of the state allows it to interfere in all possible business activities.

When looking at a state's economic policies via a neorealist geoeconomics lens, any barriers that restricts access to the market, such as "bureaucratic hurdles, industrial, technological and environmental policies, 'health and safety' policies" but also restrictions due to "protecting intellectual property rights" or "national security" (Diesen, 2021, p. 21), would be a geoeconomic act. Other examples include "the Trump administration citing national security as a reason for imposing tariffs on steel, or Russia citing environmental protection to obstruct Western-backed trans-Caspian pipelines" (Diesen, 2021, p. 21). While Diesen's examples might seem obvious, I wonder what he would make of the EU's or Russia's restrictive policies of GMOs, or the USA's import ban on raw-milk cheeses.

Similar to the discussion on strategic goods, under a neorealist geoeconomics paradigm, any economic act can potentially be perceived as geoeconomic, therefore warranting countermeasures. Next to the potential for escalation, "the indeterminacy surrounding the boundaries of 'strategic assets' […] makes it harder for economic agents to assess the risks involved in market transactions" (Moraes & Wigell, 2020, p. 7). Oversecuritization of economic relations also takes place in the form of "defensive countermeasures" that are preventively taken, to minimize the vulnerability to the possible employment of

geoeconomic means (Lim, 2019, p. 32). This highlights once more the negative economic consequences of neorealist geoeconomics.

A.3.2 Operational nature

The operational nature of geoeconomics is the second main difference between neorealist and neoliberal geoeconomics that has a strong normative component.

Neorealist geoeconomics has a confrontational operational nature, due to its competitive and zero-sum framework of operation. Working with coercion and intimidation, it is well suited to pursue limited ends. A confrontational operational nature means that one of the parties involved is forced into entering a political and/or economic exchange. Such an approach does not feature the freedom to agree on the exchange and does not produce added value for *all* the parties involved. Neorealist geoeconomics does not possess the potential to cool down geopolitical intensities. Pressure is used to motivate countries to enter into exchanges. The pressure put on the target country is of external nature, meaning it is created on purpose by external actors.

An example of the type of pressure used is the instrumentalization of NSAs. Illiberal neorealist geoeconomics uses NSAs in the target society to "split" the targeted society, and to animate them to act against the objective interests of their nation. Those NSAs are then to be considered hostile elements in the targeted society. For neorealist, this is only logical, as every state has an objective national interest. However, this view is not only illiberal but also very dangerous. If such a view of NSAs is adopted by state actors, any NSA could be branded an "enemy of the people", if an NSA does something that is not in line with the "objective national interest" as defined by the rulers in power. The results of adopting such a view can be seen in Russia, where NSAs are branded as "foreign agents", if they cooperate in certain ways with people from abroad.

In contrast, neoliberal geoeconomics has a cooperational operational nature due to its cooperative and non-zero-sum framework of operation. Working with cooperation and incentivization, it is well suited to pursue unlimited ends. A cooperational operational nature means that both all parties involved have the freedom to agree on the political and/or economic exchange. Such an approach is

mutually beneficial and produces added value for all parties involved. Cooperative engagement between states is taken seriously, and economic power is used to create a favorable external environment. Neoliberal geoeconomics possesses the potential to cool down geopolitical intensities. If pressure exists in this process, it is of an internal nature, such as citizens demanding an economically successful FP. The cooperational nature of neoliberal geoeconomics is linked to the use of economic means and is thus self-reinforcing: "export success promotes an aversion to involvement and the use of force" (Szabo, 2015a, pp. 87-88).

A.3.3 Economic freedoms and private property

The third big difference between neorealist and neoliberal geoeconomics is their relation to economic freedom and private property. The extent to which the state can restrict those rights is a question with a strong normative component.

In neorealist geoeconomics, economic means are used by NSAs and the state alike. They feature a shared usage, with the state having the right to demand control over them at any time, by giving it extensive control over the economics means of its NSAs. States make use of NSAs as they are seen as a part of the all-encompassing "national interest".[311] Often cited reasons to interfere in the economic affairs of NSAs include "national security", "resilience", "economic sovereignty", and "self-reliance" (Moraes & Wigell, 2020, p. 4). Thus, the state can make use of the means without regard for the owner at any time, extensively curbing the economic freedoms and property rights of its citizens. Kim (2019) explains that neorealist geoeconomics rests on the "problematic assumption that economic liberty can be limited when the government believes it is necessary" (p. 161). Neorealist geoeconomics "entails the danger of making economic freedom subservient to ostensible strategic interests" (Kim, 2019, p. 161). The use of economic means according to a neorealist geoeconomics logic results in "the

[311] Moraes and Wigell (2020) observe a "uptick in state policies designed to safeguard 'strategic assets', 'critical infrastructures' or 'emerging technologies' from the free interplay of market forces–and ultimately from transferring control over these assets to foreign 'strategic competitors' or 'systemic rivals' through market mechanisms" (p. 4).

weakening of the division between the civil society and the state, which is known to have an adverse impact on individual freedom" (Kim, 2019, p. 161).

States see NSAs (including their property and their economic relationships) as a means to achieve national FP interests and use them accordingly. When the state decides that "pressing strategic interests are at stake, entrepreneurs usually do not have a say about economic measures until the policies are implemented" (Kim, 2019, p. 160). As such, neorealist geoeconomics does not respect the economic interests of NSAs. Instead, states tend to tell NSAs what to do or what not to do, assuming that they know what is best for individual NSAs. States will, for example, criticize NSAs for doing business in other countries, scrutinize incoming and outgoing investments, or support domestic NSAs simply for being domestic (Moraes & Wigell, 2020, p. 4). The state interferes in the private economic affairs of NSAs for abstract reasons such as "to make sure market transactions do not imperil the bases of national economic power" (Moraes & Wigell, 2020, p. 4).

States compete with each other by restricting the economic freedoms of NSAs. In neorealist geoeconomics, concepts such as national security or national interest are extended to include the protection of domestic NSAs from international competition and the discrimination of foreign NSAs based on their origin. Pushing for a neorealist geoeconomic FP means pushing for the state to actively interfere in economic relations. Other scholars have acknowledged that neorealist geoeconomics works "by politically distorting economic conditions", thereby "constrain[ing] free economic transactions of domestic firms and individuals" (Kim, 2019, p. 160). I share Kim's (2019) view that "in non-vital situations that characterize most international strategic competitions, arbitrary economic directives that constrain economic activities in the civil society are hardly justifiable" (Kim, 2019).

A.3.3.1 Domestic constraints and enablers

Neorealist geoeconomics applies particularly well to illiberal agent states, as NSAs and domestic friction in the mobilization of economic means are ignored. The state has direct or indirect access to the property of its citizens. Proponents of

neorealist geoeconomics "believe that economic instruments are more attractive than military force because they involve imposing fewer social constraints and less domestic mobilization" (Kim, 2019, p. 160). Ignoring agent friction, the agent state is assumed to mobilize "its" economic means without problems (i.e., domestic friction). It can, for example, force its citizens to make investments in geostrategically important regions, against their economic interests. States can "force economic actors within the country to do business in certain states and not in others" (Kim, 2019, p. 160). Hence, Baracuhy (2019) warns that neorealist geoeconomics needs to "promote or at least avoid hurting the country's economic interests so as to win the support of key domestic interests groups" (p. 22). The less democratic/the more illiberal the agent state, the better it can mobilize "its" economic means.

In contrast, neoliberal geoeconomics states are not given extensive control over the economics means of its NSAs. While the economic means used by states also feature a shared usage, states do not use the means without forgetting about the legal owners of those means. As a result, in neoliberal geoeconomics, states only have limited control over economic means, and anyone is free to engage in economic activity. In liberal market economies, the use of geoeconomic instruments "differs greatly from that of military instruments", since "economic power is largely in the hands of private actors", due to "the relative independence of market actors from direct governmental interference" (Olsen, 2018, p. 45).

The role of NSAs in creating economic means in the first place is acknowledged, which means that states regard them as partners and not as subjects when using their means. Neoliberal geoeconomics advocates in a more democratic fashion that the beneficiaries must include NSAs. The success of the state is not a "Selbstzweck" [end in itself]: NSAs and especially citizens are the ultimate beneficiaries or losers of geoeconomic policies. The democratic element of neoliberal geoeconomics also expresses itself in the fact that the actions of politicians are measured and evaluated. Taking domestic politics seriously means being aware of the approval rate of one's actions. In countries with a neoliberal geoeconomic FP, "politicians are measured by their economic performance not

their military successes" (Szabo, 2015a, p. 87). According to Kundnani (2015b), the "key measure of success in German politics" is the maximization of growth and employment levels (p. 104). Hence, politicians will be less inclined to take economically devastating decisions.

While states shape the general environment in which NSAs can succeed, the state does not assume that it knows what is best for individual NSAs. States work with NSAs, respecting them as actors in their own right. They play "the supporting role of promoting national firms to turn profits for their shareholders in a cost-effective manner" (Moraes & Wigell, 2020, p. 4). Hence, neoliberal geoeconomics features commercial liberalism, embracing the notion of free trade and the spirit of fair competition. This makes neoliberal geoeconomics better suited for the application in liberal agent states, as it takes domestic friction, needed to be overcome in the mobilization of economic means, into account. Being aware of domestic friction and respecting NSAs means that the agent state cannot simply mobilize the economic means of its citizens without problems. The active, voluntary participation of NSAs is needed. The more democratic a state is and the more it protects the economic freedoms of its citizens—including their property rights—the less chances the state has to abuse the private wealth of its citizens as a foreign policy tool and economic means. Democratic states need to feature a strong participatory component to be better able to mobilize the economic means of its NSAs.

A.3.3.2 Impact on economy

The impact of neorealist geoeconomics on the economy is overwhelmingly negative. Luttwak places the state in the center of his geoeconomic policies, making an abstract entity not only the main actor but also main beneficiary of geoeconomics. Luttwak (1999) admits that "there are parallels" between geoeconomics and mercantilism, "for in both cases state authorities act against each other in commerce or industry, instead of allowing private interests to trade with each other as they see fit for their own private interests" (Luttwak, 1999, p. 140). The cost evaluations of neorealist geoeconomics tends to be economically incomplete, as costs that are not directly borne by the state are neglected. Hence,

even Luttwak (1993a) admits that neorealist "geo-economics must be inefficient from a global viewpoint" (p. 67).

While neorealist geoeconomics can seem cheaper for a state to pursue on the short run, in the long run, it is more expensive for the society overall. Neorealist geoeconomics tends to neglect most indirect and non-immediate costs (economic fallout) and long-term effects. One of such long-term effects neglected is the loss of international competitiveness, which is very difficult to restore when numerous competitors exist (Kim, 2019, p. 162). The cost calculations of neorealist geoeconomics tend to be "overly optimistic", as the use of economic means incurs costs "in terms of economic liberty and competitiveness, and these costs can be large" (Kim, 2019, p. 160).

In fact, by focusing on short term gains and losses neorealist geoeconomics destroys wealth. Its overall economic outcome is always negative. In neorealist geoeconomics, the economic means are used with a short-term view so they cannot be applied in a similar fashion for a prolonged period of time. This prevents the means from being used repeatedly. The results are negative long-term economic effects, with loss of overall wealth. Moreover, the negative economic impact of neorealist geoeconomics is amplified by the rejection of free trade and fair competition. Neorealist economics prevents economically sound trade from happening for political reasons. Market interventions, advocated for by neorealist geoeconomics, result in "more market distortions and more uncertainty for businesses", which could "have profound but as yet unpredictable impacts on global supply chains" (Lim, 2019, p. 32).

In contrast, the economic impact of neoliberal geoeconomics is overwhelmingly positive. Its cost evaluation tends to be more inclusive, as it also takes non-immediate costs and indirect impacts into account. These include, for example, economic ripple and fallout effects, unintended consequences, compensation mechanisms, etc. The cost evaluations of neoliberal geoeconomics tends to be economically more complete, as the costs that are borne by the society overall and other opportunity costs are also taken into account. While neorealist geoeconomics is more expensive than neorealist geoeconomics in the short run, it

is cheaper in the long run and it is cheaper for the society overall. In neoliberal geoeconomics, the economic means are used with a long-term view. The means can be applied in a similar fashion for a prolonged period of time, also allowing for repeated usage. The results are positive long-term economic effects, as neoliberal geoeconomics is prosperity-driven and focused on the maximization of global wealth. Moreover, neoliberal geoeconomics embraces the notion of free trade and the spirit of fair competition, encouraging economically sound trade.

A.3.3.3 State capitalism

Neorealist geoeconomics strengthens the international trend towards state capitalism,[312] which is always connected to authoritarian political systems, as such systems tend to drastically cut the economic freedoms of the citizens. Giorgi (2017) even connects the emergence of neorealist geoeconomics "with the revival of state capitalism and state enterprises" (p. 44). Authoritarian state capitalism has been defined as a form of bureaucratically engineered capitalism, in which the state dominates the market, primarily for political gain (Bremmer, 2010, p. 250). The state's control over large sections of the economy and key industries results in the state's domination over the market. The state operates next to a market-oriented private sector, making state capitalism a paradoxical, hybrid economic structure (Troxell, 2018, p. 8).

Practically speaking, state capitalism involves among other things "the purposeful management of state-owned enterprises", "the coaxing and promotion of 'state-linked' firms", "the strategic use of sovereign wealth funds", "mercantilist policies to advance national commercial interests", and "traditional tools of industrial policy that favour specific firms or sectors" (Evenett, 2016, p. 46). In the end, states "tend to favor the firm [state-owned company] in a way that conflates business interests with state interests" (Shatz, 2020, p. 43). This has

[312] A euphemism for state capitalism, often used by proponents of neorealist geoeconomics, is "strategic capitalism". According to Moraes and Wigell (2020) strategic capitalism is characterized by states intervening "in the production and flow of goods, services and data, as well as in the development and diffusion of technologies" (p. 4). In doing so, they are "repurposing economic relations in a way that significantly challenges the market-oriented principles that have prevailed for over two decades" (Moraes & Wigell, 2020, p. 4).

negative consequences for business but also for the relations with other countries. Examples of state capitalism and of the increase in economic resources available to autocratic states include Chinese and Russian state-backed companies that account for 80 and 62 percent of the national stock market respectively (Blackwill & Harris, 2016b, p. 36). Moreover, only one out of the world's ten largest sovereign wealth funds belongs to a democracy (Blackwill & Harris, 2016b, p. 37). Overall, economic statecraft is gaining in importance, due to the rise of China and its "state capitalist model of development" (Raik, 2019, p. 16), which is also practiced by Russia.

State or strategic capitalism is very much compatible with neorealist geoeconomics. According to Olsen (2018), some new neorealist geoeconomic powers feature "governance models where governments have significant influence over national economic assets or hold substantial ownership stakes in major domestic companies – leverage that in turn can be utilised for strategic foreign policy purposes" (p. 43). Commentators see "the use by governments of economic policy instruments to wield strategic influence over other nation-states" as happening at an "increasing frequency", which reflects the "growing assertiveness by governments of their expanding authority to intervene in markets to pursue broader national objectives" (Lim, 2019, p. 31). Lim (2019) comes to the conclusion that "the 'states versus markets' debate has now firmly entered the realm of international relations, and 'states' appear to be winning" (p. 31).

Whether one wants to see that happen is a deeply normative question. The citizens of modern democracies have fought many battles to have their property protected from the state, but once this property enters the international realm, it is not protected anymore. Neorealist geoeconomics represents a "unilateral state intervention in private economic activities that largely belong to the realm of civil society" (Kim, 2019, p. 160). From the perspective of an individual citizen, this is rather worrying. The continued push by states to expand their authority over private international property, might eventually lead to a backlash against the states' assertiveness.

Cohen and DeLong (2010) even predict that state-led control over the economy will fail, as an economy cannot be forced to be prosperous in the long run. After all, the "empirical facts are clear": "Public enterprises are inefficient compared to private enterprises and often have excess employment and wages to satisfy political concerns" (Shatz, 2020, p. 43). However, neorealist geoeconomics and state capitalism do share the idea that the state should take control of its NSAs. This is worrying not only for economic and civil liberty reasons. The idea of state-controlled businesses has long been identified as dangerous for international peace in the discussions on state capitalism. Shatz (2020) explains that "there is a long-standing school of thought that state control of businesses is actually a risk to peaceful relations among nations" (p. 43). Unfortunately, in neorealist geoeconomics, these arguments have not been incorporated into the discourse so far.

From the perspective of the state, it is understandable why it would push for a neorealist geoeconomics agenda. Neorealist geoeconomics allows state functionaries to "claim authority over mere businesspersons and the citizenry at large" by "invoking geo-economic imperatives" (Luttwak, 1993a, p. 22). They would be allowed to wear two hats at the same time, "diplomatique et économique, ce qui n'est pas sans leur poser de problèmes" (Lorot, 1997, p. 24). This allows state functionaries to assert their authority anew, "not in the name of strategy and security this time, but rather to protect 'vital economic interests' by geo-economic defenses, geo-economic offensives, geo-economic diplomacy, and geo-economic intelligence" (Luttwak, 1993a, p. 64). Thus, neorealist geoeconomics is most dangerous to the free societies, where it threatens hard won civil liberties.

At this point one may ask how real this danger is and whether it is not just some "dubious" idea of the 1990s, cherrypicked by me to decry neorealist geoeconomics. Yet, even in the 21st century, public officials in Western Europe complain about not having control over the wealth of their nations. Olsen (2020), having conducted 30 in-depth expert interviews in Paris, Berlin, and Brussels in

2017, reports that European diplomatic practitioners face the following challenges:

> Most importantly, MFAs' control over relevant economic assets is inhibited, as much of the wealth that defines a state's economic power is in private hands. Moreover, geoeconomics can meaningfully be applied only in concert at the EU level. Finally, the fact that MFAs have insufficient technical in-house expertise for analysing potential economic consequences of a geoeconomic intervention only exacerbates these issues. (p. 129)

Olsen's research shows us that even in 2017, state officials complain about not having enough power over the private properties of their compatriots. And even if they would be given this power, they would not be competent enough to use it, as they themselves admit that they are lacking the technical in-house expertise. That's why the German state was and still is actively coordinating with its NSAs to solicit their help in understanding what their options are and what the impact of their actions will be. Lastly, state officials complain about the need to coordinate with their European partners. These three challenges all "mainly stem from structural conditions of Europe's multilevel liberal market and governance system" (Olsen, 2020, p. 129). Thus, advocating for neorealist geoeconomics means to question Europe's liberal market and government system.

A.3.3.4 Undermining the Washington consensus

The rising popularity of state capitalism represents a shift in the mindset of states, since they have become more reluctant to accept that market forces determine their countries economic success (Evenett, 2016, p. 46). State-led economies (e.g., China, Korea) managed to lift themselves out of poverty, faster than anyone expected, and against mainstream economic theory. These events, taken together with the latest financial crisis, have a cast a shadow of doubt over the Washington consensus and "neoliberal" ideology. Hence, Cohen and DeLong (2010) argue that the governments of rising states "will attempt to deploy their market-rigging economic instruments–their money, their sovereign wealth funds, their stimulus

packages, along with the various nonmonetary instruments at their disposal–to accelerate their rise to prosperity" (pp. 130-131).

Under a neorealist paradigm, state interference in economic matters for FP reasons becomes the new normal: "By actively interfering in economic relations to pursue strategic goals, states are acting in a *geoeconomic* manner" (Moraes & Wigell, 2020, p. 4). As a result, neorealist geoeconomics has a negative impact on the world economy as it undermines ideas, such as, multilateralism, trade negotiations, and the freedom of services and goods. Moraes and Wigell (2020) explain that neorealist geoeconomics was being "overridden by the market-driven policies and discourse that inspired the commitments agreed by states at the Uruguay Round of trade negotiations, from which emerged the WTO and the rules it was entrusted to manage" (p. 5). Moreover, neorealist geoeconomics often helps to defend protectionist policies. Instead of criticizing protectionist policies for what they are—harmful to the world economy—realist geoeconomics helps legitimize such policies, by arguing that they are "needed for the 'protection' of strategic geoeconomic goals, such as 'national security'" (Moraes, 2019, p. 7).

To understand this point better, it helps to take a look at the analyses of trade lawyers. While IR analysts are often concerned with power and its implications, they sometimes lack the understanding of the practical consequences of their theories. Practitioners, like trade lawyers, can help put theoretical concepts into perspective. As an example, Puig (2019, p. 56) explains that a neorealist geoeconomic world order, "will be characterized by great power rivalry between the United States and China, the intense use of protectionist tools to achieve strategic and political goals, and the diminished role of legal adjudication" (p. 56). In this order, international trade law "will be less multilateral, predictable, justiciable, and enforceable" (Puig, 2019, p. 56). The use of trade law will be limited while the use of power increases, resulting in "a retrenchment of international interdependence and a revival of zones of influence prevalent during the Cold War era" (Puig, 2019, p. 56).

Analysts have pointed out that neorealist geoeconomics poses a threat to the Washington Consensus: "Geo-economic power projection and thinking in

spheres of influence destroy the market ideal of free trade, the so-called Washington Consensus, which US officials had preached before" (Braml, 2020a, p. 42). Especially the idea of a strategic geoeconomic state "questions the so-called neo-liberal approaches and Washington Consensus theories and practices, advocated by certain economists and some international organisations such as the IMF" (Csurgai, 2009b, p. 214). Neorealist geoeconomics is also used "to describe a departure from the prevailing logic of economic globalization" (Kvinikadze, 2017, p. 44). It challenges "the open international economic relations that the United States has propagated since the end of World War II", while also undermining "free international economic transactions" and impeding the "free flow of capital, goods, services, technology, and people across national borders, which has been the central component of the open economic order" (Kim, 2019, p. 163).

The question we need to ask ourselves then is whether we want to exchange the Washington Consensus for a "Beijing Consensus". The logic behind the Beijing Consensus is "to employ capitalist forces as the engine of growth and poverty reduction, while the government retains the authority to intervene as it sees fit. This includes retaining operative ownership or control over industries of perceived strategic importance" (Lim, 2019, p. 31). Even in Western states, the Washington consensus is being questioned more openly. Trump's trade war against China is a good example of a Western state adopting a more neorealist geoeconomic policy, in which the state is "crimping markets in the name of a broader national interest" (Lim, 2019). Observers of this policy find that it "reveals a mindset much closer to the Chinese model than to neoliberal economic orthodoxies" (Lim, 2019).

Adopting the Beijing Consensus would have detrimental consequences for the world economy. However, adopting such a neorealist geoeconomic policy is "not only economically, but also geo-strategically short-sighted" (Braml, 2020a, p. 42). If countries are acting like China, "in the long run, they are harming the United States and its allies and helping China" (Braml, 2020a, p. 42). Kim (2019) assesses the overall impact of neorealist geoeconomics to "weaken the liberal

order in general and U.S. leadership in particular" (p. 164). Cini (2015) similarly predicts that "the effects of geo-economics may ultimately undermine key governing institutions inhibiting their ability to deal and address future global challenges" (p. 7).

If Germany and other Western states would adopt a more neorealist geoeconomic FP, they would go down the path of economic intervention and would end up like China or Russia. Moreover, they would also become more tolerant of China. This seems strange at first sight, however, at this moment, the West is struggling to resist "China's efforts to make international institutions accommodate its state-led economic system on an equal basis to market economies" (Shatz, 2020, p. 42). Imitating China would also mean to give in to it and to give China more legitimacy and control over international institutions. However, this acceptance of the Chinese and other "state-led economies within the international system could have strongly negative effects on that system" (Shatz, 2020, p. 42). Europe cannot compete with China by imitating China. If Europe or the USA goes down this path, they have already lost the system competition. Instead, the West should stick to the open and free system that made it strong in the first place. It should focus on China opening up its market and on trading with China fairly. If China does not want to open its markets or trade on fair terms, then one does not need to trade with China. For trade to be mutually beneficial it needs to be free. Using international institutions, for example, by setting the agenda on norms and standards, is more beneficial than petty trade wars. Observation of China's new role in international organizations and their strategic attempts to hijack them, clearly demonstrates that China is aware of the power connected to these institutions.

Nevertheless, in the USA, "on both the Republican and democratic sides of politics, calls for an activist industrial policy are becoming more mainstream, further cementing a shift away from free markets" (Lim, 2019). The reasons given for this policy shift are in line with neorealist geoeconomics: "economic revitalisation and strategic competition" (Lim, 2019). Some commentators argue that since "China is both a military and a commercial rival", "the U.S. needs to

break with its 70-year policy of separating geopolitics from geo-economics and adopt the classic great-power practice of treating the military, diplomacy, and trade as three coordinated instruments of a single strategy" (Lind, 2018). Other experts complain that "the United States has lost the art of geoeconomics", while "China is considered skillful at using economic instruments to increase its influence" (Kim, 2019, p. 161). In line with the neorealist understanding of geoeconomics, the state is called upon to interfere in the market for reasons of "national security". Trade policy should be subordinate to the defence policy, with security experts and generals deciding what trade policy the USA should adopt.

While neorealist geoeconomics undermines the rule-based international order (RBIO) by rejecting the notion of free trade and the spirit of fair competition, neoliberal geoeconomics embraces it. However, the argument in favor of the RBIO is not a normative one (i.e., the RBIO is good because its rules are fair) but rather a functional one. The RBIO is efficient in creating wealth for all parties involved: "the components of this order—multilateral institutions, alliances, trade agreements, and political partnerships—have created the capacities and tools to win the twenty-first-century struggles with geopolitics" (Troxell, 2018, p. 18). Even countries like Russia and China have embraced elements of the RBIO, such as openness, as it gives them access to trade, investment, and technologies (Troxell, 2018, p. 18).

In applying neorealist geoeconomics, one actively undermines the RBIO and the underlying principles on which it rests. Neorealist geoeconomics leads to the "weakening of the open international economy", which "challenges the stability of the liberal international order" (Kim, 2019, p. 163), "weakening economic freedom" (Kim, 2019, p. 166). This opens the door for the return of geopolitics, territorial and military struggles. Neorealist geoeconomics also goes hand in hand with economic nationalism exacerbating political tensions between countries. These in turn can lead to further hostilities. This makes neorealist geoeconomics not sustainable, as a successful neorealist geoeconomic policy will be overtaken by geopolitics in the medium to long run. Kim (2019, p. 166) also questions the sustainability of neorealist geoeconomics for economic reasons.

To give an example of how quickly neorealist geoeconomic policies can escalate, one can study the recent relations between Japan and Korea. In 2019, the "Japanese government tightened controls on exports of three chemicals used in South Korea to manufacture semiconductors and smartphones. The Japanese government relied upon national security justifications, claiming concern that some of the materials could be converted for use in weapons" (Lim, 2019). However, "the decision was actually related to a long-running dispute between the two countries over wartime compensation claims. Seoul retaliated by cancelling an intelligence-sharing agreement with Tokyo, thereby fully bringing a political dispute from the economic into the security realm" (Lim, 2019). In contrast, neoliberal geoeconomics is sustainable and represents the next evolutionary step away from geopolitics. A successful neoliberal geoeconomic policy will not result in its own demise.

A.3.3.5 Economic nationalism

Another downside of neorealist geoeconomics is that it leads to economic nationalism. Since the end of the Cold War, neorealist geoeconomics has been closely linked to economic nationalism, especially in the USA. Moraes and Wigell (2020) even argue that economic nationalism is "built into the geoeconomic *rationale*" (p. 5). During the 1992 US presidential elections, "the themes and slogans of a new economic patriotism could be discerned", as "Republicans, Democrats and Independents have all sought to articulate variants of an 'America First' rhetoric" (Gearóid Ó Tuathail, 1993, p. 181). O'Loughlin (1993a) similarly reports that "the presidential candidates are running on 'America First' platforms; earlier, all the Democratic contenders had issued protectionist position papers and Congress approved trade retaliatory legislation" (p. 148). The USA was experiencing an economic recession, and the reasons for this recession were to be found abroad. At least this was the argument that was pushed by proponents of neorealist geoeconomics at the time, with Japan being blamed for cheating in trade and Americans being "more willing than ever to blame political allies with whom the USA has negative trade balances" (O'Loughlin, 1993a, p. 148). Instead of looking at one's own performance

critically, trying to understand the economic processes that were taking place (such as the deindustrialization), neorealist geoeconomics furthered a hostile discourse towards countries like Japan, that were allegedly cheating the USA out of their fair share of trade.

The same arguments are used again today, with Japan having been exchanged for China. While these arguments were not very successful in understanding and explaining the economic and political processes that were taking place at the time, it is very unlikely that the arguments will turn out to be more successful this time. What is positive though, is that the argument of "America First" is not as widely accepted by the mainstream anymore. While in the 1990s this slogan might have been a popular or uncontroversial statement, accepted by most parts of society, today, this is not the case anymore. While it is still possible to get elected with such a slogan, the meaning of it has changed completely in the meantime. Whether this is due to the persona of the candidate, or whether the meaning had already changed before and then he adopted the slogan is not relevant. What is noteworthy though, is that the rampant economic nationalism of the 1990s is not as universally accepted anymore. However, that does not mean that proponents of neorealist geoeconomics do not try to further the same ideas as in the 1990s. While the rhetoric might have changed, the ideas stayed the same.

The illiberal notion of economic nationalism can often be found in the writings of proponents of neorealist geoeconomics. As a prominent example, Diesen (2018) argues in favor of "economic autarchy" (p. 15) and against "commercial dependence on foreigners" (p. 15), while "abandoning inexpedient ideological commitment to laissez faire capitalism" (p. 12). For him, geoeconomics "captures the essential and rational policies aimed to manipulate and skew the symmetry in interdependent economic relationships to maximise both influence and autonomy" (Diesen, 2019, p. 97). This economically nationalistic stance is incompatible with the idea of a free, capitalist, and republican democracy, where citizens have the right and freedom to contract with nationals and foreigners alike. Instead, Diesen equates geoeconomics with

defensive neomercantilism, allowing states to interfere in the economic relationships of its citizens with foreign subjects. In 2019, he redefined his take on geoeconomics as "the economics of geopolitics, advocating state intervention in the market to enhance the geostrategic position" (p. 96). The parallels to mercantilism are obvious, as the ruling principle for mercantilists "is not economic but the promotion of the power of the state" (Viner, 1948, p. 2).

Furthering the ideas of economic nationalism, Diesen (2019) calls for geoeconomic states to "control strategic industries", to develop "competitive transportation corridors […] under the dominance of the state", to establish "a privileged position in financial and economic mechanisms for cooperation", and to "ensure that morality is aligned with its economic interests by the [sic] preserving the community" (p. 96). Especially the last point vividly demonstrates how the illiberal tendencies of neorealist geoeconomics can quickly transform the state into a dictatorial regime once it adopts neorealist geoeconomic policies. After all, economic freedoms are tightly connected to other freedoms and human rights; they cannot be easily separated. Questioning the economic freedom of citizens means questioning their overall human rights. Hence, it is not surprising to see Diesen (2019) explain that neorealist "geoeconomics requires embracing a mixed economy that is based on embracing the benefits of capitalism, coupled with awareness and acceptance that economic inefficiencies of state intervention are required to some extent to preserve the community" (p. 162). Naturally one is inclined to wonder what this community is, who is part of it, and how to become a member of it. Diesen's ideas about having geoeconomics focused on preserving some abstract community sounds very similar to Dix's notion of having the spirit of the nation guide the FP of a country. According to Diesen's definition of geoeconomics, every state that adopts such policies will automatically become reactionary. The reactionary element is built into the concept by design, because of the state's need to define the community that it seeks to preserve. By the time the state has figured out who and what is part of this community, and what is worth preserving and what is not, the community will already have evolved. As such, some communal elements will always fall outside the framework of the

community that is to be protected. Describing a state that clings onto an ideal-type version of the community (that may have never existed in the first place), Diesen's neorealist geoeconomics inspires reactionary policies.

A.4 Concluding remarks

Surveying the practical relevance of geoeconomics lets one conclude that there are important reasons to continue the study of geoeconomics. In one of his later writings, Waltz (1993) observes that "countries have always competed for wealth and security, and the competition has often led to conflict", which makes him raise the following question: "Why should the future be different from the past?" (p. 64). The answer is simple, because it can be different and because it already is different. The future we live in is already different from what we imagined it to be. Moreover, it is up to us as humans to make the future different, simply because we can. Even Luttwak (1993a) had to admit that "arms races can be stopped, and that antagonistic emotions can be diverted — against the common human enemy of ecological disruption perhaps" (p. 67). And even neorealist geoeconomics can be stopped with the help of "some sort of super-GATT", that would stop the "proliferation of commercial quarrels over subjects old and new" (Luttwak, 1993a, p. 67). Social science scholars can contribute to imagining a different future, by picturing what could and should be, and what should better not be. This could include a design on what a "super-GATT" or a better WTO could look like. Monists cannot afford the same apathetic attitude that dualists sometimes display, when they argue that "'what is' represents the 'real world' and particularly the continuities in that world, and although we might not like some of those continuities (such as wars) we have no choice but to accept them even if, ideally, we would like to change them" (Zalewski, 1996, p. 342). While dualists lean back and "observe" the world play out in front of them, monists cannot afford such luxury. For them, social science concepts make the world we live in.

If one agrees that ideas and theoretical concepts, frame and thereby make the world, then scholars should come up with better ideas for a better world. While scholars themselves cannot change the world, their ideas can. While one might

argue that this will lead to scholars producing overly idealistic ideas, one needs to remember that scholars are still kept in check by reality after all. To give an example: The way we understand wild animals (e.g., wolves, bears, and bats) shapes the way we live with them. Wolves are sometimes portrayed as cute, since one can cuddle with them. Other times they are pictured as bloodthirsty monsters, because they occasionally attack farm animals. While natural sciences might argue that the true nature of wolves is X number of muscles and bones, or Y number of cells, in the social sciences such an argument cannot be made. All that social science scholars do is to create an image of wolves, on the basis of which we interact and live with them. Such an image can lead to humans hunting wolves to near extinction or to humans and wolves living peacefully together.

In rational societies, there exists a selection process of ideas. As part of this selection process, useful ideas emerge, which allow for humans to profit from the existence of wolves (e.g., via the regulation of wildlife). That's why neither the idea of wolves being cute nor the idea of wolves being monsters are sustainable in the long run. The former will lead to humans getting hurt while the latter will result in the extinction of wolves. This is what I mean when I argue that reality keeps ideas in check.[313] The role of IR scholars should then also be to imagine ways or develop strategies to cope with forces, like anarchy, that have a negative impact on our existence.

Another selection criteria next to functionality is sustainability. The reason why Röpke's version of geoeconomics prevailed over Dix's is that it is more sustainable. While Dix's idea can seem more dominant in certain times, such policies cannot be sustained for long, due to their destructive economic potential. While the sustainability of Röpke's approach was already known back in the 1930s, it was not guaranteed that humankind would not adopt an economically harmful approach for a longer period of time. In fact, back in the 1920s and 1930s

[313] Postmodernism and relativism allow us to reimagine the nature of wolves as whatever we like it to be. This freedom is good. Yet, it is not without limits. If we are not careful, the wolves will eat us. The conception of the nature of the wolf should thus not be judged on whether it is just, fair, or pleasing, but rather whether it is useful. In the case of the wolf, just like in IR, the first priority is to stay alive. If the theory of the wolf does not help us to survive, it is not sustainable.

Dix's ideas were more popular and more successful with policy makers than those of Röpke. Even though economic nationalism is currently going through a revival, in the first half of the 20th century Röpke's liberal ideas of free trade also seemed to be losing against Dix's illiberal notions of autarky. Nevertheless, nearly a century later, after the rise and fall of some of the deadliest nationalistic and totalitarian regimes, Röpke's ideas prevailed over Dix's.

This is cause for optimism, especially because Röpke's take on geoeconomics has proven to be more successful in analyzing the economic and political forces that shape our world. I hope that the same is true for neoliberal geoeconomics, and that it will prevail over neorealist geoeconomics in the long run. While neorealist geoeconomics is filled with self-destructing ideas, neoliberal geoeconomics can sustain peace and foster prosperity as we know it today.

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