

## *In search of geo-economics in Europe*

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The book aims to answer the question as to whether geo-economics is relevant to the processes of European integration. Geo-economics may be regarded as field of knowledge which links geo-politics with economics. Within the pages of this work, it is understood mostly as a long-term policy intended to achieve geo-strategic objectives by using economic tools. It is implemented by a policy of growth and capital accumulation carried out both in the domestic arena and vis-à-vis partners abroad. The process of accumulation, or of 'getting wealthy', may apply not only in respect of financial capital, but also to other categories of capital, including technological, which is to say technological resources and the level of innovativeness, human capital, in other words the size of population and its educational level, and social capital, namely the cohesiveness of a given society and the level of confidence, both mutual and in the public authorities. What is also important is political capital, which refers to effective governance and 'the power of the state', or 'the power' of another political body. This applies, too, to the stability of a given political system and its ability to develop, where development may be measured, *inter alia*, in terms of the quality of public policies and the enhancement of its position in international relations. Another resource is that of ideological capital, which is to say, the leading values and ideas of a political culture which constitute the fundamentals of a specific political system and make it possible for it to develop.

The attempt to look for geo-economics in Europe which is undertaken in the book is based on the concept of an economic regime in international

relations. Its important feature consists in its being based on a specific geo-political arrangement. This is linked to the systemic approach to geo-economics applied in my work. A geo-economic analysis is an useful cognitive tool not only because, in the era of weapons of mass destruction, the rivalry between the leading powers has moved from military confrontation to economic issues. The struggle for wealth, competitive advantage and markets to sell to has become crucial to obtaining structural geo-political power. It is, in particular, the trade exchange system – regional or global, which may be an important mechanism serving to obtain and retain strategic advantages. In the case of Europe, which has been integrating for more than half a century, the common market is one example of an economic regime. The currency cooperation systems analysed in the book are another. The set of regulations and institutions supervising the financial markets, as well as the principles on which the innovation policy in Europe is managed, may also be described as a regime. They are all based on an agreement between the states constituting the Community, with the numerous supranational institutions and regulations that have, in time, been built around it. It constitutes a specific geo-political arrangement, with its own institutional architecture, rules and legal regulations, as well as a structure and geo-political interests. The directions of its development to date and the manner in which adaptations are made in a time of crisis are determined by particular features of this system. These features also form the specific characteristics of European geo-economics.

My research is aimed at identifying the fundamental features of these geo-economic specifics. It should be acknowledged that they are the domain of the largest member countries and, simultaneously, are only represented at a European level at a very scant level, because of the weakness of the UE foreign policy system, and, by the same token, of the geo-politics for which the object of reference is the entire Union. Geo-political interests are, certainly, represented on the European level. They are, primarily, the national interests of the leading member countries in the European integration processes, those which use or shape the European instruments according to their own preferences. The situation with geo-economics is similar. The Union's activities and its institutions are being used to achieve the geo-economic interests of the largest member countries and it is only to a limited degree that they may be acknowledged to represent the '*raison d'état*' of the entire Community. This is also related to an issue with an EU



political system, which is to say, the lack of a European political community understood not as a collection of states but as a community of citizens who have a developed political identity and have access to (democratic) political institutions. A social base of this type might identify its own interests or, to put it otherwise, its '*raison d'état*', both in respect of geo-politics and economics. In the meantime, however, the European space is dominated by particular interests, most often those of the largest member states.

European institutions such as the European Commission sometimes act in line with geo-economic logic. For instance, they use economic instruments, for example, supporting the development of Common Market, for geo-political purposes, which are to say, in promoting their own vision of European integration and competing for power with the national governments. An approach of this nature may also be acknowledged to be particularistic, bearing in mind that it is motivated mostly by institutional interests, in this case, those of the European Commission. Competition with the member states causes the Commission's representatives to treat traditionally understood geo-politics with reserve. This results in a weakness in strategic thinking when it comes to representing a *raison d'état* of the entire Community, including, in particular, its external economic policy. Apart from that, the Commission primarily follows the logic of the market and adheres to the neo-liberal development of freedoms on the Common Market, which means that it does not pursue a geo-economic logic under which economic policies are subordinated to geo-political considerations.

In Europe, geo-economics is therefore primarily an area of both mutual cooperation and rivalry between the member states. It has also a strong 'inward' focus, mainly in respect of the shaping of the European integration processes, as well as the forming or re-configuring of successive economic regimes. The majority of them are of an asymmetrical nature, which is to say, they are favourable primarily to the richest and the largest member states. It is because of this that a highly distinct split between the core and peripheries constitutes a specific feature of geo-economics in Europe. Indeed, this split is actually reflected in the asymmetry of power, as well as in that of the costs and economic benefits resulting from the processes of integration, to the benefit of the core areas. The lack of an inner cohesion in the geo-political arrangement and economic regimes can be seen, in particular, in times of crisis, including the post-2010 period of difficulties in the Eurozone. This example is discussed more extensively in this publication. The crisis became

an occasion to introduce geo-economic adaptations pertaining, on the one hand, to the cost of operating the common currency regime, and, on the other hand, to amending the geo-political structure within the EU. It also brought about a correction in the European integration model, with a shift toward increasing the power hierarchy of the strongest central states over the remaining ones, exercised partly through the enhanced competencies of EU technocratic bodies and partly through the Community's segmentation into different integration circles (so-called *differentiated integration*).

A series of dysfunctions in the operation of economic regimes and the related weakness of the European political order results from the neo-liberal ideas which have been associated with the integration processes since the 70s. The ideas in question also constitute an important component of geo-economics as practised in Europe. They paved the way to the expansion of national financial sectors on the Common Market and global markets and they also enhanced the European 'champions'. The choice of precisely this economic doctrine carries serious geo-economic risks, since it contributes to weaker control over the economy on the part of the public authorities, excessive volatility on the markets, the destabilisation of the political order and, by the same token, to the erosion of the geo-political potential.

I have juxtaposed the situation in Europe with the experience of other global powers, primarily that of the People's Republic of China and the USA. Like the Europeans, the Americans have based their geo-economic expansions on neo-liberal ideas. Their preferred system of global economic exchange was intended to support the geo-political influence of the leading power. From the 1970's onward, it was more and more subordinated to American interests and, in particular, to the narrowly understood benefits of investors originating from the US. By the same token, like the European regimes, it is asymmetrical, most of all in splitting the costs of the ever more frequent crises unevenly and in transferring the adaptations resulting from American macroeconomic imbalances onto other states, which more than once aroused opposition on the part of the United States' partners. While it is the weakness of the political centre and the devolution of the power responsible for geo-economics which is the fundamental problem in Europe, America has a centralised state structure. However, the geo-economic interests of the entire state are being steadily less well identified by the public authorities, which are also coping with the problem of losing control over the economy and the impact of the economic interests on politics, as well as



with the ever diminishing supply of domestic resources, which I refer to as a 'de-accumulation of capitals'.

In the case of the Middle Kingdom, we are observing a strong central authority which consistently applies a geo-economic strategy. The state authorities have preserved their autonomy with regard to both domestic and external economic interests, which makes it possible for them not only to control economic development but, primarily, to use the tools of economic policy in order to enhance their influence in the region and globally. One of the instruments enabling them to retain control is a strong control of the flow of capital, while the development of the markets is based on the need to have them 'embedded' in their own political community rather than in a neo-liberal doctrine which assumes the need for as large an extent of freedom vis-à-vis the state as possible. It is thus that the policy of the Chinese state has unified the objectives in respect of domestic business entities with social and political development. The latter is aimed primarily at enhancing China's position on the international arena.