

Chapter 12

Global Geo–Economic Consequences of the Russia–Ukraine War

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ABSTRACT

Russia-Ukraine war and sanctions, which have been adopted against Russia, have seriously affected on the socio-economic development of Russia and world economy in general. In 2022, GDP of Russia reduced by about 2.1%, but after the entrance into force the sanctions in the field of energy, the damage for Russian economy in the beginning of 2023 have been increased significantly. First of all, those sanctions affected on the increasing the budget deficit of Russia, which prevailed 30 billion USD within the first three months of 2023.

INTRODUCTION: WHAT DOES IT MEAN GEOECONOMICS?

Geoeconomics is a scientific discipline that studies the economic situation in a particular country, based on various indicators - its geographical location, historical development, culture, in order to determine its level of economic development and place in world politics, taking into account only the level of economic influence. It is closely related to other social and social sciences, therefore it also comes into contact with geopolitics, the study of globalization.

As a political strategy, geoeconomics is a new geopolitics (geopolitical economy), which develops a strategy for increasing the influence of the state from the standpoint of its economic power and ensures the achievement of foreign policy goals, world or regional power by economic means.

Geoeconomics as Politics

Geoeconomics is the politics of redistributing resources and world income. The main super-incomes (the rent of frontier energy) are received by the most economically developed countries.

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Geoeconomics can be considered a variation of mondialist geopolitics. However, it considers only the economic level of development of the state, for it the very concepts of statehood, nationality, territorial features recede to a secondary level.

Geo-economic policy is aimed at conquest of power by increasing the economic power of the country, all actions of which should be aimed at extracting economic benefits from relations with other countries. In addition, within the framework of this policy, it is characteristic to establish the dependence of economically weaker states on stronger ones in order to ensure the strengthening of the position of the latter.

This type of policy is inextricably linked with such a concept as geo-economic rivalry, which consists of two components. The so-called applied geopolitics involves a combination of two types of protectionism - "defensive" and "offensive". In the first case, the state suppresses the competition of producers in its domestic market and promotes the fastest possible development of various industries. After such preparation, it moves to "offensive" rivalry, during which, on the contrary, it increases competition while selectively supporting individual producers. The second type of protectionism is also called "effective" and, among other things, such a policy consists in ensuring the development of its national industries by the state.

The state development strategies proposed by geoeconomics are by no means always safe for it. Such a policy may run counter to the national and other interests of the country.

Luttwak himself argues that at this stage of world development, geo-economic policy differs from geopolitics primarily in that if earlier states created certain national territories within the framework of geopolitics, now they are forced to act in a "neutral" economic space (Chitadze, 2011).

One of the components of the geo-economic strategy is also the preservation and development of the nation state, with its features in production and economic activity, since they are mainly due to its original geographical location. Since national characteristics in the sphere of production, in the specialization of the state are due precisely to natural, natural factors, it is in its interests to give priority to the development of precisely those areas of economic activity (for example, agriculture with favorable soil) that are natural for it due to national and natural factors. features, because it will use its resources more efficiently, increase production and, accordingly, strengthen its position in the economic space.

The German economist and political scientist F. List argued that one of the strategies for achieving world domination is the rapid development of one country in all spheres of production (agriculture, manufacturing) and its retention of such a comprehensive development in other states, which will contribute to the formation of economic dependence of these states on this world power (Chitadze, 2011).

In modern realities, one of the goals of geo-economics as a policy is to seize such territories where information and financial flows are concentrated, so-called "financial nodes" are formed. Gaining control over precisely such territories allows the state to really increase its geo-economic competitiveness. The management of such economic flows contributes to the formation of economic clusters or networks of various entities that are competitive in their totality and at the same time compete with each other.

Another group of effective ways of conducting geo-economic policy are geo-economic wars. They are, in essence, a fusion of concepts such as trade and the cold war. In this situation, there is no open military conflict, the pressure on the competitor is carried out exclusively by economic means, and such actions are carried out within the framework of a specific and full-fledged strategic plan. Popular methods of such a war are the destruction of the trade communications of the enemy country with the outside world, drawing it into debt, and the withdrawal of capital from it.

In addition to camouflaged interference in the economy of competitors, one of the methods of geo-economic warfare is to strengthen the state's own competitiveness. Moreover, it consists not only in

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