

Current Political Economy of Global (In)Security: The Conundrum of Understanding the Causes of the War in Ukraine

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Abstract: Could the war in Ukraine have been avoided? Familiar counterfactuals include: (i) NATO's 2008 announcement on Ukraine's and Georgia's NATO membership was an unnecessary provocation and (ii) implementing the Minsk II agreement could have prevented the full-scale war. What is often ignored, however, are the political economy dynamics of global (in)security and how it manifests itself in this particular case. First comes the immediate context of the development of Russia, shaped spectacularly by the "shock therapy" of the 1990s. Second, what happened in Russia can be seen as a compressed version of the consequences of neoliberalism more generally. Third, the unevenness of economic growth as well as related imbalances and crisis tendencies shape power relations and are liable to securitisation. The war in Ukraine and these wider developments are multiply connected. For one thing, the strained Sino-American relations have affected China's orientation and reduced its willingness or ability to prevent or end the war. Finally, it may be asked whether it is relevant to understand the causes when the war is ongoing.

Introduction

Could the full-scale war in Ukraine have been avoided? This counterfactual question presupposes an understanding of the causes of war. The shared starting point of our dialogical book *Debating the War in Ukraine. Counterfactual Histories and Future Possibilities* (with Tuomas Forsberg) is that causal explanations must be located in real-time and are thus necessarily historical.¹ Hence, in the book we structure our discussions chronologically in terms of decades from the 1990s to the 2020s and beyond. Through dialogue, we traverse some of the key nodal points of contemporary history and consider future possibilities from a broad world-historical perspective. The chronological approach does not mean that explanations must be linear in any sense or that we would see history as just "one damn thing after another".

Despite major disagreements about the causes of war, we agree with my co-author that NATO's 2008 announcement on Ukraine's and Georgia's NATO membership was an unnecessary provocation and that implementing the Minsk II agreement could have prevented the current war (though we disagree about what consequences of that agreement would have been for Ukraine). As countless debates about the war in Ukraine have focussed on NATO enlargement and the Minsk agreement, these arguments may appear familiar. What is more fundamental in a broader perspective, however, is the political economy dynamics of global (in)security and how it manifests itself in this particular case – this was also my central argument in our discussions.²

The dynamic processes of the world economy shape conditions everywhere. States and other actors participate in bringing about and steering global political economy processes in various, but often short-sighted, counterproductive, and contradictory ways. Capitalist market economy tend to be unstable and crisis- and conflict-prone. Liberals associate the capitalist market economy with growth, rising standards of living, rising productivity, and ever-improving health, but it can as well be associated with war-like competition, turbulence, uneven developments, and rising inequalities. Both types of effects have been shaped by the fact that most real-world economies have been mixed (with private, public, and cooperative elements), in part as a result of waves of various lengths of constructing markets and then, typically after a crisis, stabilising reregulation and/or protecting society from the adverse effects of those markets.

Whatever the specific prevailing institutional and ideological constellation in a given world-economic context, there is no *a priori* reason to assume some sort of equilibrating process through negative feedback loops and preclude positive feedback loops and adverse self-reinforcing processes. Systematic historical and empirical evidence indicates that, in fact, the latter have become increasingly predominant during the neoliberal era.³

The political economy of global insecurity

Many of those, especially in the West, who still remember the 1990s, may wonder how it is possible that three decades later, despite all the widespread optimism that reigned back then, the world has ended up with a destructive full-scale war in Europe and simultaneous antagonisms in Asia. In the euphoria of the end of the Cold War, the increasingly neoliberal Western mainstream celebrated it as the victory of the free markets and democracy, but what has happened is that “the West lost the peace”. Eastern Europe and Russia have served as the “pioneers” of the rise of right-wing nationalist populism, with significant national and regional variations.⁴ Here I will focus especially on these dynamics in and through Russia because it highlights the cumulative process that has led to the war in Ukraine – not inevitably but contingently through manifold actions.

First is the immediate context of the development of Russia. In contrast to neoliberal expectations, the “shock therapy” administered in Russia in the early 1990s resulted in disaster involving two periods of hyperinflation, a drastic decline in industrial production, and a rapid rise in inequalities. The changes also resulted in a significant deterioration of the quality of life and contributed to mass poverty of the population during this period, including among educated and qualified workers.⁵ Through the chaotic 1990s, these maldevelopments paved the way for a counter-movement favouring a semi-authoritarian ‘strong’ state capitalism – though within a liberal constitution – led by an interlocked political elite and the economic oligarchs that had emerged through the shock therapy. With the establishment of Putin’s power, economic growth was resumed in Russia, although it took years before the Soviet levels of output per capita were reached.⁶

Second, what happened in Russia in the 1990s can be seen as a dramatic and shortened summary of the consequences of neoliberalisation. Some of the characteristic effects can be summed up with Thomas Piketty’s simple formula $r > g$, which says that in certain kinds of contexts, the average rate

of return on capital (r) tends to exceed economic growth (g).⁷ Especially in slow-growing contexts, the average rate of return on capital tends to exceed economic growth, which means that the past increasingly determines the present. Accumulated inherited wealth grows faster than production and income. The concentration of wealth and capital tends to have far-reaching political consequences. Wealth can be translated into political influence in liberal democracies, not only through labour relations but also more generally by changing the rules of politics. When the rules limiting money's influence on politics in favour of the wealthy and large corporations are changed, the process easily becomes self-reinforcing, producing positive feedback connections. Previous changes enable new changes in the same direction. This results in de-democratisation and increasingly asymmetric power relations.⁸

In the heartland of global neoliberalism – the US and the UK – the concentration of wealth and consequent de-democratisation, closely connected to the rise of nationalist-authoritarian populism, has taken decades.⁹ In many parts of the former Soviet area, however, Piketty's inequality $r > g$ and its radical effects became a prevailing reality in just a few years because of sharply negative growth and rising inequality and poverty. Some of the consequences of these developments were further aggravated through the wider developments of the world economy. The rise of global financial markets and a new wave of financialisation since the 1970s¹⁰ made it possible for those oligarchs who became rich in the 1990s to buy and sell existing assets in the hope of quick profits; tap into large financial flows and move funds to offshore centres and tax havens, including, for example, Geneva or the City of London; and to invest in housing markets around the world. They have received the same rate of return r on their assets as investors and elites in other parts of the world. This has benefited not only oligarchs but also financial centres and tax havens while at the same time weakening local and national economic developments.

Thirdly, the unevenness of economic growth and related imbalances and crisis tendencies change power relations in the global political economy. The world economy operates through a system of separate sovereign states and their alliances; these states did not fully stop worrying about their security after the end of the Cold War. From a security perspective, changes in productive capacities or financial positions are perceived in terms of relative state power. This risks turning economic imbalances into antagonisms such as trade wars. Geopolitics becomes salient again when states start to securitise and territorialise issues involving competition over increasingly scarce resources and carbon sinks.¹¹ This happened at the beginning of the 2000s. A neo-conservative turn in world history occurred when George W. Bush took office in January 2001, followed by 9-11 and the global war on terror, including the US-UK invasions of Afghanistan and Iraq.¹² Also, the rise of Vladimir Putin and the military phase of the Second Chechen War occurred at this time, followed by the colour revolutions in 2003-2005. At around this time, NATO expansion became an ever more contentious issue.

The role of the US-China conflict

The war in Ukraine and these wider developments are multiply connected. The processes leading to this war have involved global political economy developments, the insecurity dynamics of the

2000s and 2010s, and securitisation. The new era of sanctions against Russia started already in 2012, deepened in 2014, and exploded in 2022. Meanwhile, in the US, China has come to be seen as the main adversary and primary threat since the global financial crisis of 2007-9.

A popular way of understanding the consequences of this geoeconomic and -political struggle is the concept of the “Thucydides trap”, indicating a strong tendency towards a war between China and the US.¹³ However, behind the China–US trade war and other similar trade disputes lie a simple contradiction. Trade deficits and surpluses cancel each other out. Countries with trade surpluses tend to have savings surpluses, whereas countries with trade deficits tend to accumulate debt. The compositional fallacy occurs when it is assumed that what is possible for a single given actor at a given time is possible for all of them simultaneously. For the deficit countries, a possible individual response is to resort to unilateral measures. The problem is that this can lead to a spiral of tit-for-tat retaliations, aggravating the situation further. To avoid suboptimal and contradictory outcomes, which can have far-reaching political consequences it is possible to create more adequate common institutions. However, despite several major proposals over the decades to realise more cooperative arrangements, possibly along the lines of J. M. Keynes’s International Clearing Union proposal, the world seems to have drifted closer and closer to the situation that prevailed in the 1930s.

The US-China conflict is at the heart of the current global (in)security dynamics. There is also a connection between securitisation and territorialisation of political economy imbalances and conflicts on a global scale, on the one hand, and the war in Ukraine, on the other. A series of possible counterfactuals about the war concerns the role of China. Could China have prevented the war in Ukraine?¹⁴ Even under the strained circumstances of 2021-2022, could China have done something to prevent the full-scale war from happening? The invasion violates Ukrainian sovereignty, and protection of sovereignty has been a key principle of Chinese foreign policy. The plausibility of this counterfactual depends in part on our assumption about the importance of China’s acquiescence and material support. Given Russia’s antagonistic relationship with the West and the sanctions, it is clear that China is important to Russia. The question is, how important?

Although it is uncertain whether the costs of China’s unambiguous opposition to the war would have restrained Putin and the inner circle of decision-makers in Russia, we know that since the invasion started, exports to EU countries have nearly ceased, while exports to Asia have risen.¹⁵ In particular, Russia and China have deepened economic ties amid a major surge in trade.¹⁶ The standard argument in China is that China needs Russia to counter the US. From prevailing Chinese thinking, unequivocal condemnation of the war in Ukraine is not a reasonable option given the strained and inflamed relations with the US, involving the real potential for a major war.

Is it relevant to discuss the causes of war when the logic of war prevails?

All this may be true, but one may wonder: How meaningful is it to discuss the causes of the war, especially its broader political economy roots when there is an ongoing war, and the logic of war prevails? This is a question raised by Ole Wæver in the follow-up special forum of *Globalizations*.¹⁷ Wæver acknowledges first that it is politically difficult to talk about the role of

Western policies in the processes that led to the war without being seen as apologetic of Putin's regime. This difficulty is closely related to the prevailing Western theory of international relations, based on seeing "our side" as morally superior and assuming that the evil ones only understand the language of force. Nonetheless, the main reason, according to Wæver, why it may not be meaningful or relevant to discuss the causes of the war at this point is that "in the midst of a war, the future necessarily goes via the outcome of the war". "When the war has started, the original political goal (*Zweck*) is then substituted by the aim to win the war (*Ziel*), and this condensation point is not influenced by exploring the changing interpretations of the bigger picture." Another way of putting this may be to argue that once a major war – or perhaps a series of wars – has started, it is too late to think about the deeper, and especially political economy, causes of war.

The subtitle of our book *Debating the War in Ukraine* is "counterfactual histories and future possibilities". The two are connected, and, despite our differences, Forsberg and I agree that an adequate understanding of the causes of the war is relevant for shaping the future. It is precisely the difficulty, if not impossibility, of conversation about the causal history of the war that closes the horizons of Ukraine and the West, making war the only way to "settle" the conflict. Moreover, truth matters and our collective learning depends on respecting the ideal of truth. What is equally relevant is the possibility of further escalation of the war in the wider context of the prevailing global insecurity. Escalation may be sudden, but it is pertinent to bear in mind that World War II did not start in one go. It took years before it became a truly global war. In Asia, WWII started in 1937, and in Europe in 1939, and these beginnings were preceded by the Italian invasion of Ethiopia (1935–1937) and the Spanish Civil War (1936–1939). The Asian and European theatres of war were not effectively connected until December 1941 when the United States entered, both as a result of Pearl Harbour and Hitler's 'American gamble'.¹⁸ The full-scale war in Ukraine may be merely a step in a process that is leading towards a global military catastrophe.

One of the things that has become evident through our dialogue is that our positioning in relation to the conflict determines whether we tend to see the prevalence of the logic of war as necessary.¹⁹ If, in a violent conflict, an observer thinks that A is wrong and B is right, and the only way out of the conflict is for A to humble itself and accept that B is right, then violence must continue until A surrenders and submits itself to the will of B. Under those assumptions, the attention turns to predicting what may be happening on the battlefield. This is the Clausewitzian logic of war, except that Clausewitz was careful in warning that the slippage from politics to violence is often beyond anybody's control because of the decisive roles of passionate hatred and chance.²⁰

Explaining war through the processes and dynamics of political economy is also relevant because such an explanation constitutes at the same time a critique of all forms of identity-related and normative essentialism. Entities such as states are not only products and manifestations of processes, but they are also relational, and many of the most relevant relations concern political economy directly or indirectly. Processes are open-ended and flowing, with one process capable of sliding into another and smaller processes combining to form larger processes. This kind of perspective does not cancel individuals' or state actors' responsibility for decisions or their violent consequences. Rather, it extends responsibility to the formation of causal processes more widely, thereby opening up a perspective to discuss global reforms.

A processual and relational understanding of the causes of the war in Ukraine can open a space for meaningful negotiations and a peace agreement. Every peace agreement is a difficult compromise to accept. War and violence cause trauma and feed hatred. Both peace and justice are needed, but there are also different understandings of justice. An openness to the complexities of causal processes can facilitate the peace process. As the world is once again increasingly divided and a much larger global military catastrophe looms in the air, it is urgent to restrain the dangerous global security dynamics in terms of confidence building and arms control measures. A peace agreement between Russia and Ukraine to end the violence would be a major step in the right direction.²¹

The world needs time to get to the heart of the matter, i.e. the fundamental reorganisation of the (meta)governance of the world political economy and its (in)security dynamics. What kinds of global reforms are needed for future processes of decommodification and new “syntheses” concerning the market/social nexus? What are the conditions for the political integration of the world and the globalisation of the components and functions of statehood?²²

Endnotes

¹ Tuomas Forsberg and Heikki Patomäki, *Debating the War in Ukraine: Counterfactual Histories and Future Possibilities*. London and New York: Routledge, 2023. Available open access at <https://www.routledge.com/Debating-the-War-in-Ukraine-Counterfactual-Histories-and-Future-Possibilities/Forsberg-Patomaki/p/book/9781032450827>.

² This has been the topic of many of my publications since Heikki Patomäki, *The Political Economy of Global Security. War, Future Crises and Changes in Global Governance*. London and New York: Routledge, 2008. For a discussion of this line of research and on the ontology of counterfactuals and historical possibilities, see Jamie Morgan, “World Politics, Critical Realism and the Future of Humanity: An Interview with Heikki Patomäki, Part 2”, *Journal of Critical Realism* (2023): 1-47, online first <https://www.tandfonline.com/doi/full/10.1080/14767430.2023.2188541> (open access).

³ In addition to *Political Economy of Global Security*, see my *Disintegrative Tendencies in Global Political Economy: Exits and Conflicts*, London and New York: Routledge, 2018; and *The Three Fields of Global Political Economy*, London and New York: Routledge, 2022, especially chps 6-8.

⁴ See Philippe Ther, *How the West Lost the Peace*, Cambridge: Polity, 2023.

⁵ The shock therapy is often associated with Jeffrey D. Sachs. Sachs has later criticised shock therapy and complained that some of his advice, such as establishing a stabilisation fund or cancelling part of Russia’s debts, were not followed. Amy Goodman, “The West’s False Narrative about Russia and China. Interview with Jeffrey D. Sachs,” *Democracy Now!* 30.08.2022, www.jeffsachs.org/newspaperarticles/h29g9k717fymxp39yhwxc5f72ancr.

⁶ For a discussion and references, Forsberg and Patomäki, *Debating the War*, 13-17.

⁷ Thomas Piketty, *Capital in the Twenty-first Century*, trans. by A. Goldhammer. Cambridge, MA: The Belknap Press of Harvard University Press, 2014.

⁸ The relationship between money & wealth and politics has been the topic of many at times heated debates for more than a century. William McKinley’s (US president 1897 – 1901) chief fundraiser Mark Hanna is famously quoted as saying, “There are two things that are important in politics. The first is money and I can’t remember what the second one is.” For two different but parallel analyses, see John Rawls, *A Theory of Justice* (Oxford: Oxford University Press, 1973) 225; and Colin Crouch, *Post-Democracy*, Cambridge: Polity, 2004.

⁹ For a general systematic analysis about how the rise of nationalist-authoritarian populism be explained in terms of neoliberalisation and its effects, see Heikki Patomäki, “Neoliberalism and Nationalist-Authoritarian Populism:

Explaining Their Constitutive and Causal Connections,” *Protosociology. An International Journal of Interdisciplinary Research*, 37, (2020): 101-51. In a few years after Putin’s election in 2000, his party United Russia adopted a variation of the ideology of nationalist-authoritarian populism.

¹⁰ For a brief history of financialisation, Michael Hudson, “Financial Capitalism v. Industrial Capitalism,” a blog (03.09.1998), available at <https://michael-hudson.com/1998/09/financial-capitalism-v-industrial-capitalism/>.

¹¹ A classic statement on the theory of securitisation is Ole Wæver, “Securitization and Desecuritization,” in Ronnie D. Lipschutz (ed.) *On Security* (New York: Columbia University Press, 1995) 46–86. For a future-oriented political economy reinterpretation, Heikki Patomäki, “Absenting the Absence of Future Dangers and Structural Transformations in Securitization Theory,” *International Relations* 29, no: 1 (2015): 128-136.

¹² Patomäki, *Political Economy of Global Security*, ch. 6.

¹³ The concept of Thucydides trap has been popularised by Graham T. Allison, for example, “The Thucydides Trap: Are the U.S. and China Headed for War?,” *The Atlantic*, 24.09.2015, <https://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756/>. The problem is that these kinds of anticipations tend to be self-fulfilling. For criticism of related ideas about “hegemonic stability”, Barry Gills and Heikki Patomäki, “Trumponomics and the ‘Post-Hegemonic’ World,” *real world economics review*, no. 78, 29 March 2017): 91-103, <http://www.paecon.net/PAERReview/issue79/Patomaki79.pdf>.

¹⁴ The following owes a lot to Feng Zhang, “China’s Counterfactual Roles in the Ukraine War,” *Globalizations* (2023), online first available at <https://www.tandfonline.com/doi/full/10.1080/14747731.2023.2232614>. For a general introduction to the special forum on the war in Ukraine and future possibilities, summarising also Zhang’s argument, see Tuomas Forsberg and Heikki Patomäki, “Looking at the war in Ukraine and ways it could end from a global perspective”, *Globalizations* (2023), online first available at <https://www.tandfonline.com/doi/full/10.1080/14747731.2023.2231216> (open access).

¹⁵ The Bank of Finland Institute for Emerging Economies, BOFIT, “Russian exports down, imports up in first quarter,” *BOFIT Weekly* no: 15, 14.04.2023, https://www.bofit.fi/en/monitoring/weekly/2023/vw202315_1/.

¹⁶ Amy Hawkins, “Russia and China deepen economic ties amid surge in trade since Ukraine invasion. Russian PM holds talks with Xi Jinping and signs bilateral pacts to further investment, exports and sports cooperation,” *The Guardian*, 24.05.2023, <https://www.theguardian.com/world/2023/may/24/russia-and-china-deepen-economic-ties-amid-surge-in-trade-since-ukraine-invasion>.

¹⁷ Ole Wæver, “Futures, Events and Excessive Learnings: Review of Forsberg and Patomäki, Debating the War in Ukraine,” *Globalizations* (2023) online first available at <https://www.tandfonline.com/doi/full/10.1080/14747731.2023.2228594>. See also note 12.

¹⁸ Brendan Simms and Charlie Laderman, *Hitler’s American Gamble. Pearl Harbour and the German March to Global War*, London: Allen Lane, 2021.

¹⁹ Tuomas Forsberg and Heikki Patomäki, “The shape of things to come: A further dialogue,” *Globalizations* (2023), online first available at <https://www.tandfonline.com/doi/full/10.1080/14747731.2023.2228591> (open access).

²⁰ Carl von Clausewitz, *On War*, edited and translated by Michael Howard & Peter Parrett (Princeton, NJ: Princeton University Press, 1976; originally published 1832): book 1, chp. 1, para. 28.

²¹ See Tapio Kanninen and Heikki Patomäki, “Giving Peace a Chance,” *Le Monde Diplomatique* The English edition January 2023, <https://mondediplo.com/2023/01/02ukraine>; available also in French and several other languages.

²² For a full-scale discussion and many proposals, see Heikki Patomäki, *World Statehood. The Future of World Politics*, Cham: Springer, 2023.