

The syllabus for

The Geopolitics of International Business

a course taught by Benjamin Sutherland

November and December 2021

The Geopolitics of International Business is an enhancing course composed of eight 90-minute classes (schedule below), for a total of 12 classroom hours. It examines how business, and especially globalization, affects conflict and other aspects of geopolitics. Globalization, defined as the spread of myriad business, trade, and communication networks, can generate stability as well as spark conflicts, some of them armed. Rather than focus on individuals in business and politics, the instructor will emphasize structural forces reshaping business and therefore security landscapes.

The bulk of each class consists of a lecture with slides, as well as lively class discussion and debate. The instructor will email reading material to students in the form of PDFs. Students need not purchase any books for this course.

The class schedule is as follows:

first class: Tuesday 2 November 2021 from 10 AM —
11:30 AM

second class: Monday 8 November 2021 from 2:45 PM
— 4:15 PM

third class: Tuesday 9 November 2021 from 10 AM —
11:30 AM

fourth class: Monday 15 November 2021 from 2:45 PM
— 4:15 PM

fifth class: Tuesday 16 November 2021 from 10 AM —
11:30 AM

sixth class: Monday 22 November 2021 from 2:45 PM
— 4:15 PM

seventh class: Tuesday 23 November 2021 from 10
AM — 11:30 AM

eighth (and final) class: Monday 29 November 2021
from 2:45 PM — 4:15 PM

FINAL EXAM: Monday 6 December 2021 from 2:45
PM — 3:45 PM

COURSE OBJECTIVES

This non-quantitative course will help student operate in business by casting light on how business forces reshape geopolitics. Students will be able to better assess risks for international endeavors such as investment or business expansion. They will also be able to better articulate how their own business ventures can contribute to fostering peace and security.

UNIT I

Managers should understand how business, especially in the form of globalization, has shaped the geopolitical landscape.

We look at how globalization has transformed conflict in recent decades. For one thing, in the post-World War II era, the development of international business has tended to reduce conflict between great powers. As a result, during this period conflict has mostly bubbled up in weak states—those that, for different reasons, remain less connected to global business networks. As states and economies have become more connected to global networks, the benefits of territorial conquest fell vis-à-vis other sources of wealth, power, and prestige. These include the deft use of technology as well as human, social, and economic capital in transactions that benefit, albeit unequally, all participating parties.

But in recent years, globalization has been transitioning into a second and probably more turbulent phase. The

covid-19 pandemic is accelerating this transition. This “phase 2” of globalization promises to be marked by greater barriers to trade and the relative decoupling of numerous supply chains—and especially those between China and Western countries.

Amid this “slobalization”, business leaders should expect weaker political and societal support for international operations, offshoring included. There is also a rising likelihood of state-on-state conflict, be it between regional rivals or powers seeking to challenge Western countries.

UNIT 2

Business leaders in the West should expect more of various sorts of cultural resistance.

Much of this resistance will originate in non-Western countries. Some of it will be a product of increasingly fractious societal and political polarization within Western countries.

Globalization and the technologies that underpin it, including social media, bring diverse worldviews into closer contact. This has accelerated the shift from “ideological” conflict, which marked much of the 20th century, to today’s “cultural” conflict, including that driven by ethnic and religious passions. Cultural conflict involves clashes between belief systems which are often incompatible, so it can be more intractable than conflict narrowly defined as “political.”

Business leaders will need to take into account how today’s instantaneous global transmission of information and weaponized disinformation can affect their operations, including by spreading anger throughout “cultural echo chambers.”

Businesses will find the greatest cultural strife in “fictitious states”—former colonies, for the most part, with peoples that did not fight side-by-side to forge their borders. Violence in these countries has increased as leaders of the wars of independence have retired or died, taking with them the little social cohesion that they had built up by uniting, albeit briefly,

rival ethnic groups to cast off colonial overlords. In these weak or failing states, “identity vacuums” have grown as the meaningfulness of the Cold War’s ideological divisions has faded. And corruption, which has led to underdevelopment, has prevented a healthy national pride from filling the gap. In this void, “identity entrepreneurs” like Boko Haram, Islamic State, Hezbollah and the Taliban have stepped in, offering alternative and increasingly extremist worldviews.

UNIT 3

Businesses should not assume that today’s borders are set in stone.

Globalization itself, in fact, can contribute to the redrawing of political maps.

Globalization increases net wealth. This tends to lift incomes of the poor, but their gains are often less than those of wealthier people. Globalization therefore often exacerbates inequality and internal divisions in a country. This nourishes populism. It can also fuel the separatist dreams of wealthier or less-dysfunctional areas keen for a divorce from a country’s poorer regions. This dynamic is at play in bids for autonomy in Bolivia’s Santa Cruz department, Iraq’s Kurdistan, and Spain’s Catalunya. We assess where separatist movements are likely to get bloody, contrasting breakups of various countries.

UNIT 4

Business leaders should be aware of the types of corruption they are likely to be up against in a given part of the world.

The type of past governance in an area reveals much about whether conflict or stability and prosperity is on the horizon. Corruption, for example, has thrived in former “extraction” colonies where the colonial master co-opted one or more ethnic groups, pitting them against weaker ethnic or sectarian rivals to facilitate administration. This dynamic can be seen in sub-Saharan Africa, India and elsewhere. In contrast, in “settlement” colonies in America, Australia, Canada

and New Zealand, settlers mostly saw the state's security forces as an ally providing protection from natives upset at their loss of land and overall reversal of fortune—hence the lower levels of corruption and dysfunction in those lands today.

Foreign aid can also fuel corruption, further empowering élites. U.S. money spent shoring up Afghanistan's now-deposed regime is a case in point, which we will discuss. Regimes with enough free money from abroad to hand out privileges to cronies are less likely to liberalize their economies and respect human rights to better generate taxable wealth. Corruption, then, is not, as some illiberal regimes claim, an anomaly that they wish to stamp out. Rather, corruption is a mechanism for distributing unfair advantages such as, say, immunity from prosecution, to key government supporters. Likewise, onerous regulations for businesses are often crafted specifically to protect established firms from potential competition. This induces those incumbent firms to support the current regime, but the approach hurts the population as a whole by crimping wealth creation.

UNIT 5

Business leaders should be able to articulate how international business activity can reduce oppression and foster democracy.

By connecting previously disconnected and therefore disenfranchised people to outsiders with little or no financial interest in perpetuating local discrimination, globalization can turn the dispossessed into stakeholders. Through this process of “frontier integration,” as Thomas PM Barnett, a former Pentagon strategist calls it, populations in dysfunctional areas largely cut off from global networks and the rule of law become able to pour their energies into self betterment through economic growth. Over time, many of these people let go of bloody ideological, religious, and ethnic passions.

Business activity can also foster the emergence of democracy. We analyze how this dynamic works, as well as the conditions which render such an outcome

unlikely in certain parts of the world. As part of the unit, we look at how democracy fitfully emerged over time in the Western world, We analyze the dynamics involved in this, as well as the conditions which render such an outcome unlikely in certain parts of the world. As part of the unit, we look at how democracy fitfully emerged in the Western world over time with help from increasingly freer trade and the consumerism that it spawned.

We also look at how globalization disrupts. With relative ease, globalization's lifeblood, information, can be corrupted to sow doubt and enrage. And many will see globalization, often correctly, as a threat to their culture, privileges, or power, be they dictators or, say, ordinary Muslim men opposed to westernization and the attendant empowerment of women. These fears can be whipped up and exploited. This dynamic has played a role in the Taliban's gain of control of Afghanistan.

UNIT 6

Business leaders should take into account the likely shape of conflict to come.

Amid all this, it appears, troublingly, that a new era of messy chessboard geopolitics is dawning. Globalization has weakened the role that geography plays in shaping culture and sociopolitical systems, but this is broadly overestimated. Seemingly incompatible mindsets remain, and indeed are exacerbated by globalization's shrinking of the world. Even the matter of world order is still unresolved, with the West's Westphalian system of independent states under growing challenge. In the Muslim world, for example, the Koranic ideal of pushing for an ever-expanding and eventually universal community of believers, the "ummah," is at odds with Western notions of sovereignty and respect for human rights.

And against the backdrop of a seemingly weakening West, challenger powers see growing opportunities. America's abandonment of Afghanistan will likely lead to greater great-power competition in central Asia, and especially among China, India, Iran, Russia and

Pakistan. The American retreat could also set in motion a chain of events that will threaten trade and political stability in Taiwan and throughout the broader region of northeast Asia, including China, Japan and the Korean Peninsula.

A resurgent Iran is maneuvering in Lebanon, Syria, and Yemen. A revanchist Russia, having easily annexed Crimea, is supporting separatist fighters in eastern Ukraine. In demographic and economic decline, Russia has reason to seek additional gains sooner rather than later. Proxy wars are heating up, including in Libya, where the belligerents include Russia, Turkey, and the United Arab Emirates. China is militarizing disputed reefs and other bits of maritime territory. And nuclear weapons are increasingly seen by Pakistan, Russia, and others as tools to challenge the status quo, rather than, as was largely the case during the Cold War, to maintain it.

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