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Geoeconomics: From its conception to its rediscovery

Research Article

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Abstract: This article traces the conception of geoeconomics to its 1920s origins in interwar Germany in the writings of Dix ((1925). Geoökonomie: Einführung in erdhafte Wirtschaftsbetrachtung [Geoeconomics. Introduction to Earthbound Economic Contemplation]. R. Oldenbourg) and Röpke ((1922). Die Konjunktur: Ein systematischer Versuch als Beitrag zur Morphologie der Verkehrswirtschaft [The Business Cycle: A Systematic Attempt Contributing to the Morphology of the Transport Economy]. Gustav Fischer., Röpke, W. (1925). Geld und Außenhandel [Money and International Trade]. Gustav Fischer) and reconstructs their disagreement: Both recognize that international economic relations are politically contingent and vulnerable to conflicting national interests, but draw radically different conclusions. Dix develops what this article terms an implicit realist conception of geoeconomics, in which nation-states are actors and institutions largely reflect underlying distributions of power. Röpke, by contrast, develops an institutional realist perspective concerned with the institutional conditions under which an open international economic order can be sustained. The article then traces the subsequent trajectory of these ideas within economics. While questions central to Röpke's research program – including institutions, enforcement, and the stability of international economic arrangements – continued to be explored within mainstream economics, questions of national power and coercion became comparatively marginal. Hirschman (Hirschman, A. O. (1945). National Power and the Structure of Foreign Trade. University of California Press), now acknowledged as a precursor of contemporary geoeconomics, provided an important exception by analyzing the political leverage generated by asymmetric economic dependence. The recent revival of geoeconomics within economics, against the background of renewed disruption of the international order, has returned precisely these questions of power, coercion, and asymmetric dependence to the economic mainstream.

Keywords: *Asymmetric interdependence • Geoeconomics • Institutional realism • International order*

1. Introduction

Geoeconomics has been defined as the use of economic instruments to promote and defend national interests, to generate advantageous geopolitical outcomes, and also as including the economic actions of other countries affecting the home country's economy,[1] putting it close to David Baldwin's[2] definition of economic statecraft, that is, the economic means to pursue foreign policy goals.[3] Mohr and Trebesch,[4] on the other hand, see it as a broader field spanning geopolitics and international economics, integrating questions of war, geopolitical rivalry, fragmentation, and international economic order. The interwar German debate examined here points to an even broader conception, encompassing not only economic statecraft but also

1 Blackwill, R. D. & Harris, J. M. (2016). *War by other means: geoeconomics and statecraft*. Harvard University Press.

2 Baldwin, D. A. (1985). *Economic statecraft*. Princeton University Press.

3 The overviews and discussions in Troxell (Troxell, J. F. (2018). "Geoeconomics." *Military Review*, 98(1), 4–22); Pfeiffer ((2024). Geoeconomics in International relations. Neorealist and neoliberal conceptualizations. Routledge). Youngs, R. ((2011). Geo-economic futures. In A. Martiningui & R. Youngs (Eds), *Challenges for european foreign policy in 2012: what kind of geo-economic europe*? FRIDE, pp. 13–17), in his introduction to a collection of policy papers, defines geopolitics as the use of statecraft to economic ends even if most of the papers that follow in the collection discuss the use of economics for political ends.

4 Mohr, C., & Trebesch, C. (2025). "Geoeconomics." *Annual Review of Economics* 17, 563–587.

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competing accounts of the institutional organization and stability of the international economic order.

Interest in geoeconomics has intensified during a period in which economic instruments – sanctions, trade restrictions, investment controls, and increasingly the strategic manipulation of economic dependencies – have become prominent tools of international politics.[5]

The modern usage of the term "geoeconomics" goes back to Luttwak,[6] yet recent contributions that have revived geoeconomics as a field of interest in economics (see notes[7]) have acknowledged Hirschman[8] as a precursor within the field, even if Hirschman does not appear to have used the term himself. Instead, the term originated as Geoökonomie in the writings of Dix[9] and Röpke[10,11] in interwar Germany. The period was characterized by systemic instability, giving rise to concerns about access to resources, transport corridors, and energy security, and more so in Germany after the Treaty of Versailles.

This article makes two main contributions. The first is a reconstruction of the dichotomy between Dix and Röpke, and the second is a historical–analytical reconstruction of the place of geoeconomics in the field of economics.

The article posits that Dix and Röpke argued from similar premises – namely, that international economic order is inherently fragile and international economic relations remain vulnerable to conflicting interests and strategic state action – while they radically disagreed on the implications of this diagnosis: For Dix, it provided a rationale for pursuing economic nationalism and national economic interests. Röpke, in particular in his later writings, explored the institutional conditions under which an open international economic order could be sustained. This common diagnosis presents a realist element in both approaches, provided that we define realism as encompassing approaches that build on the premise that international economic order is politically contingent, that conflicts of interest persist, and that international economic relations cannot be understood independently of political power. Dix's approach more closely anticipates what in the Waltzian tradition became associated with neorealism: states operate under anarchy and institutions largely reflect underlying distributions of power. The article therefore terms his approach *implicit realism*. Röpke shares the diagnosis of a fragile international economic order but draws the opposite conclusion. Because markets and international exchange are not self-sustaining, their preservation requires legal, monetary, and normative institutions capable of constraining particularistic state interests. The article terms this combination of a realist diagnosis with an institutional response *institutional realism*.

The distinction between implicit realism and institutional realism cuts across existing classifications. Pfeiffer[12] emphasizes a dichotomy between Dix – as a precursor of neorealist geoeconomics – and Röpke, whose approach anticipates what was later labelled neoliberalism in International Relations. This article neither disputes Röpke's liberal orientation nor is it incompatible with Slobodian,[13] who places Röpke within the Geneva School of neoliberalism. The distinction adopted here instead serves to highlight Röpke's conception of international economic order and his resulting disagreement with Dix. It also puts an emphasis that is different from Mallin and Sidaway[14] who reconstruct the Dix–Röpke dichotomy primarily along nationalist, collectivist versus liberal, globalist, and anti-collectivist lines.

In reconstructing the role of geoeconomic analysis in the discipline of economics, the article relates the interwar conceptions to the modern rediscovery in economics. Unlike in the field of international relations, where similar ideas to the ones expressed by Dix and Röpke remained part of long-established traditions in the field of international relations – as forcefully argued by Pfeiffer[15] – the lines of thought were only partially continued in the field of economics: as

5 Blackwill and Harris add financial and monetary policy, aid, cyber, and energy and commodities.

6 Luttwak, E. N. (1990). "From geopolitics to geoeconomics: logic of conflict, grammar of commerce." *The National Interest*, 20 (Summer 1990), 17–23.

7 Clayton, C., Maggiori, M., & Schreger, J. (2026a). "Putting economics back into geoeconomics." In *NBER macroeconomics annual (Vol. 40)*. University of Chicago Press.

8 Hirschman, A. O. (1945). *National power and the structure of foreign trade*. University of California Press.

9 Dix, A. (1925). *Geoökonomie: Einführung in erdhafte wirtschaftsbetrachtung [Geoeconomics. Introduction to earthbound economic contemplation]*. R. Oldenbourg.

10 Röpke, W. (1922). *Die konjunktur: Ein systematischer versuch als beitrag zur morphologie der verkehrswirtschaft [The business cycle: A systematic attempt contributing to the morphology of the transport economy]*. Gustav Fischer.

11 Röpke, W. (1925). *Geld und Außenhandel [Money and international trade]*. Gustav Fischer.

12 Pfeiffer, C. (2024). *Geoeconomics in international relations. neorealist and neoliberal conceptualizations.* Routledge.

13 Slobodian, Q. (2018). *Globalists: The end of empire and the birth of neoliberalism*, Harvard University Press.

14 Mallin, F., & Sidaway, J. D. (2023). "Critical geoeconomics: A genealogy of nwriting politics, economy and space." *Transactions of the Institute of British Geographers*, 49, e12600.

15 Pfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*, Routledge.

the discipline, faithful to the dominant methodological-individualistic approach, retained an interest in strategic interaction, institutions, enforcement, and the stability of cooperation, which is consistent with Röpke's research program, questions of international economic power, coercion, and asymmetric dependence remained comparatively peripheral.

The recent rupture in the international system, which in some ways, is reminiscent of the interwar period, has coincided with a renewed interest in geoeconomic frameworks. The more recent developments in geoeconomic modelling emphasize precisely the elements that had been neglected, that is, hegemonic power and asymmetric dependencies. This literature explicitly acknowledges as a predecessor Albert Hirschman, who had worked in the 1940s on relational dependencies resulting from asymmetric trade relations.

There is also a connection to Röpke's institutional realism: in Clayton et al.;[16] the hegemon is not only able to capture rents but also to enforce contracts, thereby becoming a source of institutional stability. By contrast, the liberal concept of institutions as constraining hegemonial power only appears in the analysis of geoeconomic strategies of political and economic blocs. The latter is, however, very much driving policy and dominating the policy debate in a reflection of recent geopolitical turmoil in Europe.[17]

The article first introduces the approaches of its three principal historical protagonists – Dix, Röpke, and Hirschman – before examining the trajectory of the economic mainstream after the Second World War. It then turns to Luttwak's reinvention of the term geoeconomics and relates the recent surge of geoeconomic research within economics to these historical antecedents.

2. Dix

Arthur Dix and Wilhelm Röpke independently used the term geoeconomics: Dix[18] used it in the title of his monograph *Geoökonomie – Einführung in erdhafte Wirtschaftsbetrachtung (Geoeconomics. Introduction to earthbound economic contemplation)* while Röpke[19,20] had earlier referred to the concept of geoeconomics in his monographs *Die Konjunktur: Ein systematischer Versuch als Beitrag zur Morphologie der Verkehrswirtschaft (The Business Cycle: A Systematic Attempt Contributing to the Morphology of the Transport Economy)* and *Geld und Außenhandel (Money and International Trade)*. Röpke himself made Dix aware of his prior use of the term, which Dix reflected in a footnote (p. 98) – not without pointing out that it would have been difficult for him to glean from the titles of Röpke's monographs that they might contain any reference to the concept of geoeconomics.[21] Moreover, he found the usage of the term in Röpke's work quite different from his own: while for him the nation-state was an actor, Röpke – in line with modern economic theory – argued from an individualistic-methodological perspective. Dix – contentiously – claimed that Röpke's approach ignored the national interest.[22]

Dix was a journalist, editor, and founder of conservative newspapers who was well connected in powerful nationalist conservative circles of the time.[23] In the beginning of the twentieth century, Germany was a rising power and challenger to the *status quo*, a position reflected in German intellectual debate. Ratzel's *Politische Geography* (*Political Geography*[24]) and Kjellén's *Der Staat als Lebensform* (*The State as a Living Organism*[25]) saw the emergence of the concepts of political geography – rendered by

16 Clayton, C., Maggiori, M., & Schreger, J. (2026b). A framework for geoeconomics. *Econometrica*, 94, 105–136.

17 Felbermayr and Flach. (2026). "Wiederkehr der globalen Machtpolitik." *Perspektiven der Wirtschaftspolitik*, 27(1), 1–3) in their editorial of a special volume on Geoeconomics of the German-language journal Perspektiven der Wirtschaftspolitik.

18 Dix, A. (1925). *Geoökonomie: Einführung in erdhafte wirtschaftsbetrachtung [Geoeconomics. Introduction to earthbound economic contemplation]*. R. Oldenbourg.

19 Röpke, W. (1922). *Die konjunktur: Ein systematischer versuch als beitrag zur morphologie der verkehrswirtschaft [The business cycle: A systematic attempt contributing to the morphology of the transport economy]*. Gustav Fischer.

20 Röpke, W. (1925). *Geld und Außenhandel [Money and international trade]*. Gustav Fischer.

21 In another footnote, he mentions that the expression "geoeconomics" also had prior use in the field of geology.

22 See the response in Röpke (1927). "Book Review of Dix, Arthur: Geökonomie (1925)." *Jahrbücher für Nationalökonomie und Statistik*, 127(1), 77–79). Röpke accuses Dix of confounding method and object of research and rejects Dix's claim that Anglo-Saxon theoretical economics advocates free trade out of partiality towards English geoeconomically shaped political interests.

23 Mallin, F., & Sidaway, J. D. (2023). "Critical geoeconomics: A genealogy of writing politics, economy and space." *Transactions of the Institute of British Geographers*, 49, e12600.

24 Ratzel. (1897). *Politische Geographie oder die Geographie der Staaten, des Verkehrs und des Krieges [Political geography, or the geography of states, of commerce, and of war]*. R. Oldenbourg.

25 Kjellén, R. (1917). *Der Staat als Lebensform [The state as a living organism]*, 2nd ed., Hirzel, Leipzig.

Wittfogel[26] as "the science of the earthbound nature of political events" and geopolitics – the analysis of political problems from a geographical perspective.[27] Spatial economic reasoning in the nineteenth century included List's[28] *National System of Political Economy*, which can be regarded as a precursor to the later field of *Raumwirtschaftslehre* – roughly corresponding to spatial and regional economics and location theory. List, a strong advocate of the formation of the German Customs Union, argues in favor of German economic integration but, for developmental reasons, also acknowledges the need for a protective cordon around the nation. While partially accepting Adam Smith's criticism of mercantilism, he conceives the nation-state as a crucial intermediary between individual economic actors and the world economy. The role of the nation-state was to become a central point of disagreement between Dix and Röpke, and where Dix diverged from what was to become mainstream economic analysis.

Dix's conception of geoeconomics emerged against this intellectual background and in view of Germany's weakened position after the First World War both in Europe and globally: with the Treaty of Versailles Germany had lost its colonies, it had lost contiguous parts of its territory to France, Denmark and Poland, and it had to accept occupation of its Northwestern Rhine province. It was also saddled with reparation payments that forced it to create a trade surplus. The sense of crisis that was reinforced by the experience of hyperinflation undermined the political system of the Weimar Republic. Dix laments the economic consequences of these losses and the "compressed" position in which Germany found itself, a position which was made even more precarious because of the political dislocations and economic decline of Russia and its "border countries," with the subsequent loss of agricultural exports from the region. Therefore, in his "earthbound contemplations," he puts the focus on soil and territory, arguing that the ratio between population and territory was, in comparison to other powers, strongly lopsided against Germany.[29] While Dix praises Germany's strong position in international trade before and after the war – and advocates German management of foreign lands to increase their productivity – he accepts the advantageousness of trade, although contingent on a fairer distribution of resources. Yet he also advocates increased self-reliance to become more independent of imports.

Dix's approach can be described as implicit realism and represents an early instance of realist thinking in the field of international relations.[30] For Dix, the nation-state is the central economic unit pursuing national objectives. His main interest is in the economic dimension of power politics. Economic instruments are tools of national strength, and international economic order is understood as conflictual and unstable. From this follows the focus on territory – politically organized – raw materials, transport corridors, and energy as determinants of national capability. It is the interaction between the interests of the political unit, its territorial position, and its economic capabilities that constitutes the object of Dix's geoeconomics. Institutions are, in this framework, derivative: they reflect underlying distributions of material power instead of providing incentives for economic agents.

Autonomous international institutions capable of moderating state interests play little role in Dix's analysis; the institutional arrangements he discusses, such as the Versailles settlement or colonial rule, largely reflect power relations. In such a world, economic policy becomes an extension of national strategy to cope with territorial and material vulnerability.

While Dix welcomed Hitler's ascent to power (see note[31], p. 15), and his ideas might appear as foreshadowing Germany's expansionist drive of the 1930s, his emphasis on technocracy and commerce fell out of favor with the rise of the racial ideology propagated by Nazi Germany.[32]

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26 Wittfogel, K. A. (1929/1985). "Geopolitics, geographical materialism and Marxism (G. L. Ulmen, Trans)." *Antipode*, 17, 21–71. (Original work published 1929 as Geopolitik, geographischer Materialismus und Marxismus).

27 Mallin, F., & Sidaway, J. D. (2023). "Critical geoeconomics: A genealogy of writing politics, economy and space." *Transactions of the Institute of British Geographers*, 49, e12600.

28 List, F. (1974). *National system of political economy* (*M. Hudson, Intro.*). Garland Publishing. (Original work published 1841).

29 As measure of this lopsidedness, Dix compares the ratio of a country's share of the world population and its share of territory before the war and after the war, including colonies. To illustrate, Germany's ratio had declined from 5% of the world population against 2.6% of world territory before the war to 3.5% against 0.3% after the war. England, by comparison, at the time ruled over 25% of the world population and 25% of territory.

30 Pfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations.* Routledge) who traces the dichotomy between what he labels neorealist geoeconomics and neoliberal geoeconomics back to the dichotomy between Dix and Röpke.

31 Pfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*.

32 Mallin, F., & Sidaway, J. D. (2023). "Critical geoeconomics: A genealogy of writing politics, economy and space." *Transactions of the Institute of British Geographers*, 49, e12600.

3. Röpke

Röpke's coinage of the term geoeconomics in his 1922 monograph *The Business Cycle* precedes Dix's. Röpke defines geoeconomics as a research program into spatial variety and connectivity which covers the physical, historical, sociological and political differences in space as well as business location and the economic network of regions (p. 13). He explicitly distinguishes this research field from economic geography, which he feels is too narrow, in the same way as political geography does not fully capture the concept of geopolitics. He stops short of assigning a strategic-political dimension to the concept of geoeconomics, although when he returns to the concept of geoeconomics in *Money and International Trade* (1925) he specifies the need to determine the relationship between the economic entity and the political entity, while conceding that the geoeconomic unit might not coincide with the political unit. The latter aspect marks a crucial distinction from Dix: for Röpke, there is no fundamental difference between intra-national and international trade except that the former takes place under the legal order of the nation-state while the latter takes place in the absence of a world government that could provide a similar institutional framework. The question of how to overcome the consequent fragility of the international economic order becomes a central point in Röpke's later writing (see, e.g. notes[33,34]).

Röpke's aim in *The Business Cycle* was to emphasize the spatial conditions of the business cycle in contrast to its purely temporal aspect.[35] In *Money and International Trade,* he refers to the geopolitical entity – such as "the German economy" – as a concrete application of the concept of "economy". In both cases, Röpke's main interest is focused on the role of trade, and he uses the term geoeconomics to describe the geographic determinants of economic opportunities, that is: an economy's natural transport corridors, its accessibility to world trade, its natural resources and also its social–geographical factors such as its built-up infrastructure. A criterion to delineate a geoeconomic unit is whether trade between these units is closer to "external trade" as opposed to "internal trade," and in any case, the boundary may not be clearly separating (see notes[36] p. 29).

Röpke starts from a similar premise as Dix: in the absence of an overarching authority capable of enforcing binding rules, international economic relations remain vulnerable to being undermined by conflicting interests, economic nationalism and strategic state action. His approach, however, remains firmly grounded in methodological individualism – that is, the nation-state is not conceived as an entity with interests that are different from the interests of its citizens. Röpke rejects economic nationalism and differs from Dix in his treatment of institutions as the basis of international exchange. In this sense, he shares affinities with the "English School" and later liberal institutionalism.[37]

While omitting a deeper discussion in direct relation to the concept of geoeconomics – except in emphasizing the need to embed the concept in socioeconomics[38] – Röpke develops the underlying problem of international economic order much further in *International Economic Disintegration* (1942) and *Economic Order and International Law* (1954), without explicitly returning to the concept of geoeconomics. In both works, he asks how an international economic order can be sustained in the absence of a world government capable of enforcing it. In *International Economic Disintegration*, Röpke explores the relationship between trade and military requirements in the age of total war from the perspective of economic liberalism. International trading relations need to be formally and materially protected – which includes protection from the vagaries of democracy[39] – and require a legal order and a generally accepted medium of exchange. While political institutions such as empire[40] might support a stable international economic system, he attributes the greatest role in supporting

33 Röpke, W. (1942). *International economic disintegration*, Willam Hodge.

34 Röpke, W. (1954). *Economic order and international law*. Académie de Droit International de La Haye.

35 Röpke, W. (1927). "Book Review of Dix, Arthur: Geökonomie (1925)." *Jahrbücher für Nationalökonomie und Statistik*, 127(1), 77–79.

36 Röpke, W. (1925). *Geld und Außenhandel* [*Money and international trade*]. Gustav Fischer.

37 For related traditions, refer to Sturn ((2026). "Geoökonomik – Geopolitik – Geo-politische Ökonomik." *Perspektiven der Wirtschaftspolitik* 27(1), 100–110).

38 Röpke, W. (1927). "Book review of Dix, Arthur: Geökonomie (1925)." *Jahrbücher für Nationalökonomie und Statistik*, 127(1), 77–79.

39 For a fuller exposition see Slobodian ((2018). Globalists: the end of empire and the birth of neoliberalism, Harvard University Press) or Mallin/Sidaway (Mallin, F., & Sidaway, J. D. (2023). "Critical geoeconomics: A genealogy of writing politics, economy and space." *Transactions of the Institute of British Geographers*, 49, e12600.).

40 Röpke (1942). *International economic disintegration*, Willam Hodge) refers to the empires of Alexander and the Han and acknowledges the role of Pax Britannica in establishing the international economic system in the 19th century.

the nineteenth-century international system – which closely approximates his ideal *ordre public international* – to the common value system that was formed by liberalism and humanism. His subsequent *Economic Order and International Law* expands the argument about the legal foundations of international exchange, including the distinction between *imperium* and *dominium* and the protection of private property rights across political sovereigns.[41] This emphasis on private property marks out his liberal thought against the implicit realist approach of Dix (see note[42], p. 175).

While this article attempts to reconstruct Röpke's approach to geoeconomics, he himself did not further develop the concept. As he writes in his highly critical review of Dix's book for *Jahrbücher für Nationalökonomie und Statistik*,[43] he had feared that applying the concept would result in the kind of geoeconomic and geopolitical speculation that he found reflected in Dix's writing and that this would ultimately lead to a desire to act upon such constructs.

4. Hirschman

Hirschman[44], a former anti-fascist activist and émigré from Germany, published *National Power and the Structure of Foreign Trade*. The monograph was written under a Rockefeller scholarship that he held at the University of Berkeley as part of the Trade Regulation Project that aimed at understanding Nazi Germany's use of foreign trade and bilateral exchange rate policies as instruments of political power. In his investigation, Hirschman engaged with the contemporary German literature: he referenced Herbert Wergo's[45] position on striking the balance between the economic and military advantages and the dangers of free trade, and he cited Röpke,[46] who was himself grappling with the breakdown of international order in his exile in Switzerland, as a proponent of the liberal view that trade enhances economic capacity and, therefore, supports defense.

Hirschman himself distinguishes between two effects of foreign trade. The supply effect increases a country's wealth and, thereby, ultimately serves to strengthen a country's war machine.[47] The influence effect, on which his investigation focuses, is based on a dependency resulting from asymmetric trade relations and gives one country leverage over another country. He reviews instances of cultivation of dependency in the form of economic penetration[48] and observes that economic aggression might be used not only to enhance but also to serve as a substitute for military aggression. In weighing the options of constraining economic power or providing for diversified global trade, he comes down against economic nationalism and in favor of an international trading framework drawn along supranational lines. While arguing from different starting points – liberal institutionalism in the case of Röpke and a structural power-analytic position in the case of Hirschman, their policy conclusions converge as they respond to the same moment in history. Even so, the economic and foreign policy implications of Hirschman's work were largely forgotten for over half a century.[49] Only recently has Hirschman's analytical framework been rediscovered, and his concept of weaponized interdependence was influential in the modern conception of geoeconomics[50] and the recent formal

41 Röpke refers to Carl Schmitt who used this distinction disparagingly. As Slobodian ((2018). *Globalists: the end of empire and the birth of neoliberalism*, Harvard University Press) argues, the distinction becomes the central tenet of the ideas of what he calls the Geneva school of neo-liberalism that aimed at a settlement between economic prerogative and nation state.

42 Pfeiffer, C. (2024). *Geoeconomics in international relations*. neorealist and neoliberal conceptualizations.

43 Röpke, W. (1927). "Book Review of Dix, Arthur: Geökonomie (1925)." *Jahrbücher für Nationalökonomie und Statistik*, 127(1), 77–79.

44 Hirschman, A. O. (1945). *National power and the structure of foreign trade*. University of California Press.

45 Wergo, H. (1928). *Freihandel und Schutzzoll als Mittel staatlicher Machtentfaltung: Untersuchungen zur Problematik der Handelspolitik*. Fischer, Jena.

46 Röpke, W. (1942). *International economic disintegration*, Willam Hodge.

47 The trade-off between realizing gains from trade versus gaining relative power has more recently been discussed in Garfinkel et al. (Garfinkel, M. R., Syropoulos, C., & Zylkin, T. (2022). "Prudence versus predation and the gains from trade." *Journal of Economic Theory*, 201, Article 105433).

48 Hirschman revisits the instances of German penetration, in particular in Southeast Europe before the First World War with an expansion of German exports, unfair competition (i.e. dumping), attempts to prevent industrialization in other countries and the export of capital along with managerial and financial control over foreign enterprises (p. 54).

49 By contrast, a variant of the statistical concentration measure that Hirschman introduces in his book to assess the magnitude of asymmetric dependencies was rather successful and has been known to generations of students of economics as the Herfindahl-Hirschman index.

50 The concept of weaponized interdependence, while not referenced to Hirschman, forms the basis of Farrell and Newman (Farrell,

Table 1. Comparison of positions in early geoeconomics

	Dix[A]	Röpke[B,C,D,E]	Hirschman[F]
Primary analytical concern	National economic power under territorial and material vulnerability	Spatial conditions of economic activity; institutional foundations of international exchange	Power arising from asymmetric international economic relations
Principal actors/unit of analysis	Nation-state as autonomous economic and political actor	Microeconomic units	States, power deriving from underlying trade relationships
View of international economic order	Conflictual and unstable with competing national interests	International exchange beneficial but institutionally fragile; markets are not self-sustaining	International exchange creates asymmetric dependencies that can be politically exploited
Role of territory/ economic space	Territory, resources, transport corridors and population are determinants of national capability	Geography shapes economic opportunities, but geoeconomic and political units need not coincide	Geography less central; structure and asymmetry of trade relationships are decisive
Role of institutions	Largely derivative of underlying power relations	Constitutive of international economic order; legal, monetary and normative frameworks sustain exchange	Institutional order is secondary to the structure of dependence and political leverage

[A]Dix, A. (1925). *Geoökonomie: Einführung in erdhafte Wirtschaftsbetrachtung [Geoeconomics. Introduction to Earthbound Economic Contemplation]*. R. Oldenbourg. [B]Röpke, W. (1922). *Die Konjunktur: Ein systematischer Versuch als Beitrag zur Morphologie der Verkehrswirtschaft [The Business Cycle: A Systematic Attempt Contributing to the Morphology of the Transport Economy]*. Gustav Fischer. [C]Röpke, W. (1925). *Geld und Außenhandel [Money and International Trade]*. Gustav Fischer. [D]Röpke, W. (1942). *International Economic Disintegration*, Willam Hodge. [E]Röpke, W. (1954). *Economic Order and International Law*. Académie de Droit International de La Haye. [F]Hirschman, A. O. (1945). *National Power and the Structure of Foreign Trade*. University of California Press.

economics literature explicitly positions itself in the Hirschman tradition.[51]

Table 1 contains a comparison of the positions taken by the main protagonists Röpke, Dix and Hirschman.

5. The mainstream in economics after the Second World War

After the Second World War, welfare analysis in the Samuelsonian tradition became a dominant approach in economics. Methodologically, its individualistic foundations were close to Röpke's general approach. Combined with the experience of rapidly expanding postwar trade, however, this framework tended toward an optimistic assessment of the desirability and sustainability of international economic integration. Kemp and Wan,[52] for example, establish conditions under which customs unions can generate potential welfare improvements for all participants. Mainstream economics did not abandon analysis of strategic interaction between governments. Yet analyses of tariff and quota retaliation by Johnson,[53] Tower,[54] and Rodriguez[55] showed how individually rational trade policies could produce mutually inferior outcomes and hence gains from cooperation. Such approaches nevertheless differed fundamentally from Dix's geoeconomics: strategic government behaviour continued to be evaluated according to its consequences for economic welfare, whereas for Dix national power and strategic positioning could themselves constitute objectives of economic policy.

H., & Newman, A. L. (2019). "Weaponized interdependence: How global economic networks shape state coercion." *International Security*, 44(1), 42–79).

51 Clayton, C., Maggiori, M., & Schreger, J. (2026a). *Putting economics back into geoeconomics*. In *NBER macroeconomics annual* (*Vol. 40*). University of Chicago Press.

52 Kemp, M. C., & Wan, H. Y., Jr. (1976). "An elementary proposition concerning the formation of customs unions." *Journal of International Economics*, 6(1), 95–97.

53 Johnson, H. G. (1954). "Optimum tariffs and retaliation." *The Review of Economic Studies*, 21(2), 142–153.

54 Tower, E. (1975). "The optimum quota and retaliation." *The Review of Economic Studies*, 42(4), 623–630.

55 Rodriguez, C. A. (1974). "The non-equivalence of tariffs and quotas under retaliation." *Journal of International Economics*, 4(3), 295–298.

Early postwar trade theory generally did not endogenize the institutional arrangements supporting international exchange. This changed as developments in game theory provided economists with tools for addressing questions resembling those that had preoccupied Röpke. Yi[56] asks whether regional trading blocs constitute stepping stones or stumbling blocks toward worldwide free trade and shows that the answer depends on the rules governing their formation, while Yi[57] demonstrates that even among symmetric countries the coexistence of different trading blocs may constitute a stable outcome. Greif,[58] in turn, models how eleventh-century long-distance traders could sustain agency relationships in the absence of effective legal contract enforcement through reputation, information transmission, and a self-enforcing coalition. Greif[59] extends this approach by using game theory to analyze how cultural beliefs can support different institutional equilibria. These contributions demonstrate how institutions supporting exchange can themselves be explained within a framework of methodological individualism.

Important elements of Röpke's enquiry thus eventually entered the mainstream of economics, even without direct reference to either Röpke or geoeconomics. The trajectory of the other elements of the interwar geoeconomic debate was different. Dix's treatment of national power and strategic position as objectives of economic policy, and Hirschman's analysis of the political leverage generated by asymmetric trade dependence, remained much less central to mainstream economic analysis. Where related notions appeared, as in Kindleberger's[60] account of hegemonic power, they subsequently became associated primarily with International Relations and International Political Economy rather than the core of international economics.[61] When geoeconomics eventually resurfaced within economics, it was therefore precisely power, coercion, and the strategic exploitation of economic interdependence – not institutions or strategic interaction as such – that appeared as its distinctive subject matter.

6. Luttwak

After the Second World War, the term geoeconomics fell out of use not only in the field of economics but also in international relations where there was a continuing liberal institutionalist tradition.[62] Luttwak[63] re-introduced the term – with no acknowledgement of its prior use – at a time when the Cold War had ended, and the world was entering a phase where economics was widely expected to trump politics but where, in the lingering presence of states and blocs, "free interaction of commerce governed only by its own nonterritorial logic" (p. 19) was not going to happen. In such an incompletely transformed world, conflicts were going to take the form of contests employing the tools of commerce.

Luttwak's conception of geoeconomics, in particular when he revisits the argument in his follow-up writing, bears a striking resemblance to Dix's earlier approach, a continuity emphasized by Pfeiffer,[64] who classifies Luttwak's approach as neorealist geoeconomics and places it in the tradition of Dix's illiberal geoeconomics. As in Dix's approach, states remain the central actors and economic capabilities become instruments of interstate competition. Thus, government-supported research and development constitutes an offensive geoeconomic instrument aimed at acquiring technological superiority and thereby conquering the "industrial

56 Yi, S.-S. (1996). "Endogenous formation of customs unions under imperfect competition: Open regionalism is good." *Journal of International Economics*, 41(1–2), 153–177.

57 Yi, S.-S. (1997). "Stable coalition structures with externalities." *Games and Economic Behavior*, 20(2), 201–237.

58 Greif, A. (1993). "Contract enforceability and economic institutions in early trade: The Maghribi traders' coalition." *American Economic Review*, 83(3), 525–548.

59 Greif, A. (1994). "Cultural beliefs and the organization of society: A historical and theoretical reflection on collectivist and individualist societies." *Journal of Political Economy*, 102(5), 912–950.

60 Kindleberger, C.P. (1973). *The world in depression, 1929–1939*. University of California Press.

61 For this disciplinary categorization, refer to Clayton et al. (Clayton, C., Maggiori, M., & Schreger, J. (2026a). *Putting economics back into geoeconomics*. In *NBER macroeconomics annual* (*Vol. 40*). University of Chicago Press). (Pfeiffer, C. (2024), *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*. Routledge) points to Foldvary (Foldvary, F. E. (1996). *Comparative economic theory*. In F. E. Foldvary (Ed.), *Beyond neoclassical economics: Heterodox approaches to economic theory* (pp. 1–21). Cheltenham: Edward Elgar.) who used the term in a book which explicitly goes beyond mainstream economics.

62 As Wigell. (2016). "Conceptualizing regional powers' geoeconomic strategies: neo-imperialism, neo-mercantilism, hegemony, and liberal institutionalism." *Asia Europe Journal*, 14, 135–151) points out, the multilateralism aimed at economic integration that became dominant in the 1990s continued the liberal institutionalist tradition.

63 Luttwak, E. N. (1990). "From geopolitics to geoeconomics: Logic of conflict, grammar of commerce." *The National Interest*, 20 (Summer 1990), 17–23.

64 Pfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*. Routledge.

territory of the future" (see note[65], p. 18, as discussed in note[66], p. 58).

Since the publication of Luttwak's[67] article, geoeconomic reasoning has been a part of the academic discourse but mainly in international relations.[68] It took another series of crises to move the research agenda into the economics' mainstream.

7. Modern rediscovery of geoeconomics

While governments will frequently make use of geoeconomic instruments as part of their economic statecraft,[69] the confrontational political rhetoric and overt use of economic power set out the two non-consecutive Trump administrations: shortly after first taking office in 2017, the first Trump administration initiated a trade war with China (see note[70], pp. 179–181), which was followed up, during the second term in 2025, with sweeping tariffs on all trading partners. The standoff between China and the USA also marks a time when the unipolar world order that had prevailed since the end of the Cold War was coming to an end, with China expected to overtake the USA in economic and military terms[71,72] and when the aggressive re-orientation of US foreign policy in itself represents a major rupture to international order.[73] Moreover, in an ominous parallel with the 1920s, since the Russian invasion of Ukraine in 2022, economic warfare no longer serves as a substitute for military war but rather as an extension of a large-scale conflagration that has drawn in major economies. If, as Wigell and Vihma[74] argue, geoeconomic offensive strategies generate lower threat perceptions than military strategies, the simultaneous exposure to military conflict and geoeconomic coercion may help explain why questions of economic power and vulnerability have moved up on the research agenda of the discipline. The discipline's renewed interest in geoeconomics is in evidence by contributions like the various papers by Clayton, Maggiori and Schreger[75,76,77,78] – initially circulated through the NBER, placing this research firmly within the economic mainstream – and publications like Mohr and Trebesch[79] or the special issue of German language Perspectiven der Wirtschaftspolitik[80] that take stock of the recent surge in geoeconomic reasoning.[81]

It is precisely the previously neglected elements, as the focus on power, coercion, asymmetric vulnerability, and the strategic exploitation of economic relationships that link the analysis of Clayton, Maggiori, and Schreger to Hirschman's analysis of asymmetric dependence and, ultimately, to the reasoning of Dix: they explore the conditions of hegemonic geoeconomic power in macro-financial models where they formalize market power on the demand and supply side and network dominance with increasing returns to centrality, safe-asset demand, and currency dominance. In such models, exit costs are asymmetric: peripheral actors bear higher costs of fragmentation than the central

65 Luttwak, E. N. (1993). "The coming global war for economic Power: There are no nice guys on the battlefield of geo-economics." *The International Economy*, 7(5), 18–67.

66 Pfeiffer, C. (2024). *Geoeconomics in International Relations. Neorealist and Neoliberal Conceptualizations*. Routledge.

67 Luttwak, E. N. (1990). "From geopolitics to geoeconomics: Logic of conflict, grammar of commerce". *The National Interest*, 20 (Summer 1990), 17–23.

68 LPfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*. Routledge.

69 See, e.g., Martiningui and Youngs (Martiningui, A. & Youngs, R., eds. (2011). *Challenges for european foreign policy in 2012: What kind of geo-economic europe?* FRIDE).

70 Pfeiffer, C. (2024). *Geoeconomics in international relations. Neorealist and neoliberal conceptualizations*. Routledge.

71 Lau, L. J. (2019). "Chinese economy in the new era." *Pacific Economic Review* 24, 187–207.

72 Robertson, P. E. (2024). "The military rise of china: The real defence budget over two decades." *Defence and Peace Economics*, 35, 809–825.

73 MacMillan, M. (2025). "This is the way a world order ends." *The Atlantic*, April 30, 2025.

74 Wigell, M. & Vihma, A. (2016). "Geopolitics versus geoeconomics: the case of Russia's geostrategy and its effects on the EU." *International Affairs*, 92(3), 605–627.

75 Clayton, C., Maggiori, M., & Schreger, J. (2026a). *Putting economics back into geoeconomics*. In *NBER macroeconomics annual (Vol. 40)*. University of Chicago Press.

76 Clayton, C., Maggiori, M., & Schreger, J. (2026b). A framework for geoeconomics. *Econometrica*, 94, 105–136.

77 Clayton, C., Maggiori, M., & Schreger, J. (2024). *A Theory of Economic Coercion and Fragmentation* (*NBER Working Paper No. 33309*). National Bureau of Economic Research.

78 Clayton, C., Maggiori, M., & Schreger, J. (2025). "The political economy of geoeconomic power." *AER Papers and Proceedings* (115), 588–592.

79 Mohr, C., Trebesch, C. (2025). "Geoeconomics." *Annual Review of Economics* 17: 563–587.

80 Felbermayr, G., & Flach, L. (2026). "Wiederkehr der globalen Machtpolitik." *Perspektiven der Wirtschaftspolitik*, 27(1), 1–3.

81 See also the list of recent contributions in geoeconomics in Clayton et al. (Clayton, C., Maggiori, M., & Schreger, J. (2026a). *Putting economics back into geoeconomics*. In *NBER macroeconomics annual (Vol. 40)*. University of Chicago Press).

node. Institutions persist because deviation is costly. Institutions may emerge in the shadow of hegemonic power: Clayton et al.[82] demonstrate the effectiveness of a hegemon in contract enforcement when the hegemon can coordinate threats across different industries, linking their research to Röpke's institutional realism with his recognition that political power in the form of historical empires can provide the institutional framework on which international exchange depends.

The interaction between power and institutions is particularly visible when the geoeconomic actor is not a state but a political–economic bloc. While the role of political objectives in driving regional integration has long been appreciated (see, e.g., note[83]) and the ability of an organization such as the European Union to project its economic power has been well understood,[84] the question of how the capabilities of a bloc can be harnessed to constrain a hegemon's exercise of power is a still under-researched area that deals with a still under-developed set of policy tools: it took the 2021 Chinese imposition of punitive sanctions against one of its members – Lithuania – for the European Union to put some urgency behind the development of an anti-coercion tool which was going to enable the bloc to retaliate against such measures[85,86], More narrowly focused research has followed what could be billed as the EU's "geoeconomic moment".[87]

From an institutional-realist perspective, a political–economic bloc can act as a geoeconomic entity only if it manages to coordinate policies among its members and limits the ability of outside powers to exploit asymmetric dependencies among its individual members. Here, the institutional–realist and liberal–institutionalist diagnoses overlap. In Wigell's[88] account, the projection of economic power within a liberal-institutionalist framework takes place within a cooperative strategic setting. As Pedersen[89] argues, a bloc's members will only be willing to accept the leadership role of some regional power if this power is able to commit to pursue common goals, for example, by providing incentives for regional institutionalization and committing itself to common norms and rules of regional governance structures. Seen from this perspective, constraining (regional) hegemonic power within the bloc may be necessary to constrain external hegemons.[90] This argument shows how liberal international institutions can ultimately constrain hegemonic power.

8. Conclusion

The political agenda today, with its concern over supply chains, transport corridors, energy security and technological vulnerabilities, is more reminiscent of the concern and the approach propagated by Dix than of Röpke's liberal institutional approach that sprang – as this article argues – from the same realist diagnosis that formed the basis of Dix's analysis. At the same time, there are threats to the postwar international economic system that had developed after the Second World War and that partially reflected Röpke's concerns even though Röpke himself remained famously ambivalent about the emerging international institutions.[91]

The intellectual trajectory within the field of economics was similarly uneven. The postwar economic mainstream shared Röpke's methodological individualism and eventually developed analytical tools to address questions close to his

82 Clayton, C., Maggiori, M., & Schreger, J. (2026b). "A framework for geoeconomics." *Econometrica*, 94, 105–136.

83 Alimbekov, A., Madumarov, E., & Pech, G. (2017). "Sequencing in customs union formation: Theory and application to the Eurasian Economic Union." *Journal of Economic Integration*, 32(1), 65–89.

84 The contributions in Martiningui and Youngs (Martiningui, A. & Youngs, R., eds. (2011). *Challenges for european foreign policy in 2012: What kind of geo-economic europe?* FRIDE).

85 Biuković, L. (2023). "The Lithuania–China row: The European Union's search for a strategy and instruments to deal with China." *Legal Issues of Economic Integration*, 50(4), 391–414.

86 The development of the anti-coercion tool had started in 2017 after the imposition of tariffs during the first Trump administration (Schaupp, L. (2024). "Decoding the intersection of trade and security in the EU's Anti-Coercion Instrument." *European Foreign Affairs Review*, 29(2), 133–226).

87 Danzman, S.B., & Meunier, S. (2024). "The EU's geoeconomic turn: From policy laggard to institutional innovator." *Journal of Common Market Studies*, 62(4), 1097–1115.

88 Wigell, M. (2016). "Conceptualizing regional powers' geoeconomic strategies: neo-imperialism, neo-mercantilism, hegemony, and liberal institutionalism." *Asia Europe Journal* 14, 135–151.

89 Pedersen, T. (2002). "Cooperative hegemony: power, ideas and institutions in regional integration." *Review of International Studies*, 28(4), 689.

90 The difficulty lies in the lower threat perception associated with geoeconomic measures which tends to produce centrifugal forces and underbalancing behavior – something that could be observed in the EU's handling of Russia's increasing geoeconomic leverage over the bloc in the run-up to Russia's 2014 invasion of Ukraine (Wigell, M. & Vihma, A. (2016). "Geopolitics versus geoeconomics: the case of Russia's geostrategy and its effects on the EU." *International Affairs*, 92(3), 605–627).

91 Slobodian, Q. (2018). Globalists: the end of empire and the birth of neoliberalism, Harvard University Press.

research program, particularly concerning institutions, enforcement, and the stability of international economic arrangements. By contrast, the role of power and coercion that was at the center of Dix's and, later, Hirschman's investigations remained comparatively marginal and has entered the economic mainstream only very recently.

As the analysis of political–economic blocs suggests, liberal institutions may not merely constrain hegemonic power but can also aggregate the power of their members and thereby make countermeasures against coercion credible. In terminology that would not have been available to Röpke, a system is stable if threats against the system are met with credible counterthreats. Recent events have clearly demonstrated that in a highly complex global economy, economic warfare creates many losers and hardly any winners. But while stability may be ensured in normal times when players big enough to challenge it prefer the *status quo* over the uncertain outcome from undermining it, during times of rupture, this mechanism need no longer apply. This was the situation in which Dix and Röpke found themselves in the 1920s, and arguably, such rupture is occurring today as the strategic competition between the USA and China intensifies at a time when the post-Cold War international order is being challenged.[92] The parallel extends to the interpretation of contemporary foreign policy: Byers and Schweller[93] explicitly[94] characterize Trump's challenge to the post-Cold War international order as a return to realist foreign policy.

92 Kydd, A. (2020). "Switching sides: Changing power, alliance choices and U.S.–China–Russia relations." *International Politics*, 57(5), 855–884.

93 Byers, A. & Schweller, R. (2024). Trump the Realist, Foreign Affairs, July 1, https://www.foreignaffairs.com/donald-trump-realist-former-president-american-power-byers-schweller.

94 Luttwak, E. (2012). *The rise of China vs. the logic of strategy*. Harvard University Press.