

Insights, Tacit Thought | Weekly Investment Insights

Conflicting agendas

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The election of Donald Trump as the next US President has refocused attention on the Ukraine war over the past month. News flow has focused on what Trump might mean by 'doing a deal in one day' to end the war. We at Tacit have no special insight into what President Trump will attempt to use as leverage over the Russia or Ukraine, but we are conscious of the difference between rhetoric and intention.

At Tacit, we impose a discipline on ourselves to think differently. In a world where 80% of the population lives outside of the 'developed' world, should we not consider a different perspective on issues?

We have written before, nearly a decade ago, that Ukraine is a strategically important country, to both Europe and Russia, as it provides access to the Black Sea. To provide a framework for thinking about this strategic sea border, we have gone back over 100 years to an article written by the eminent lecturer and British MP, Halford J. Mackinder.

In 1904, he wrote an article that changed how politicians and military men viewed the world. It was a perception that influenced Hitler to send his panzers east against Soviet Russia. It was a perception that, only recently, with the sudden collapse of the Soviet Union and the end of the Cold War, had seemed all too relevant, relevant enough to be part of the intellectual underpinnings for foreign policy in the West. The theory that had so influenced nearly three generations of strategists is called the Heartland Theory.

In a nutshell, Mackinder saw history as a struggle between land-based and sea-based powers. He saw that the world had become a "closed" system, with no new lands left for the European powers to discover, to conquer, and to fight over without affecting events elsewhere. Sea and land-based powers would then struggle for dominance of the world, and the victor would be in a position to set up a world empire.



Source. The Geographical Pivot of History 1904

Mackinder's theory stated: who rules Eastern Europe commands the Heartland; who rules the Heartland commands the World-Island, who rules the World-Island commands the World.

In practical terms, this theory points to a struggle for the control of Eastern Europe (including European Russia) by the land powers. The sea powers would then have to fight the victor to prevent control of the Euro-Asian-African landmass and ultimately the world.

The reason for writing about this again relates to developments over the past three years which have gone unnoticed in the Western press until very recently. Many of the 'Rimland' countries, India, China, and Saudi Arabia for example, have remained neutral as the Russia-Ukraine conflict has progressed. Is this because they see no long term economic benefit of supporting Europe's efforts as a rival in the Rimland? We will never know, but this theory provides a historical context to how current events are potentially being driven by much more engrained positions than just short-term gains, be they territorial or economic.

Ultimately, the economics are that the Rimland will influence the world more and more over the coming years and the Ukraine will inevitably remain at the centre of the power struggle that has been ongoing for over a century. To Russia, in the Heartlands, it provides access to the Black Sea, whilst to the European Rimland nations it keeps Russia as a land power only. Whatever the outcome of the Trump negotiations in the short term, it is undeniable to us that the power is shifting in the Rimland from Europe to Asia.

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