

The J Curve: A New Way to Understand Why Nations Rise and Fall

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What is the J Curve?

“The J Curve” is a tool designed to help policymakers develop more insightful and effective foreign policies. It is meant to help investors understand the risks they face as they invest abroad. It is also intended to help anyone curious about international politics better understand how leaders make decisions and the impact of those choices on the global order. As a model of political risk, the J curve can help us predict how states will respond to political and economic shocks, and where their vulnerabilities lie as globalization erodes the stability of authoritarian states.

What is the J curve? Imagine a graph on which the vertical axis measures stability and the horizontal axis measures political and economic openness to the outside world. Each nation whose level of stability and openness we want to measure appears as a data point on the graph. These data points, representing a cross-section of countries, produce a ‘J’ shape. Nations to the left of the dip in the J are less open; nations to the right are more open. Nations higher on the graph are more stable; those that are lower are less stable.

“Openness” is a measure of the extent to which a nation is in harmony with the crosscurrents of globalization—the processes by which people, ideas, information, goods, and services cross international borders at unprecedented speed. How many books written in a foreign language are translated into the local language? What percentage of a nation’s citizens have access to media outlets whose signals originate from beyond their borders? How many are able to make an international phone call? How much direct contact do local people have with foreigners? How free are a nation’s citizens to travel abroad? How much foreign direct investment is there in the country? How much local money is invested outside the country? How much cross-border trade exists? There are many more such questions.

But openness also refers to the flow of information and ideas within a country’s borders. Are citizens free to communicate freely with one another? Do they have access to information about events in other regions of the country? Are freedoms of speech and of assembly legally established? How transparent are the processes of local and national government? Are there free flows of trade across regions within the state? Do citizens have access to, and influence in, the processes of governance?

“Stability” has two crucial components: the state’s capacity to withstand shocks and its ability to avoid producing them. A nation is only unstable if both are absent. Saudi Arabia remains stable because, while it has produced numerous shocks over the last decade, it has so far ridden out the tremors. The House of Saud is likely to continue to absorb political shocks without buckling for the next several years. Kazakhstan is stable for the opposite reason. Its capacity to withstand a major political earthquake is questionable but, over the course of its 15-year history as a sovereign state, it hasn’t created its own political crises. How Kazakhstan might withstand a near-term political shock, should one occur, is far more open to question than in Saudi Arabia—where the real stability challenges are much longer-term.