

“We are living in an era of compounding geo-risk”

Klisman Murati on why looking at the world through one lens no longer works

BY TANMOY MITRA

In an age where geopolitics is too narrow and economics too incomplete, Klisman Murati argues that power must be measured, not narrated. As Founder and CEO of Pareto Economics and architect of the Global Power Index, Murati has built one of the most rigorous data-driven frameworks for assessing how nations rise, stagnate, or fall. His work replaces conventional commentary with structural diagnosis, quantifying national capability across ten dimensions and 194 countries, turning geo-risk from abstraction into architecture.

From forecasting Germany’s 2024 recession to identifying the structural imbalances that preceded Russia’s invasion of Ukraine, Murati’s analysis has often moved ahead of markets and policymakers. In this wide-ranging conversation, he discusses India’s ascent, energy as strategy, the rise of compounding geo-risk, and why critical thinking, not technology alone, will define leadership in the 21st century.

A conversation with Klisman Murati



You work at the intersection of economics and power. What first drew you to the study of geoeconomics? Was it curiosity, frustration, or something else?

Two factors were decisive. The first was personal. I come from a country that experienced what was arguably the most brutal totalitarianism in Europe. When that system collapsed in the early 1990s, my family and I were thrust into an entirely new reality, a new country, a new language, and new rules. Economics and power are not academic interests for me; they are lived experiences. When Pareto Economics advises governments on development trajectories, I understand what it looks like when a country takes the wrong steps, not just in the abstract, but in the long-term consequences that cascade through an economy, its institutions, its people’s outlook, and ultimately, its potential. That understanding is not something you acquire from a textbook. It is something you carry.

The second was professional. Before founding Pareto Economics, I worked in the City of London and was struck by how shallow investor analysis of emerging markets often was. Frameworks were blunt, biased, and rarely grounded in structural data. Countries with real development momentum were mischaracterised because the analytical tools were inadequate. I was convinced there was a better way. Data could be used to break through negative perceptions, identify structural trends that deserve attention, and give decision-makers a more honest picture of where opportunity and risk actually sit. That conviction became Pareto Economics, and the Global Power Index became the quantification of that approach.

You created the Global Power Index to assess 194 countries. What blind spots in conventional geopolitical analysis were you trying to correct?

The central blind spot is where attention goes when geopolitical risk is assessed. Almost everyone looks at the world through a thematic lens. They focus on the results of the drivers of world affairs rather than the drivers themselves. There is no shortage of people who claim expertise on a specific region or outcome, the Middle East, terrorism, the South China Sea. Still, they routinely fail to understand how the forces shaping those outcomes are inextricably linked to decisions made in entirely different parts of the world. Terrorism, for example, is not a root cause. It is a result, the point at which economic degradation, proxy conflict, political fragmentation, and institutional failure converge. If you treat it as the thing to study, you are studying symptoms. You are watching the theatre and missing what is happening backstage, and what is happening backstage is the real engine of the show.

Is geoeconomics replacing geopolitics, or is it simply geopolitics conducted through subtler instruments?

What the world is facing right now is something broader than either term captures. I would call it geo-risk.

Everything is happening everywhere at the same time. The convergence of globalisation, geoeconomics, technological transformation and societal change have dramatic and life-altering impacts on every person on the planet. You can view the world through a political lens or an economic lens, and both are useful, but we must also recognise that each is inherently reductionist. If you try to explain everything from a geopolitical frame, you will miss the economic structure underneath. If you try to explain everything from a geoeconomic frame, you will miss the political and social dynamics that shape how economic power is exercised.

The more accurate statement is that we are living in an era of compounding geo-risk, and a reductionist interpretation of the world will not suffice. This is precisely



The Era We Are In
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Pareto Economics was built to look backstage. We developed a data-first approach using first principles thinking that allows us to identify the core drivers of world affairs and forecast with greater accuracy what the likely results will be when development trends mature, accelerate, or come into conflict with the development trends of other countries. Critically, this approach is region-agnostic and trend-agnostic. We are not restricted to a specific discipline, ideology, or geography, which means we can provide a more original and truthful assessment of the dynamics on the ground. That independence is not incidental to the quality of our analysis; it is foundational to it.

why our approach, quantified through the Global Power Index, provides the value it does. We do not view the world through one lens. We view it through ten dimensions of power simultaneously, and we use those insights to inform the stakeholders who are responsible for making decisions that account for the full complexity of the environment in which they operate. That is what makes it powerful. Not the label, the architecture.

How do you assess India’s trajectory in the evolving global power structure? Where does it hold structural advantages?

According to the Global Power Index, India has recorded

the highest and fastest rise of any country in the index over the past three decades. It moved from 24th place in 1994 to 6th in 2025. That trajectory is remarkable.

However, context matters. Much of this rise has come from the country implementing reforms that were, frankly, overdue. They were necessary, and they were large in effect, but many of them should have been enacted a decade earlier. And here is the critical inflection point: closing the gap from 6th to 5th or 4th will be the toughest challenge India has ever faced. The competition at the very top of the GPI is fierce, and advancing further will require an entirely different order of strategic sophistication, savvy geopolitical positioning, deliberate de-risking of supply chains, a sustained commitment to raising living standards across the board, and expanding India’s consumer base so that domestic demand becomes a primary engine of growth rather than a secondary one.

India currently has the largest population on earth. This can be an extraordinary asset if you improve the productive capacities of that population. But it can also become a structural drag on the economy if the right policies are not

enacted with urgency.

The data illustrate this tension clearly. On Human Capital, one of the ten specialised indices that feed the GPI, India ranks 2nd globally, behind only China and ahead of the United States. This is a genuine, structural, demographic advantage. India has maintained a top three position on this index for the entire 30-year measurement period. It is not a recent phenomenon and it is not fragile.

But human capital is an input, not an output. It tells you that India produces and possesses talent at a scale matched by only one other country on earth. What it does not tell you is whether that talent is being converted into productive capability. For that, you need to look at another of the GPI’s component indices: Investment Attractiveness. On that measure, India ranks 15th — behind China at 2nd, behind the United States at 1st, and behind countries with a fraction of India’s workforce, domestic market and strategic ambition. The gap between India and China on this single index is 17.5 points on a 100-point scale. On no other dimension of the GPI is the disconnect between India’s potential and its performance this stark.

That gap is not a criticism, it is a diagnosis. And it is the kind of diagnosis that should inform every conversation about where India goes next.

Energy markets have become instruments of strategy. How do you see energy security reshaping global alliances over the next five years?

Energy security is and will continue to be one of the most consequential determinants of national power. Any vulnerability in a country's energy position constrains every other dimension of capability, industrial output, technological ambition, strategic autonomy and the capacity to attract investment. It is a foundational variable, not a sectoral one.

India ranks 11th in our Energy Security Index, a reasonable position until you compare it with the countries India aspires to rival. The United States ranks 1st with a score of 76.15. China ranks 2nd at 52.85. India scores 16.40. The gap with the United States is nearly 60 points. This represents a structural constraint that will need deliberate policy attention in the years ahead.

Historically, large-scale industrialisation has required energy-intensive manufacturing capacity and has been difficult to sustain while importing majority of a country's energy needs. For India specifically, cheap, reliable and sustainable energy must be what drives energy security policy — not as a narrow play for data centre capacity, but as a driver of broad-based economic advancement, industrial expansion and the transformation of transportation and logistics infrastructure.

We have developed what we believe is a rigorous approach to this challenge, and we look forward to engaging with the Indian government and Indian industry on this endeavour.

Over the next five years, energy security will increasingly merge with technology competition and supply chain control. Critical minerals, nuclear fuel, battery inputs, renewable manufacturing capacity, these are not sectoral issues. They are strategic variables. Countries that secure reliable access will retain strategic freedom of action. Those who do not will find themselves dependent in ways that narrow their choices.

Energy is no longer just an economic input. It is a geopolitical instrument.



Many executives struggle with 'decision paralysis' in volatile environments. What is your advice for making high-stakes decisions when clarity is incomplete?

We see this constantly, and the data we have gathered confirms it. When we ask executives the following question: "How do you rate your competencies when developing business strategies in the face of growing geoeconomic risk?" the average self-assessment score is 4.6 out of 10. That is a striking figure, and it reveals something important: the people making the most consequential decisions in the corporate world know, privately, that they are not adequately equipped for the environment in which they operate.

This stems from several compounding factors. First, leaders face a flood of information, and discerning which inputs merit attention is genuinely difficult — particularly when multiple sources speak with equal confidence but divergent conclusions. Executives must develop the discipline to allow only vetted, structurally grounded insights to reach their desks. Visibility does not mean equal importance. Urgency and importance are not the same,

Energy as Power

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and conflating them is among the most common errors in executive decision-making.

Second, leaders must build teams that understand what rigorous analysis entails and can communicate it with confidence and concision. An article here and a television interview there do not constitute a strategic intelligence function; they are noise dressed as insight. Internal teams must be capable of filtering, synthesising, and contextualising information before it reaches the decision-maker — and they must be empowered to challenge consensus when necessary.

Third, and this is a point I hold strongly: leaders must cultivate the ability to interrogate their service providers. Many advisory and intelligence firms make expansive claims about their capabilities, but without asking the right questions, it is impossible to assess methodological robustness or the validity of conclusions. Many trade on brand rather than substance. If the underlying analysis is weak, the decisions built upon it will be weak — and the consequences will follow. The capacity to distinguish between credible analytical frameworks and confident-sounding opinion is one of the most undervalued competencies in executive leadership today.

Your index forecasted Germany's 2024 recession and the Russian invasion of Ukraine. What indicators signalled those shifts?

These are two different cases, but they share a common lesson: the signals were structural, visible in the data long before the events unfolded, yet missed by most analysts because conventional frameworks focus on the wrong variables.

With Russia and Ukraine, the GPI was tracking a dangerous divergence in Russia's power profile. On economic dimensions like GDP trajectory, industrial diversification, investment attractiveness, and financial resilience, Russia has been in sustained decline. Yet on military capability and resource leverage, Russia was holding its position or even consolidating. When a country's economic foundations erode while its military posture and strategic resource leverage remain intact, that is not stability; it is compression. Leadership is left

with fewer instruments of influence, and the ones that remain are coercive. The GPI flagged that structural imbalance.

At the same time, the energy dependency data was unambiguous. Europe, Germany in particular, had built an extraordinary reliance on Russian natural gas with no credible diversification strategy. Russia understood that this dependency gave it a window of leverage that would eventually close as Europe invested in alternatives. A rational actor with declining economic power, maintained military capability, and a closing window of energy leverage has a structural incentive to act while the leverage still holds. That is not a prediction based on intelligence intercepts or reading Russian President Putin's mind. It is a structural reading of the incentive architecture, and it was visible in the data years before the invasion.

With Germany, the recession call was rooted in a similar kind of structural diagnosis. Germany's economic model, export-driven, energy-intensive manufacturing, deeply integrated into both Chinese demand and Russian energy supply, was already under compounding stress before the invasion made it acute. The GPI was tracking the deterioration across multiple dimensions simultaneously: energy security was structurally vulnerable, industrial capacity was losing competitiveness as input costs rose, and the technological transition in Germany's flagship automotive sector was happening too slowly relative to Chinese and American competitors. Any one of those pressures is manageable. All three converging at once, with no structural buffer, pointed to contraction.

What most forecasters missed in both cases is that they were looking at lagging indicators: GDP prints, quarterly earnings, diplomatic statements, when the leading indicators were sitting in the structural data. The GPI is designed to read structural data. It does not predict events; it identifies the conditions under which certain outcomes become significantly more probable than the consensus assumes. That distinction matters, because it means the framework remains useful across very different kinds of scenarios such as military conflict, economic contraction, political instability, without needing to be recalibrated for each one. ●