

**A GEOSTRATEGIC SNAPSHOT OF THE WORLD  
FROM THE PERSPECTIVE OF  
WINTER 1997  
EDA Course  
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## **INTRODUCTION**

Today in the US, Bill Clinton will be inaugurated, the first democratic party president to have this honour for a second time in sixty years, whereupon he will deliver his State of the Union address.

If the US election campaign was anything to go on, his inaugural address will be long on domestic concerns and short on external affairs.

What I would like to do in the next 20 minutes or so is to talk about some of the strategic challenges a US President will have or should have on his mind on a occasion such as this, if he deems it politically unwise to have these challenges on his lips.

The perspective will neither be American or European, nor even Canadian or Swiss. If anything it will be transatlantic, strongly marked by my NATO background. But it will also be heavily tinged by an awareness that the strategic landscape has undergone a tectonic shift since the end of the Cold War and that the shockwaves will be with us for some time to come.

Obviously this can only be a very cursory look at the geostrategic situation, by definition geographically uneven and geopolitically shallow. But the objective is to set your minds thinking about some of the key issues and choices which will colour the future of the next twelve months and beyond, Of course, about these there will be ample opportunity to talk further as this programme unfolds.

## **OUTLINE**

- 1) description of strategic shift which has taken place since the end of the Cold War
- 2) problems and options facing key actors, key in the sense that what they do or do not do relative to their material and intellectual capabilities, will be decisive in setting the stage for what happens strategically on the way up and into the next millennium; I define the key actors as four
  - USA
  - PRC

- EU
  - Russian Federation
- 3) role that can be played by other actors and theatres:
- the Asian Tigers & Japan
  - Middle East
  - Africa
  - Latin America, yes and
  - Canada
- 4) against this background, the prospects for international organisations
- NATO
  - UN
  - WTO
- 5) finally, the traditionally non-strategic factors, - if you like- the forces below the surface which are driving and shaping the new geo-strategic agenda

## POST CW SHIFT

Standard IR view is that since the end of the CW we have been

- in unipolar system as regards security, with US as unchallenged leader and
- in multipolar/tripolar system as concerns economy, with US, Japan and the EU/and in particular Germany, calling the shots.

My view is that

- notion that US can lead strategically alone is not borne out by the facts
- economically, while US, European and Japanese pillars, ie the economic West, are still dominant they are losing strength to new centres of wealth production
- and that therefore neither of these characterisations are accurate

Maybe more useful to think in terms of our being in a historic transition phase which is quite different from what has gone on before and what may in fact go on, once this phase has passed.

During the Cold War, we lived in a situation which while commonly threatening us with nuclear annihilation was at the same time a situation of great strategic stability.

In contrast, we now find ourselves in a period of historical upheaval characterised by

- rapid and sometimes totally unexpected structural metamorphosis.
- new patterns emerging in the way states and societies change.
- need for rather different methodological approaches: the framework has been so radically altered that there is little point in applying many of the familiar approaches of the Cold War; in fact can be downright dangerous to do so; eg attempt to apply traditional peacekeeping formulae to the situations in Yugoslavia & Somalia

Such a contrast is actually not new. History has always been made up of alternating strategic phases that you might call "plateau" and transition.

A plateau phase is relatively stable.

- Its phenomenological terrain is characterised by marginal divergences from the norm.
- Knowledge correspondingly tends to have a relatively long shelf-life
- There is a great interest in high-resolution details.
- For political actors operating under these circumstances, the emphasis is on optimising sub-systems rather than moulding the whole.

In a transition period, the situation is quite different.

- change in a transition phase has an **auto-reinforcing dynamic** ("positive feedback") [Whereas a plateau phase lends itself to adjusting deviations from the system norm early in their development ("negative feedback")]
- a tendency for individual components of a system to display **ever-increasing oscillation** in their behaviour; for example, the foreign policy gyrations of the Clinton Administration;
- a tendency for individual components to be subject to **ever shorter cycles** of change (phase-reduction effect); for example, the political longevity of recent Japanese governments;
- a tendency towards **macro-micro inversion**; in other words, the roles of the (normally dominant) macro-level and micro-level are to a greater or lesser extent reversed as individual events increase in importance owing to non-linear patterns of auto-reinforcement; for example, the snowballing effect in Italy of the first cases of political corruption in 1992, traditionally not viewed as malign or extraordinary behaviour, and their role in ultimately bringing down the constitutional order and party system.
- a tendency for **desynchronisation and dysfunctionalisation** of entire systems, as for example happened to the communist system of Europe and as may be happening now to some Western democracies and the West as a system
- fortunately, transition phases also have **windows of shapability**, ie new opportunities to resolve longstanding issues, establish new frontiers, etc

The central problem posed by plateau phases is the tendency for order to be converted into oppression. This was clearly illustrated in the last plateau phase of bipolar rivalry between East and West. In the case of the systemically-weaker side, the struggle for supremacy went hand in hand with an unparalleled suppression of individual and collective freedoms and rights.

The central challenge of a transition phase is how to avert fractal disintegration. This is a process of disruption which moves through the various levels of aggregation of a system, ultimately provoking the collapse of the whole.

The mechanism of disintegration is invariably the formation of "local optimisation traps". In other words, in response to a fall in the efficiency of the overall system, the tendency grows to seek maximisation at lower levels of aggregation. This has, however, the effect of dramatically increasing efficiency loss at the macro-level and accelerating systemic disintegration.

These characteristics are germane to all transition periods, as underlined by such examples as the fall of the Roman Empire and the French Revolution.

The period of transition which we are currently living through is, however, fundamentally different from all those which have gone before in three crucial aspects, namely

- the key aggregates of economy and society have become incomparably complex and fragile,
- they are subject to an ever quickening pace of transformation
- they play themselves out on a stage which has become undeniably global.

The result can be circumstances such as the crescendo-like bestialisation of human and social relations which occurred in the former Yugoslavia in the period of 1991-94, and the very exacting intervention which has since been required in an effort to bring the situation under control.

Where we are headed strategically is a completely open question. And of course the answer can vary from strategic theatre to theatre.

Existing reserves of **adaptation and innovation** may in the final analysis prove sufficient for dealing with the dramatic processes of change which are underway all around us.

But it is also possible that **inertia and distortion** will prevail, and that decisional defect and delay will stand in the way of structural change

Plateau and transition phases thus place quite different demands on the decision-maker.

In a plateau phase, the requirement can be compared with rowing in relatively calm waters where the oarsman is called upon to concentrate his energy on developing maximum speed to move in a particular, pre-determined direction.

Negotiating an historic transition phase is, on the other hand, like kayaking in rapids. This puts a premium on split-second reactions and the ability to think beyond the next curve, or in other words, to be able to draw conclusions from a complex array of individual observations about how a system's dynamics may be about to undergo radical change.

To continue our boating metaphor, our current predicament - as concerns both international political developments and the socio-economic situation of many countries around the globe - can be described as follows: we find ourselves in a high-performance row boot which served us so well in the preceding plateau phase, navigating into the turbulence and eddies of a historic transition period, and we suddenly discover to our horror that water is rushing in at both ends, and that the entire construction is too instable and too inflexible for the challenges which are upon us.

\* \* \*

Let's turn now to the four countries I have labelled key actors in determining the geo-strategic situation over the short-term: the US, Russia, the EU and the PRC.

## THE UNITED STATES

First the US. It is tempting to argue that we should be able to count on steadier US leadership of the West in the leadup to the millennium than we have had in the last 4 years

- The United States has its presidential campaign out of the way.
- we have a re-elected Democratic President who has improved his electoral score to almost 50%
- this is at least in part due to his preparedness to engage the US abroad, and to do so successfully, in and on behalf of such places as the Middle East, Haiti, Taiwan and Bosnia, and in post-communist Europe
- the Republicans have not been able to project convincing alternatives in foreign policy
- Clinton as a last term President has nothing to lose and everything to gain in the history books with a policy of engagement and leadership.

In view of this, you might argue that the zigzagging uncertainty of much of Bill Clinton's first term, is now behind us. I would question this view by putting forward a number of theses about US power and leadership.

First, with the exception of the period of Cold War rivalry with the Soviet Union, the US has traditionally enjoyed sufficient strategic space and strength to be able to delay engagement abroad in an effort to prepare for it on the what are for it the most advantageous terms

Second, advantageous terms has traditionally translated into

- being able to enjoy the material and psychological backing of its allies in the field, and
  - being able in turn to enjoy the support of domestic public opinion,
- the idea being to minimise the risks and losses

Third, when this has not been the strategic calculus, as in Vietnam, catastrophe has ensued. This is now an indelible part of the US political culture.

Fourth, because of these considerations, the pattern has been for the US to engage late, well after hostilities have ensued, ie once a strategically convincing array of allies and once domestic public opinion have been mobilised. The prime example of this was the US engagement 3 years late in WWI and 2 years late in WWII.

Fifth, the pattern of the US engaging but engaging last has been frequently accompanied by the US sending confusing/misleading signals to potential predators and/or those predators simply misreading the dynamics of US policy. Thus, we have the recent cases of

- Saddam Hussein assuming the US would not react to his invasion of Kuwait based upon his conversation with the US ambassador to his country in 1990
- Slobodan Milosovic assuming the US would not intervene in Yugoslavia after a similar conversation with the US ambassador the following year, and
- perhaps Beijing being sufficiently uncertain of the US commitment to Taiwan to be prepared to put it to the test last year.

Sixth, the post Cold War position of the US has only reinforced traditional US reluctance to commit itself abroad:

- one reason for this is the megachange in the strategic system which has occurred with the fall of international communism and the collapse of the Soviet Union; with the end of the Cold War, for the first time in many decades, it has been possible for your American man and woman on the street to feel that their country does not face a direct threat from another country, one requiring constant engagement in world affairs
- another is the overwhelming concern stateside with domestic issues, despite unemployment figures of circa 5% = high by Swiss and Japanese standards but low by those of other allies
- a related aspect is the continuing decrease in US economic power relative to those countries that it has traditionally taken the lead in defending

All this prompts the US

- to husband its resources for a more limited number of strategic challenges, and
- to look to others to pay their way and more, and even to take the lead.

Seventh, how and why the US engages has become more than ever tangled up in efforts to push aggressively the interests of large commercial interests in foreign markets and the demands of political party financing : Thus,

- Clinton policy towards China which was originally to have been about human rights became hostage to the sale of Boeings to Beijing fairly early on in his stewardship
- Clinton (and Republican) policy on NATO expansion, at least in its initial elaboration, has not been about strategic choices but about winning the votes of certain ethnicities and supporting the sales ambitions of arms manufacturers
- key figures from both parties face serious challenges to their leadership on account of election campaign mispractices, which can at the very least constitute important distractions generating hobbled leadership and deflecting attention from foreign affairs

I see no let up to these trends. Indeed, what I think we can expect in the run-up to the millennium in the US strategic psyche is more of what we have seen the past 4 years:

- continuing talk in the US and elsewhere about it being the only remaining superpower,
- continuing efforts on the part of the US bureaucracy to project this through tokenist policies (witness the spectacle of US opposition to Boutros Ghali's second term)
- continuing resistance to this in places like Moscow and Paris (witness France's ongoing effort to win the NATO AFSOUTH command)
- but in practical terms what we can expect is continuing vacillation between neo-leadership and neo-isolationism.

In a sentence, what this boils down to is that the US will no longer willingly and generally take the strategic lead. It will look to European leadership in Europe and if it does not find it, it will wait as it has in Yugoslavia, until the numbers on the ground made sense. In Asia, it will not seek to lay down the gauntlet to the PRC.

## **THE EU**

Against this background, the critical questions from a European perspective are two fold:

The first is whether IFOR and its follow-on have been, and will continue to be, sufficiently effective to ensure that the peace-building process can be pursued in the Former Yugoslavia; a sub-question is whether this entire episode will dissuade other ethnic extremists to keep their powder dry: for the time being, this is the kind of security challenge that most threatens Europe.

The second question is whether the ongoing IGC will be a success, above all in the sense of giving integrated Europe the decision-making tools and pooling sufficient common resources to ensure that the EU will be able to act as a strategic partner of the US in Europe, but also outside in future.

At this juncture, I am tempted to be a qualified optimist on the question of Yugoslavia. I believe however that other such episodes are bound to come into play unless the EU can project a political, economic and social agenda which addresses the challenges of both its eastern and western parts, and can demonstrate that it can take the lead in dealing with the strategic affairs of the western and central segments of the continent.

Unfortunately the greater the need for the EU to accede to this role, the further away from it, it seems to become. For the time being, there are some five thinkable outcomes for the IGC and the EU overall. The following overhead lays these out.

Note that these scenarios are not necessarily alternatives; they can also follow one another. Note as well that there are many thinkable sub-variants.

The three outcomes most likely for the IGC at this point all potentially spell disaster. EUROMUDDLE is the term used for a another Maastricht, ie an agreement which expands the area of common responsibility without enhancing the ability to take decisions in common. EUROPATT is my term for a stalemate, also not a solution to the issues on the agenda. Ditto for EUROPATRIE - which is my term for a kind of post-modern Concert of Europe, and one which would in my view be simply unworkable.

Both Euromuddle and Europatrie would run the risk of multiple defeats in the expected referenda. All three would likely provoke defections. And if movement in this direction was not checked, we would likely be faced by the fifth scenario, that of Eurorupture.

The sole optimistic scenario here is that the fear of failure brings about an institutional leap forward, either in the context of the IGC or following one of the first three scenarios. To be successful, however, Europe would probably have to pull off such multiple feats as

- a considerably downsized package of European prerogatives, ie regulatory powers, CAP, regional funds and the like
- assumption of new powers in critical areas, ie Eurolegion under the authority of a European cabinet
- attractive approach for political and economic integration of the east, and
- far-reaching decisional and institutional reform, to include innovations such as a directly elected European President which would be the single most important initiative to re-establish links between the European idea and the man on the street.

The re-engineering of the EU is of decisive importance for the strategic development of Europe: failure of the European project would mean

- a full-fledged return to the logic of shifting alliances among its nation-states
- the eclipse of a stabilising pole capable without which the transition in the East would certainly falter
- the inability of Europe to contribute to the stabilisation of its Mediterranean southern rim; cooperation with the US is anything but harmonious but the situation could be much worse
- beyond that, the developed democracies would find themselves emasculated, with the US being overburdened in the face of a complex global agenda in the former Soviet Union, in Asia and elsewhere, and in consequence encouraged to withdraw from these responsibilities in isolation.

### **CHINA AND THE FUTURE OF ASIA**

You do not need a crystal ball to know that the Hong Kong handover and the fall out from it will constitute a top, if not the top, news story of 1997. Indeed, this is the kind of event which can set in train a megapolitical shift in the affairs of Asia and of the globe.

The handover is important for several reasons.

First, it is important of course because the fundamental rights and fortunes of some 5/6 million people are at stake.

Second, it is important because Hong Kong is one of the key motors to East Asian growth, and without continuing high rates of East Asian growth, global growth, including that of the developed world, would likely slow considerably.

Third, because Hong Kong's fate will unfold on our television screens and have quite a substantial impact on perceptions of power, justice, and political responsibility and the like.

Fourth, because it raises all sorts of questions which go to the core of inter- and inner-state relations at a time of historic change in the role of profile and prerogatives of states. I will take more about this next week. For the time being, some examples of what I mean

- the legitimacy of the powers that negotiated the handover agreement
- the nature of sovereignty in the post-modern world
- the relationship between the extent of a state's mass and the degree of its internal power diffusion
- the prowess of small states as economic leaders and societal innovators and as opposed to the traditional power bases of large states, and so on.

But fifth, it will clearly constitute a bifurcation point in the evolution of mainland China.

This is particularly true in view of the fact that the handover coincides with a number of other issues which are coming to a head

The succession of Deng is a pivot development. Despite having become almost invisible remains a kind of modern day EL CID for the different economic and social forces in ascendance since Mao's disappearance, allegiance to and opposition to his reforms remains a key dividing line in the internal power struggle. (Incidentally, leadership succession struggles in the Soviet Union tended to last 4 years on average. In the PRC, they can last substantially longer if for no other reason than the size of the phenomenon in question.)

The reform process has now been underway for almost 20 years. A decision is overdue on where they go from here: for example,

Will the private sector continue to be put at the service of the bloated party and state bureaucracy or will the state and collective sector of economy and agriculture be dismantled in preparation for a change from extensive to intensive growth/

Will, there be an attempt to recentralise power or will the need be recognised for a much greater decentralisation of decision-making to address the huge diversity of conditions in the country?

Will there be a move towards rule of law, or will the present arbitray approach to basic rights be pursued?

Will China be drawn into the emerging multilateral structures of Asia as a country which plays by generally accepted rules? Or will it seek to dominate the world's fastest area of growth, building a coalition of forces opposed to the West and Japan?

This last question underscores the need for a new leadership paradigm in Asia.

- This has to be sufficiently robust to deter the PRC as necessary and to tame it as possible.
- It has to ensure that Japan can play a greater security role without breaking lose from its traditional alliance from the United States.
- It has to ensure effective support from Europe for this kind of multilateral diplomacy.

The basic contours of all this are already there in fora such as ASEAN and APEC. I will go out on a limb and predict that the contours of answers to these questions will be clearly visible by the turn of the millennium, setting the global strategic stage for the next quarter century in the process.

## **RUSSIA**

If that sounds overly dramatic, let me introduce Russia into this picture at this point.

The domestic scene continues to be characterised by deep-seated contradictions. The present political situation is dominated by the reality of a weak centre with several different competing power centres, some democratically inclined, but most caught up in high-stake games of professional survival. But other scenarios are thinkable, namely:

- a strong centre, authoritarian but pursuing reform and a cooperative foreign policy (model: Ataturk/Gandhi);
- a strong centre, authoritarian and pursuing both oppressive policies at home and aggressive policies abroad (model: Hitler/Stalin);
- creeping collapse into generally authoritarian units of both types at lower levels of aggregation (model: warlords and successor states in the FRY).

None of this can happen overnight but much of what happens now will determine what happens later. Whereas the first scenarios divide the elite into different camps, the third is something which the central elite - and those dependent upon it throughout the country will want to avoid at all costs. Disintegration would compromise the basis for their political and economic survival.

The problem is how to go about combating disintegrative tendencies in the light of the debacle in Chechnya. The use of massive force is not an option. A functioning federalist system, while probably essential if Russia is to survive over the longer-term, is not in the cards any time soon.

The Russian Centre is materially too weak to shape international developments. But it certainly can try to influence the course of world events, using the political skills honed in 80 years of communist struggle and its residual military profile. In particular, the Russian Centre has opportunities to co-determine the situation around the Russian and CIS periphery to its advantage.

There are three main dimensions to this, one involves to the west, NATO; a second to the south, Iran, and a third China; to the south.

First, NATO about which I will say very little as we will have a full session on this on Thursday. The NATO enlargement agenda has proved useful to Yeltsin in the past.<sup>1</sup> It was not by accident that Yeltsin pointed to CIS reconsolidation as a likely consequence of NATO expansion after the release in September 1994 of the Study on Enlargement confirming that NATO would take in new members.<sup>2</sup> Nor was it a coincidence that the Chechnya action was launched immediately after the NATO Foreign Ministers' meeting in December 1994 which approved the Study. If NATO does eventually expand, it will be a limited process, at least initially confined to the Visegrad 3. This should enhance centripetal forces within the CIS, and give Moscow more leverage in its dealings with the westernmost FSU states, and particularly the Ukraine.

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<sup>1</sup> In fact, there is some evidence to suggest that Yeltsin even tried to help the issue along in the hope that it would provide a rallying cry for reconsolidating the CIS. In August 1993, 8 months after the strong position taken in the Foreign Policy Concept against any "increase in the politico-military presence of foreign countries in countries contiguous to Russia" (see footnote 4), Yeltsin in a joint statement with Lech Walesa while on a state visit to Poland, stated that the Polish position on NATO membership "met with his understanding". This was interpreted at NATO, and in German circles in particular, as a Russian green light on membership expansion. See D.Law, "The Problems of Widening NATO", *Brassey's Defence Yearbook 1994* (Brassey's, London, 1994), p.141.

<sup>2</sup> Footnote on September statement on CIS reinforcement.

The second relationship which Russia can use to establish a prophylactic corral around the republics involves Iran. This has 5 aspects to it:

1. Both countries have been on the weaker end of a relationship with the United States, particularly in their Middle East dealings: Working more closely together can help change that.
2. Iran wants an end to US pressures on third parties to blackball it because of its terrorist record. Russia does not want to be cut out of the Arab-Israeli peace process.
3. Both countries are historically pro-Armenian and have tended to favour it in its conflict with Azerbaijan.
4. Both want to keep Azerbaijan in its place, primarily out of oil interests in the Russian case and out of concern over its interaction with its own Azeri population in that of Iran.
5. Both are concerned about the influence Turkey can exert in Azerbaijan and more generally in the Caucasus, and though Turkey, that which can be exerted by the United States.

As far as the Sino-Russian relationship is concerned, there are several aspects of common concern.

Both countries are worried about their ability to maintain order in contiguous frontier areas. Russia must contend with the possibility of the defection of one or all Central Asian states down the road. Its more immediate problem is maintaining central control over Russian territory in the Far East. In Xinjiang, the PRC has to contend with its own turcophone “separatist” threat.

The “Agreement on Confidence Building in the Military Field along Border Areas” signed during Yeltsin trip to the PRC last April is designed to ease long-standing tensions along China’s northern borders and should support these objectives.<sup>3</sup>

The strategic partnership to which the two countries also committed themselves at the Summit may never amount to much. Even well short of that, however, it is not difficult to imagine how common concern about centrifugality can extend into tactical cooperation in other areas. On several issues, the two countries central elites can perceive a coincidence of interest.

1. Russia continues to seek support for its efforts to pacify the Caucasus. The PRC seeks support for its campaign to control Taiwan.
2. Neither is comfortable with the notion of the US being the world’s only remaining superpower. Both share an interest in weakening it or at least throwing it off balance, in Russia’s case because of Washington’s role in NATO enlargement decision-making and in the PRC’s because of its ability to be the spoiler in China’s plans for East Asia.
3. The two countries are also important trading partners.<sup>4</sup>
4. Russia feels that its needs good relations with the PRC to gain access to the Asian economic zone. For the PRC, closer ties with Russia can make it just that more difficult to isolate the communist giant over the conduct of its foreign or domestic policies.

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<sup>3</sup> Rod Mickleburgh, “Sino-Russian summit a bubbly affair”, *Globe and Mail* (Toronto), 26 April 1996.

<sup>4</sup> Footnote on respective rankings as trading partners.

This can have of course important repercussions for power relations in Asia, in Europe, and to return to our first key global actor, on the United States' ability and willingness to continue to engage.

## **LESSER PLAYERS**

None of these countries can anymore determine the global agenda in isolation. All have to work through bilateral and multilateral relationships with other states. But ifd this is true, I have also tried to demonstrate that in a situation of extreme systemic instability such as now characterises geo-politics and geo-economics, different factors can come together in different ways to produce unexpected and on the surface seemingly unrelated results.

I would be amiss to conclude without making the point that the situation in other countries not normally considered to be key actors can also have a dynamic effect on the shape of world events.

Some near-term possible examples,

- the situation in the Central Lakes district of Africa again surges out of control, leading to the compromise of several state borders
- the Middle East peace goes up in flames
- the Yugoslav War flares up again, this time breaking the back of transition in neighbouring Romania and Bulgaria
- there are new economic and political breakdowns in democratising Latin America countries, on the model of the 1994 peso crisis
- Canada collapses,
- there is a major stock market crash, and so on.

None of these events in isolation, however serious, are likely to provoke in themselves a major international realignment of forces. However, alone or in tandem, they can impact on the major players, and change the global strategic equation.

<b>PLATEAU PHASE</b>	<b>TRANSITION PHASE</b>
<b>INCREMENTAL CHANGE</b>	<b>AUTO-REINFORCING DYNAMIC</b>
<b>MARGINAL DIVERGENCE FROM NORM</b>	<b>INCREASING OSCILLATIONS</b>
<b>LONG LIFE-CYCLES</b>	<b>SHORTENING LIFE-CYCLES</b>
<b>MACRO-MICRO EFFECT</b>	<b>MICRO-MACRO EFFECT</b>
<b>DEVIL IN THE DETAIL</b>	<b>INFO' OVERLOAD</b>
<b>SYSTEMIC STASIS</b>	<b>SYSTEMIC DESYNCHRONISATION</b>
<b>ORDER INTO OPPRESSION</b>	<b>FRACTAL DISINTEGRATION</b>
<b>OPTIMISE SUB-SYSTEMS</b>	<b>MOULD THE WHOLE</b>
<b>CLOSED DOORS</b>	<b>WINDOWS OF SHAPABILITY</b>

**FRACTAL DISINTEGRATION**

***SYSTEMIC DESYNCHRONISATION***

***LOWER LEVEL COMPENSATION FOR  
MACRO LEVEL EFFICIENCY LOSS  
(local optimisation traps)***

***INCREASED INEFFICIENCY AT MACRO LEVEL***

***DISINTEGRATIVE TENDENCIES PROPELLED  
THRU'AGGREGATE LEVELS AT EVER FASTER PACE***

***AUTO-REINFORCING SYSTEMIC BREAKDOWN***

## US STRATEGIC MINDSET

*strategic space & strength*

*low-cost & risk- engagement*

*Vietnam syndrome*

*better late than early*

*strategic confusion*

**geopolitical megashift/domestic preoccupation/  
burden-sharing >>>>mission shrink**

*geo-economics &  
party financing*

## Why Hong Kong is Important

- **human rights of the Hong Kong community**
- **growth rates in East Asia and world wide**
- **televised mega-event**
- **impact on inter-state & inner-state relations**
- **bifurcation point in PRC development**
- **catalyst for strategic reorientation**

## LESSONS FROM HISTORY

1. *Systems don't necessarily last long.*
2. *Systems can change very quickly.*
3. *Systems change as a result of many factors.*
4. *Usually a megashock of some sort or another is involved.*
5. *Changing systems can help change states but changing states can also help change systems: symbiotic relationship.*
6. *Every system has a corresponding power paradigm.*
7. *Unipolar systems tend to be especially short lived.*
8. *Nature of international cooperation within systems has become ever more sophisticated: international Cooperation has developed to a point that it can no longer break down.*