Richard C. Holbrooke Forum Seminar
The Digital Diplomacy Project –
Power, Innovation, and Order in a Networked World

November 5-7, 2017, in Tallinn, Estonia

Rapporteur's Summary by Judy Dempsey

This Holbrooke Forum seminar took place under the Chatham House Rule, which permits for publication of comments and discussion provided the identity of speakers is not disclosed. Accordingly, speakers' names and authors' identity in the below have been kept anonymous.

In early November 2017, the American Academy in Berlin assembled a group of experts in Tallinn, Estonia. Some were academics, some were in business, some were former diplomats, some were journalists.

Despite such a diverse and highly qualified mix, all the participants had one thing in common: they were all involved in some way in trying to make sense of the technological revolution.

As part of the Richard C. Holbrooke Forum Seminar, they were invited to debate the impact the technological revolution was having on international relations, on statecraft, on values, and on the durability of the West. The seminar, spread over two days, consisted of five sessions. They had two common threads, one in the form of a question: Getting the fundamentals right: What is going on? The other focused on the implications for diplomacy and statecraft. Capping these debates was a presentation about Bitcoin and its own disruptive abilities. Again, questions were raised not only about how Western institutions should adapt, react, or regulate, but who was in control. Recommendations were few but the ideas were abundant.

The essence of today's technological revolution

All technological revolutions leave their mark on state and society. But this revolution is special for two reasons: "Data is the new oil," one of the participants said. Speed is the other one.

Data and speed are challenging traditional forms of democracy and statecraft, whose elites either fail to understand the immense implications of digitization and cyberspace or haven't yet the tools and knowledge to deal with this pace of change. "The technological revolution of cyberspace, for example, has several distinctive features that mark it an especially disruptive transformation in international affairs," another participant said.

One element of disruption is how the technological revolution discards borders. "How we look at territory is no longer static," said another participant. "State structures and state borders are breaking down. Russia understands this," he added.

The same participant cited Nord Stream Two, the second gas pipeline that Gazprom is building under the Baltic Sea with support from Germany's main energy companies. The disruptive effects are considerable. It will increase Germany's dependency on Russian gas. It will weaken Ukraine's role as a transit country. It will give Russia a permanent hold on Europe's energy imports. Territory was also no longer static especially with regard to information flows as well as movements of refugees and migrants. Look at how the refugees fleeting Syria and Iraq used social media to know which routes to Europe were open, which were closed.

During the first of the two sessions—"Getting the Fundamentals Right: What is going on?"—the role of Russia kept coming up; how it interfered in the US presidential elections, in the elections in the Netherlands, France, Germany, and Britain. Russia has also supported populists and movements that criticize the EU, NATO, and the West's values. It is also meddling in Hungary, principally by making the country hostage through providing loans to build a new nuclear plank. It meddles in the Baltic States by trying to win over or infiltrate the ethnic Russian minorities. It is present in the Western Balkans, too, where it maintains close ties with Serbia, in addition to Moscow supporting Milorad Dodik, the president of Republika Srpska. It also did its best to prevent Montenegro from joining NATO, by supporting a failed coup.

Above all, as a participant from Estonia's International Centre for Defence and Security, which co-hosted the event, argued: the Kremlin has been able to move comfortably and easily in its ability to use social media to disrupt. The many decades of using disinformation and propaganda to underpin communist ideology has proved extremely handy. The institutional memory is intact. Russia's Federal Counter Intelligence Service, or FSB, is the direct successor of the Committee of State Security, or KGB.

The participants also agreed that Western tech companies have made it easy for the Kremlin to disrupt and weaken the West. The Kremlin's "agitprop" actors who use bots or false names can exploit the anonymity of Facebook, Google, and Twitter. Through these networks and through the sheer power of repetition, Russia can circulate fake news and disinformation in ways that give unsubstantiated views and opinions credibility. Just as it was during the Cold War, the aim is to discredit Western democracies and the transatlantic relationship. "Russia uses disruption because it is weak. It is a negative power," one participant said.

The question participants kept coming back to was how to react to this disinformation. Some participants said the West should go on the defensive—although acknowledging that there was no deterrence in cyberspace. As one participant said: "We should think about how our old age concepts work in the new environment."

They don't work, he then said. The West was trapped in the post-1945 narrative of the Cold War; that it didn't really grasp the shift from a traditional geopolitics based on the balance of power to networked geopolitics based on the creation of political dependencies that used the flows of information, trade, finance, energy, people, and violence. Many aspects of social life have already been affected by digitization. As this participant argued: "The last organizations to adapt themselves to the digital revolution will most likely be those of government and military. New

methods of social activism and grassroots organizing will threaten to make parliaments and ministries of foreign affairs obsolete." Precisely because of that scenario, other participants argued that the West should go on the offensive.

The Disconnect between the Political Community and the Tech Community

The second part of "Getting the Fundamentals Right: What is going on?" was fascinating. There is a disconnect between traditional structures of diplomacy and statecraft and this extraordinary technological revolution.

Moreover, the role of actors operating outside the state can undermine the West's values as well as the transatlantic relationship.

Above all, Western political institutions are intellectually, and also from a personnel point of view, lagging behind this revolution. This was confirmed by the most of the participants. The "traditional" Western elites don't have a vocabulary to deal with the technological revolution. They don't have the imagination. They seem not to sense how the power of the state is weakening as tech companies carve out their own space and influence.

Several of the main non-state actors are Western, located in Silicon Valley, home to the giant American tech companies. Facebook and Google are able to wield enormous influence. They have a global reach that Western governments and their diplomats can only dream about. The disruptive capabilities of Facebook and Google, Twitter, and YouTube are slowly hitting home to Western governments. As some participants said, the liberal elites see how the tech companies are unregulated, how they operate outside the state, how they unwittingly or wittingly collude with non-democratic regimes.

"Networks are challenging our system and the very architecture upon which it was built," said a participant. "Few Western foreign-policy institutions are designed to adapt and anticipate the challenges that accompany these changes," she added. She gave an example by pointing to the role of social media in Myanmar.

The authorities in Myanmar have been able to use Facebook and other social media outlets to spread prejudice and justify the brutal actions against the Rohingya minority in the Rakhine Province, where a genocide has taken place, she said. It was mentioned that 70 to 80 percent of the social media in Myanmar was spreading misinformation. The upshot was that these social networks have immense political power that can be used by authoritarian regimes or civil society activists. What a change of fortunes and perceptions of just a few years ago, when social media was considered a wonderful tool for spreading democracy.

The participants recalled the impact social media had on the Arab Spring, which began in 2011. It was social media that played a huge role in mobilizing support for change that brought tens of thousands of people out onto the streets in Cairo and that led to the ousting of President Hosni Mubarak. It was social media that provided inspiration and spurred civil society movements and activists.

Six years later, President Abdul Fattah al-Sisi has learned the lessons about how the impact of social media to disseminate ideas and threaten the status quo. Sisi now controls as far as possible the social media outlets.

One participant pointed out how Sisi has closed or curtailed local and Western nongovernmental organizations and foundations. He has introduced censorship. He has imprisoned thousands of his opponents. The democratic space continues to shrink. Several Western countries support Sisi's rule, preferring stability to building democratic institutions, which is always messy and unpredictable. But if Western values are to have any credibility, there is no justification for the West to compromise its own values, which the activists in Cairo's Tahir Square had aspired to. It amounts to hypocrisy and double standards, one participant said.

Egypt is not alone in controlling social media. Turkey, Russia, China, and, more disturbing for the European Union and NATO, Hungary and Poland are intent on weakening Western values, by controlling as far as they can the media in addition to putting pressure on NGOs and using the slogan of national sovereignty to justify their actions. How then can the West defend and protect its values?

Mobilizing Western Values

The West is under immense pressure. Western tech companies have handed authoritarian regimes silver platters. They can use social media to their own benefit by controlling the content (with the collusion of the tech companies) and use social media as forms of control and influence.

Populist movements in Europe and the United States are adept at using social media, too. The more they focus on one message—usually anti-Western/anti-EU/anti-liberal values—the more the message sticks. This point led to an immensely lively discussion. Speaking during the session Implications for Diplomacy and Statecraft, a participant (a diplomat) said the challenge of the West's institutions was about how to get the political people—meaning foreign ministries but also the elites—interested in technical issues. "How do Western governments establish a digital statecraft?" he asked. Another participant replied that few Western policy institutions were designed to adapt and anticipate the challenges that accompany these changes. "Democracies move slowly. Consensus is creeping."

Yet values can be mobilized. The role of multilateral institutions, such as trade accords came up during the discussions. Trade deals are very important for bringing countries together, for establishing a level playing field, for having a set of common rules and standards. This was one of the original aims of the European Union—besides its fundamental raison d'etre as a peace project.

In terms of multilateral trade deals, Western diplomacy has had few successes over the past year. Participants criticized President Donald Trump's unwillingness to defend multilateral trade agreements that can, in their own way, play a big role in defending values and setting standards. Trump's decision to withdraw the United States from the Trans-Pacific Partnership (TPP) benefited China. The United States and the European Union failed to forge a new transatlantic trade agreement—the Transatlantic Trade and Investment Partnership (TTIP). This was a major blow to Western influence. The EU seems to be realizing why forging recently signed trade deals with Canada and Japan, and reaching out to Singapore, New Zealand, and other countries in the

South-East Asia, goes beyond the abolition of tariffs. It is about exporting values. These deals have enormous potential to set international standards for digitization.

Values can be defended in other ways and not just through social media. Governments and their diplomats and their security services need to openly defend their values and their liberal democracies. The chairman reminded the participants, "Western democracies are best for societies. We have to defend those democracies and values."

Western governments are only slowly beginning to understand the negative impact the social media is having on their own democratic institutions, how they are used by non-democratic regimes to disrupt democracies, in addition to the sheer dominance by the tech companies' dominance of people's digital lives. There are now Congressional hearings about Facebook, Google, and YouTube to understand, belatedly, the extent of Russian influence in the presidential election. Feigning innocence or the inability to track bots or find out who was placing ads on the networks are no longer excuses.

In Germany, the government has imposed fines of up to $57 million if social media companies do not delete illegal, racist, or slanderous comments and posts with 24 hours. A participant questioned why Berlin shifted the burden from the courts to the companies: "Why should Facebook become the deputy sheriff for the German government?"

Yet as a whole, Western governments will be hard-pressed to keep up with the sheer speed of digitization. They are not nimble. Western governments are based on consensus in contrast to the tech companies and users of digital platforms that can react quickly, anticipate (if not create) changes in consumer demand and are unregulated. The regulatory agencies are slowly realizing that they have been no match for these companies. A participant suggested that, given the increasing criticism of the tech companies, some may submit to government regulation, while others may side with their users.

The Elephant in the Room: China

Russia played a big role in all the sessions. But as some participants argued, Russia's use of the social media networks betrays a crisis in the Russian political and economic system. It acts out of weakness, not strength, the chairman said. The West has been slow to recognize this. By failing to modernize its economy, Russia will slip further and further behind developed economies and developing economies. Russia's social media/digital assault on Western values and institutions are not coupled with creating its own tech companies that can compete with the West, or that can meet the challenges of the digitized economy.

That is where the discussion about China was interesting and revealing. China is modernizing at breakneck speed. Its economy is shifting away from producing low value-added goods to high-quality goods that can compete with the best Western tech companies. China is becoming a major competitor to Silicon Valley. "Silicon Valley is not the place to go to," said a participant.

China is using technology almost right across the board. It uses it for security and defense. The participants heard how it was building firewalls so as to control its citizens. It uses digitization for intelligence gathering both of its own people and of governments, companies, institutions,

universities, publishers. Beijing is also increasingly funding university chairs and for Chinese studies in Western campuses. This is not about altruism or philanthropy. It is about building influence and competing with the West. "When it comes to values and dealing with China, this is a very awkward debate," he added.

This extraordinary economic and technological progress is giving China immense global clout that is based on soft power. This is not the soft power that Europeans like to project. This is a hard-nosed soft-power whereby China uses its wealth to slowly dislodge or undermine Western influence. One participant questioned whether China's model was exportable. A lively discussion followed.

Whether it is in Africa or South America, the Western Balkans or in Russia, China invests and imports. China builds massive infrastructure projects, particularly train networks and port facilities in Africa. It needs to transport its commodities quickly and efficiently to the ports. China's presence in Africa and South America is an ambiguous attraction. African governments don't have to endure lectures by European donors or are subject to conditionality. But this has a downside to reformers on the ground, who want transparency, accountability, fair procurement rules, and the rule of law. The other downside is that African but also Latin American governments risk ceding control of lucrative assets to China. In the long term, this could weaken the ability of these countries to forge closer trade, social, and economic ties with Europe and the United States.

The Bitcoin Phenomenon

Western governments are only slowly beginning to grasp the disruptive impact of digitization and the immense power it gives authoritarian regimes. There is another big disrupter that has the potential for challenging not only the traditional banking system. It is the digitized currency Bitcoin. Another participant, who gave a presentation about this currency, said it was gaining credibility as it became another tool of digitization. Interestingly, he said 70 percent of Bitcoin transactions are carried out by Turkey, Russia, and China. "The digital currency is a great way to launder your money. It's a wonderful method for illegality," he added. He said Bitcoin "has already some lasting disruptive power. As a critical mass, it will gain value." Digitization, too, is opening up space for cryptocurrencies. "There is now a crypto-rouble to pull in international money," he said. That could be Russia's way to circumvent Western sanctions. There is also the fact that Bitcoin challenges the conventional banking system, whose main role for the majority of people is provide them with a bank account. Bitcoin creates a digital space in which the individual can buy and sell and function anonymously. The discussion about Bitcoin raised the big questions running through these two days of debates. Who is in charge? Is there a role for digital diplomacy? How is the definition of the West changing? What is the link between power and legitimacy?

During these two intense days of discussions, there were no clear answers, nor recommendations. But there were several ideas about how the West should tackle digitization:

1. The values space has to be opened. One concrete way was to create critical thinking in schools.
2. The West needs a vocabulary and definition to defend its values and promote them.

3. Foreign ministries need to understand what is going on by thinking in new ways (and by being trained and recruited in different ways).
4. The West needs to move beyond the post-1945 narrative.
5. Perhaps its time for a new Helsinki Final Act. The first, signed in 1975, was about civil society. Maybe a description and definition of digital civil society is needed.
6. The citizen must be involved and must be engaged. It may seem a paradox, but the space of the citizen could be closing, as the power of networks try to control the message and the consumer.
7. A regulatory mechanism is needed for the networks. Failing that some "contract" between the state and these networks is needed.
8. Western governments must have the courage of their convictions to defend their liberal order and value.

And so ended this latest Digital Diplomacy Project.