RICHARD C. HOLBROOKE FORUM SEMINAR
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Power, Innovation, and Order in a Networked World
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Defining a New Strategic Geography
Report by John C. Kornblum

The conference rapporteur prepared a detailed summary of the Holbrooke Forum's Tallinn seminar. This paper records the observations and personal conclusions of the seminar's chairman and organizer, John C. Kornblum, former US ambassador to Germany.

The 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 in the below have been kept anonymous.

Goals and Purpose

The agenda of the seminar was based on a conclusion reached in the 2004 National Intelligence Council Global Trends reports, which stated:

"We see globalization—growing interconnectedness reflected in the expanded flows of information, technology, capital, goods, services, and people throughout the world—as an overarching "mega-trend," a force so ubiquitous that it will substantially shape all the other major trends in the world of 2020."

Our question to the participants:

If this "mega-trend" is going to "shape all other major trends," is it logical to assume that twenty-first century diplomacy and statecraft will not escape its influence?

This was not an idle question. During 2016 and 2017 the world of politics and diplomacy was shaken by digital intrusions. Whether Russian hacking, Trump tweeting, or Facebook counterfeit-news sites, the world of politics and diplomacy was severely disrupted by public evidence of the growing importance of digital infrastructure as a tool for doing the business countries and societies have with each other.

Our goal in Tallinn was to examine both the causes and effects of this new "megatrend" and to find a vocabulary with which to examine and discuss what appears to be happening.

Participant A made an attempt to do so, noting, "Today we have moved from the world of realpolitik to encounter a world of "netzpolitik." She has been one of the pioneers in this search for a new vocabulary: an article she co-wrote was one of the first efforts to explore the issue.

It was not surprising that this search for a new vocabulary was the red thread running through most of our two days of discussion.

We worked hard to understand just what the new tools were likely to be and how they would affect definitions of sovereignty, power, international relations, military security, and the existing foundations of diplomacy.

Participant B suggested the need for redrawing both the geographical and organizational maps that defined the vocabulary diplomats depended on.

He described what he has called the "Brockhaus paradigm" (taken from the publisher of the most important German Encyclopedia), which he has used to suggest new ways of looking at the digital world.

He argued that, since the nineteenth century, most human organizations have been based on the compartmentalized, top-down command structure, which evolved as the best was to manage the many new tasks presented by heavy industry. Tasks could be more easily digested if they were reduced to their most efficient size and managed like in an encyclopedia, i.e. different departments for each subject.

He also recalled that, in a networked world, inputs come not from the top of a hierarchy, but from multiple sources. Everyone is connected to everyone else. Feeding influence into networks and harvesting advantage from across both geography and function will define the vocabulary of the digital age.

Foreign ministries would increasingly measure their performance by the movement of events across network relationships. Their organization chart would look more like a control center for a power station or mobile- phone network than traditional hierarchical ladders of influence and responsibility.

Participant B added a further component – visual thinking, a skill that had led to Einstein's theory of relativity, for example. Einstein's ability to visualize relationships across time and space had helped him devise a universal theory of relativity. This participant suggested that increasing interconnectivity would present endless numbers of new patterns which could not be understood by pure numerical calculations. They would more resemble Einstein's universe and thus would require similar skills of understanding patterns across vast combinations of time and space.

What he was suggesting was that future diplomats would be expected to visualize broader network relationships outside of their own national perspective. National interests would increasingly be defined by judgments on goals generated within networks rather than on pure national considerations.

Participant C suggested the term "flows" for describing how information and thus influence could be defined as it passed back and forth across networks.

How would power and influence be distributed?

All this led to an entire day's discussion of how such network behavior could be conceived and what implications it would have for global statecraft. The first victim was, of course, the state itself. Participants struggled with the way in which power and influence could be defined in such an environment. Who would be the legitimate actors? Governments, industry, or the persons who defined ideas across social networks? Military strength would continue to be important, but as one participant pointed out, the network relationships circulating around North Korea has made military solutions virtually unthinkable.

Participant D described her efforts in her work to define the outlines of diplomacy for the future. She had concluded that official institutions were not attracting the new thinkers because they saw nongovernmental bodies as being more relevant to the goals they wanted to achieve. The irony of the digital world was that as cultures and events became more connected, special interests found a new and powerful means of expression. The "center" would have a hard time keeping things under control. The initiatives of various American states on environment or the separatist tendencies in Europe were examples of this trend.

Along came blockchain

Just as we thought some solutions might be emerging, a venture capitalist participant upset our long-held certainties with a discussion of implications for global finance. Especially important was the role of blockchain, a peer-to-peer distributed ledger that has evolved in recent years. Blockchain is essentially a ledger system that digitally records every transaction in a value chain in a manner that makes it impossible to hide or to alter what had gone on before. This participant suggested that if blockchain were ever made fully operational, most of the functions of modern banks would become unnecessary. Even currencies could be originated in the system, as is now already seen in the various digital offerings already in circulation.

What would happen to intelligence agencies? Several comments focused also on the rapid emergence of artificial intelligence and maybe even quantum computing, developments that would make most of both existing governmental and commercial intercourse increasingly irrelevant. What was left for management, either industrial or diplomatic, in a world of total flows of information and personal control?

I suggested that the search for coherence would be hindered by the lack of agreement on even the most basic concepts. This would hinder the search for cooperation and, above all, new sorts of regulations that had been brought up earlier by a participant.

I mentioned an idea that I had taken from my own background—Digital Helsinki. The Helsinki Final Act grew out of confusion engendered during the first decade after the building of the Berlin Wall. Was there anything for East and West to talk about? After three years of negotiation, the Helsinki Final Act succeeded as a common definition of modern civil society. It did not end disputes, but it did provide a basis for discussion. I suggested that a digital version of the Final Act was now very necessary to provide at least a basic foundation for the difficult technical and regulatory work ahead.

An uncharted world

Measured by the precepts of the Holbrooke Forum, the seminar can be deemed a considerable success. Its participants were chosen for the breadth of their interests rather than for foreign policy specialties. They were active, intelligent, and, above all, insistent on carrying the debate forward. It was truly a pleasure to be together with them for two days. We will ensure that this network continues to be active for a long time.

As we had expected, there were no specific conclusions or proposals for action, other than a deep conviction by the very active participants that the efforts to define this new unchartered world were very important. They urged us to create networks among them themselves so that the dynamic generated in Tallinn would not dissipate. Six participants have agreed to write essays on the issues they considered to be the most important. The Holbrooke Forum will publish these essays and begin an e-mail correspondence, which will hopefully engender a never-ending network of discussion and debate, leading up to the next session, in 2018.

Chairman's personal reflections:

On a personal note, the chairman has the following observations:

1) As expected, the most difficult part of the exercise was the vocabulary. How to describe what is going on, who is doing it, and what it means. Do national states still have a role or will the digital world overwhelm them? The discussion confirmed the thinking behind our original title for this project: "The New Strategic Triangle." Digitalization empowers both nations and individuals. But it also concentrates power in the hands of those who can exploit the new environment most successfully.

The term "systemically important players" has been used elsewhere and seems to me to be a good starting point. Digital influence is already being concentrated in places that can make the most of it. China and the United States are obvious candidates.

But even though Germany has no digital industry to speak of, its position and infrastructure is already increasing its influence steadily. Its growing role in implementation of the digital world represents a new sort of influence, which is much different from the old sort of leadership many Europeans want Germany to exert.

Other places, such as Russia or, ironically, North Korea, have found ways of using digital tools to disrupt, but not to create. They are examples of new disruptive forces but are themselves not systemically important. "Europe" as an entity is losing influence, because it cannot move fast enough to meet the new challenges.

2) The eternal search of vocabulary is difficult because we so far have been trying to attach new meaning to old concepts. The effort is not likely to be successful until the framework for the discussion changes. As long as our narrative focuses on improving existing institutions or maintaining a "liberal democratic order," which is likely not to be relevant in the future, we will not be able to find the right words to describe what is happening. Blockchain was the five-ton elephant in our conference room that made this point brutally clear.

3) Network-effect theory was first defined during the growth of telephone networks in the early twentieth century. It is often also called "demand- side economics." In economics and business, a network effect is the influence that each additional user of a service has on the value of that service to other users. The more users, the higher the value of the network, to both providers and users. As is already the case in the mobile telephone industry, future diplomats are likely to concentrate on maintaining the health of the network as on the most basic definition of national interest.

Digital diplomacy is likely to function in a similar way. The postwar period was characterized by the "supply" of security and stability by a small number of players, most importantly the United States. The new era will more resemble a telephone system, in which new players define the reach of the network. This "demand" for performance will increasingly put burdens on the bigger members.

Reaction of Asian countries to American rejection of the TPP agreement or the rearrangement of influence after the US dropped out of the Paris Climate Change Agreement are two cases in point. If the "supply" of American protection no longer fits the network world, other members created a "demand" they sought to satisfy without American leadership.

4) Finally, of all this underlines the urgent need for a new narrative, which I have already mentioned. The rise of populism on both sides of the Atlantic demonstrates how alienated voters have become from the value proposition put forward by their leaders as globalization spread.

It's no wonder that many voters are confused: they can't figure out if the freeing of capital flows is to blame for the orgy of outsourcing that has enriched corporations and banks even as it has destroyed whole communities, or if various forms of automation have laid waste to even more middle-class families. Nor can they figure out how an age of unprecedented openness and participation could have produced what seem to be the largest inequality metrics perhaps in modern history.

Rather than being defined by formal diplomatic agendas through NATO and the European Union, the Western community will increasingly be seen as a large public sounding board that offers governments a chance to build confidence among their voters by demonstrating consensus and professionalism on issues that really matter to their citizens. Social networks will, of course, play an important role in this development. This sounding board must be the foundation for our new social/political narrative that helps define the values of the future.

Successful management of future global value systems will require solutions that result from the integration of legal, technical, and cultural elements into a new sort of public narrative. They will require a radically new understanding of how legal systems and administrative structures can be molded into innovative tools for management of complex global supply chains.

Increasingly, values and value creation will become operationally integrated concepts that are operated through institutions of civil society.

As human beings lose control of day-to-day operating decisions in both government and industry, the most important human task will be to define the morals and values upon which these formulas should be based and to make sure that these values are imbedded in the "brains" of the robots and computers.

Humans' future tasks will instead focus on writing this new narrative for the digitally integrated world. Humanities and social science will once again define our futures, as they did in the eighteenth century.