Toward a New World Order: The Future of NATO

George Soros
Date Posted: Wednesday, October 1, 2014

The Coming World Disorder

The Cold War created a world order that prevailed since the end of the Second World War but seems to be at an end. It had been based on two superpowers vying for world domination. They stood for diametrically opposed principles of social organization and they considered each other mortal enemies. The global conflict between them generated all the local conflicts that constituted the world order. The Cold War was suspended as all our confrontations became such that left the capacity to annihilate the other. It was possible to score local victories but they had to fall short of threatening the survival of the other side, because it would be the endangered one's mortal enemy. The prevailing order was called the Cold War because it was not a hot war between superpowers but the battle lines were drawn throughout the world, and internal conflicts within each camp were kept frozen by the external threat.

The collapse of the Soviet empire was an internal development. Unfortunately external pressure played a role but was not directly responsible for the collapse. Nevertheless, the Soviet leadership realized that their mortally generated evolutionary threat was also changed the prevailing world order.

All this is clear now, but it was far from clear at the time it occurred. It caught most of the participants unawares. This is true of the leadership of the Soviet Union, but it was not even true of the leadership in the West. Gorbachev and his team were conscious that their internal reforms would change the world order, indeed they were looking to a fundamental change.

In the relationship between the superpowers as the key to making the internal transformation successful. It should be remembered that the Foreign Ministry was the only part of the Soviet bureaucracy that was functioning satisfactorily. Gorbachev was conscious of the fact that the so called "new thinking" that was promulgated.

Gorbachev's concept was to forge an alliance between the two superpowers which would dominate the United Nations and bring about a workable institution. It will be recalled that one of the first acts of the Gorbachev regime was to withdraw from the Afghan quagmire. This concept halted the Super Bear Between, and Western intervention would help to reform the Soviet economy. The idea was no joke, indeed no conception, how to conceptualize it.

I know this from personal experience because I set up an international task force for creating an open access to the Soviet economy under the authority of Prime Minister Ryzhkov in 1988, and I was appalled by the lack of understanding I encountered in supplying anything that resembled a conceptual framework.

Even so, events could have taken a different course if the Western leadership had any comprehension of what was going on in the Soviet Union. It would not have been so difficult to assist Gorbachev to produce a workable institution. Instead, the Western leadership was blind to the fact that Gorbachev was genuinely seeking a workable institution and was simply did not penetrate into the minds of a leadership that was bent on waging the Cold War by the time it had ceased to—was too late—or at least could be argued that it was too late.

Even today, the collapse of the Soviet empire is not properly understood. This is not just the normal delay in registering change. There is a vested interest in misrepresenting the nature of the collapse and falsifying its position. The State Department is concerned with the relationship between states. That was appropriate during the Cold War, when the relationship between the superpowers was the key to the prevailing world two superpowers. But it is not appropriate today, when contending states and empires are breaking down and new states are brought into existence, many of which do not enjoy quality as states. We need a totally different conceptual framework for dealing with this situation, because it cannot be properly understood in terms of the relationship between states, or what used to be states.

It is the characteristic of revolutions that people do not fully understand what is going on, that is why events are out of control and the prevailing order breaks down. There is no doubt that the collapse of the Soviet empire constitutes a revolution, and it is still in the process of development. But the collapse of the Soviet empire has also been a counterrevolutionary change of the prevailing world order and that fact is not properly recognized. Indeed, it is widely ignored. People in the former Soviet empire cannot fully benefit from the ignorance of the revolution, but people in the West have no excuse for ignorance. The Foreign Ministry of the former Soviet Union displayed a much more sophisticated understanding of the nature of the revolution than the State Department has done precisely by not thinking at all. Unless we develop a new frame of reference, the world order that prevailed since the Second World War is likely to be followed by world disorder.

A Conceptual Framework

The Soviet Union has given us a conceptual framework in terms of which the present situation can be understood. It has two major components: one is a theory of history, with particular reference to revolutionary transformations; the other is a theory of reflexivity and its consequences. The two elements are intertwined—they share the same philosophical foundations—but the connection is not very strong. It is possible to disentangle them and, and, indeed it is necessary. Karl Popper did without any insight into the process of revolutionary change, and it is quite possible to do without any insight into the relationship between open and closed societies or vice versa. I have done so my dialogue on financial markets. But, at the present moment in history, I find the combination of the two elements particularly revealing.

I put forward my conceptual framework with some trepidation. For one thing, it is not well established. It is quite new, and it is subject to all the tentative proposals it propels. But I cannot make the attempt because I have used it and it works—and I have been repeatedly surprised at how different it is from the current people think.

A Theory of Revolutionary Change

My theory of history is based on the recognition that our understanding of the world is which we live is inherently imperfect. We have to act without knowledge. We have to make decisions in the light of our imperfect understanding. The decisions we make are not determined by our state of mind and the actual state of affairs, because the actual state of affairs is not determined by our state of mind. The relationship between the two is conceptual to. Therefore, cause must be drawn by a discrepancy between the participants' thinking and the actual state of affairs and that discrepancy provides the key to understanding the course of history.

There are times when the discrepancy is relatively minor, and there is a tendency towards correspondence between people's views and the actual state of affairs. That is the case when prevailing institutions are flexible and adaptive. In such circumstances, the participants' misconceptions are critical processes at work which bring people's thinking in line with practical possibilities. In these near-equilibrium conditions, the discrepancy does not influence the course of events to any great extent and it can be safely neglected. It is in these conditions that the tendency towards equilibrium, which is the main focus of mainstream financial markets, the discounting of future expectations, is relevant.

But there are times when the discrepancy between perception and reality is very wide and shows increasing tendency towards divergence. On occasions, the course of events follows a totally different pattern and the outcome is far from anything that participants have anticipated or even the two extremes of disappointment or complete joy on the one hand, and thoroughly or insufferably on the other.

The prevailing social order was a good example of the first kind of extreme, where the Hohlfeld dogma was extremely rigid and incapable of modification. Society was divided into two camps, one of which was in a state of disorganized disorder. The outcome was far from anything that participants had anticipated, but it was not a temporary resistance point in a trend that was in the process of development.

I have made a special study of these conditions of dynamic disequilibrium, both in financial markets and in other settings. I find the boom/bust pattern that is common in financial markets also very relevant to understanding the course of events in the current crisis. But of course, one must not apply the pattern mechanically.

I shall not go into the details of my theory. The most important point I want to make about the boom/bust pattern is that it is a trend-biased, one-directional process but it is open-ended and also characterized by increasing, or at least, continuing, divergence. The trend is not a trend towards equilibrium, but a trend towards an integral part of the boom/bust pattern and the point at which the trend is reversed is not determined in advance. Unlike in the financial markets, the every trend is not based on a dogma and society is not dominated by the state. Instead, the state is a tool and society is not dominated by the state. Instead, the state is a tool and society is not dominated by the state. Instead, there is respect for executive and minority opinion.

I think the distinction between open and closed societies is more revealing in the present situation than the Hohlfeld dogma distinction between communism and the free world, because it allows us to see the Soviet Union in a different light. It was a closed society, but it was not a society that was organized on an open society. It was a closed society, but it was a closed society. It was a closed society, but it was a closed society. It was a closed society, but it was a closed

economic assistance. The G-7 ought to have developed a command structure for dealing with economic aid to the former Soviet Union, but did not. There is much to be gained from giving the task to the Partnership for Peace. For one thing, it would put the emphasis on conflict prevention rather than intervention; for another, it would put the economic cost in the context of the gain in security. Incidentally, it would focus attention on the constituency in the former Soviet Union which is the most important from a security point of view, namely the military. In current economic conditions, even very small expenditures benefiting the military would have a major effect in their attitude and behavior.

A strong case can be made that economic assistance to Russia and the other newly independent states is justified only in the context of a Partnership for Peace. If my earlier analysis is correct, the danger of nationalist dictatorships arising is the greatest after the economy has stabilized. It is imperative to create a structure that obviates the danger.

Economic Cooperation
The multilateral structure of the Partnership would be particularly useful in reestablishing economic ties among the member countries of the former Soviet Union. There is an urgent need for some kind of economic union because the Soviet economy was totally centralized with very little redundancy built into the system and if the lifelines are cut, individual countries bleed to death, as the example of Ukraine demonstrates. But the newly independent states justly fear the prospect of renewed domination by Moscow and Western participation could allay their fears.

Perhaps the greatest accomplishment of the Marshall Plan was that it fostered European cooperation. The need for cooperation among the formerly communist countries is even greater than it was in post-war Europe and it is in this field that the Partnership for Peace could make its greatest contribution to security. But the reform and reconstruction of economic ties among the formerly communist countries should not be pursued at the expense of their integration into the European economy. Countries like Hungary have almost completely broken their dependence on the Soviet market; they need better access to European markets more than any other form of economic assistance. By allowing differentiated treatment, including membership in the European Union and NATO, the Partnership for Peace should help fulfill their aspirations.

Conclusion
I realize that the mood in the NATO member countries is not favorable for the kind of radical new departure I advocate. But at least the need for it is recognized; otherwise, the paltry measures offered by the U.S. administration would not have been named “Partnership For Peace.”

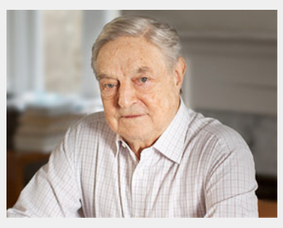
I am convinced that the kind of Partnership for Peace I outlined here is feasible. It would be welcomed by both Russia and the other newly independent states, as well as the countries of Central Europe. It would be far cheaper than allowing the incipient world disorder to develop unhindered. It would change the course of history for the better.

There is little time left before the January NATO summit and President Clinton’s visit to Moscow. Nevertheless, I hope that my proposal will receive serious consideration.

Share this essay

ESSAYS
US Democracy Under Concerted Attack
Open Society Foundations, July 4, 2022
See all Essays →

BOOKS
In Defense of Open Society
See All Books →



Born in Budapest in 1930, George Soros is chair of Soros Fund Management LLC. As one of history’s most successful financiers, his views on investing and economic issues are widely followed. This is the official site for information about George Soros.

Biography | Books | Essays | Philanthropy | Press Resources

© 2022 GeorgeSoros.com. All rights reserved.

MAILING LIST
Receive George Soros’s articles and essays by mail.
Your email address
SIGN UP