

# Positioning A Privatized Port in an Era of Geostrategic Tensions and Economic Fragmentation

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**BLACKSUMMIT**  
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# If Trade is the Answer, then what are the Questions?

- **Veil of Ignorance:** If we were to be born today and had a choice, how many would have chosen to be born in Russia, Syria, Iran, or China? How about the US?
- What do Xerxes, Napoleon, and Hitler have in common?
- What is the common parameter in World War I and II?
- Are we headed into a **Thucydides Trap** in an era marked by great power rivalry?
- What are the elements that foster and nurture power?
- From Herodotus to Polybius and on to Machiavelli: How is power sustained and how does a Great Power advance the **common good**?
- What is the role that Ports play in the forthcoming reality?

# What are the Parameters that Define the Unfolding Era?

- Great Power competition between **Democracy** and **Autocracy**
- Technological Innovation
- Accumulation of Debt
- The emerging Weakness of Institutions due to weak paideia
- Belligerent actors with no respect for the rule of law or human and civil rights
- Rising geopolitical tensions, coupled with spheres of influence
- Economic and financial uncertainty



# Conditions for Advancement

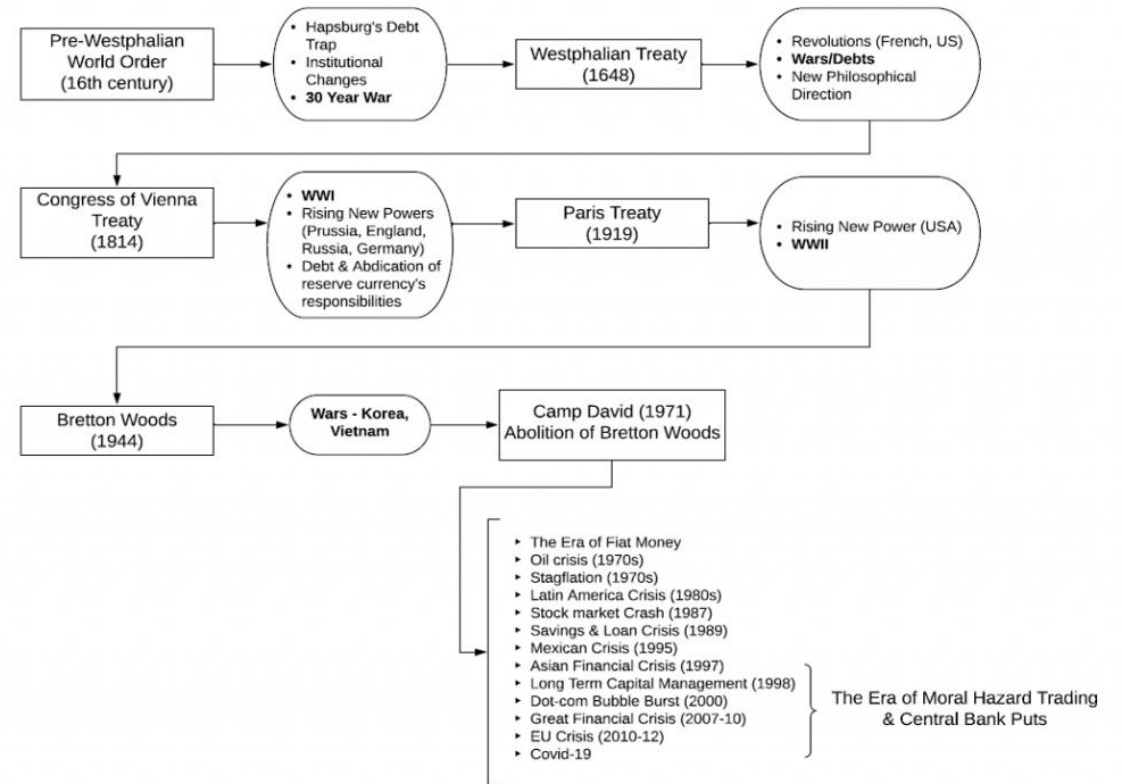
- Historically speaking, nations where the rule of law is respected and where checks and balances limit the power of each branch of government (executive, legislative judiciary) enjoy better long-term growth, build stronger alliances, are able to raise capital internationally, become global geoeconomic centers, innovate, and prevail in wars.
- This form of republican liberal democracy represents the cornerstone of growth and development that limits graft, corruption, and injustice, while advancing institutional strength.
- The weakening of the internal and domestic institutions that allow the flourishing of republican democracy became the seeds of catastrophe for the Athenian democracy and the Roman Republic, as well as the Spanish, Venetian, French, and British empires.
- Dictators are often thought to have an advantage as their word is the law, but history is full of examples where hubris and overextension became the seeds of national downfall, as there was no one to stop their madness, foolishness, and lack of foresight.

# The One, the Few, and Many

- **Prosperity without virtue and paideia sows the seeds of servitude.** The Romans had read Polybius who, in turn, had absorbed Aristotle's message that unless a balance of monarchical, aristocratic, and democratic values (the One, the Few, and the Many) is constantly monitored and reinvigorated, society is doomed to fail. Machiavelli wrote in the Discourses: "All human affairs are ever in a state of flux and cannot stand still."
- According to Machiavelli, the elements that empower a free society (trade, vigorous politics, strong military) ultimately turn back on themselves. Prosperity and success become passions for elevating private vested interests rather than the interests of the State, which, in turn, corrupts its institutions and consequently, the society fails as factionalism and tribalism prevails. When each member of the group in the mix of One, Few, and Many is devoting itself to gain power at the expense of the other, then life (economic, social, political) becomes a cycle of mafia-style vendettas and payback. In the meantime, luxury and wealth cover up the internal cancer and corruption of the institutions' soul so that death becomes unavoidable. New legislation cannot help; "the new laws are ineffectual, because the institutions that remain constant, are corrupt."
- When society has come to that point, only a crisis can awaken the society and that's where a Prince is needed to save it from extinction. The Prince cannot be a Platonic soul doctor and cannot be a high-minded Philosophical Ruler. The Prince is nothing but an aismnitis who knows the art of war and is using all means necessary to save the State from its forthcoming collapse. Machiavelli had just discovered that Aristotle's Politics is built on the back of his Ethics. **The good life presupposes a virtuous life. However, survival may dictate stopgaps and temporary suspensions of the values they profess to uphold, when the Prince's mission is not to please the masses and be loved, but rather inflict pain where necessary.**

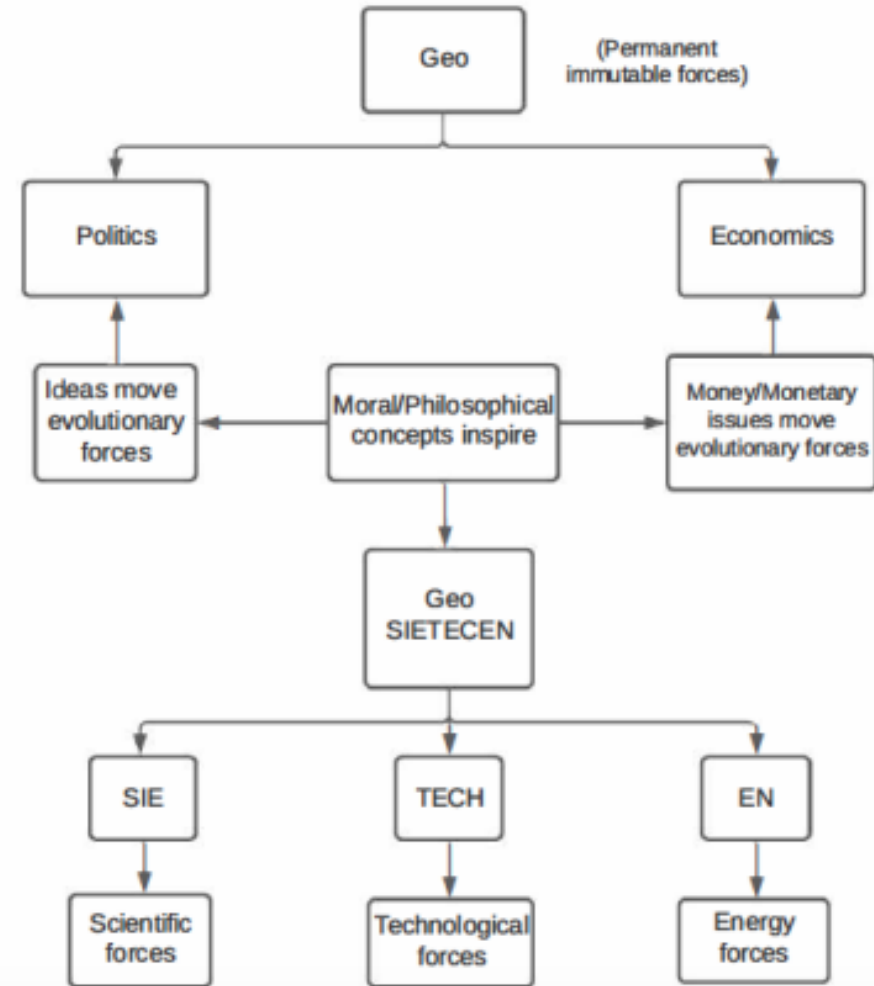
# The Historical Rebalancing of Power

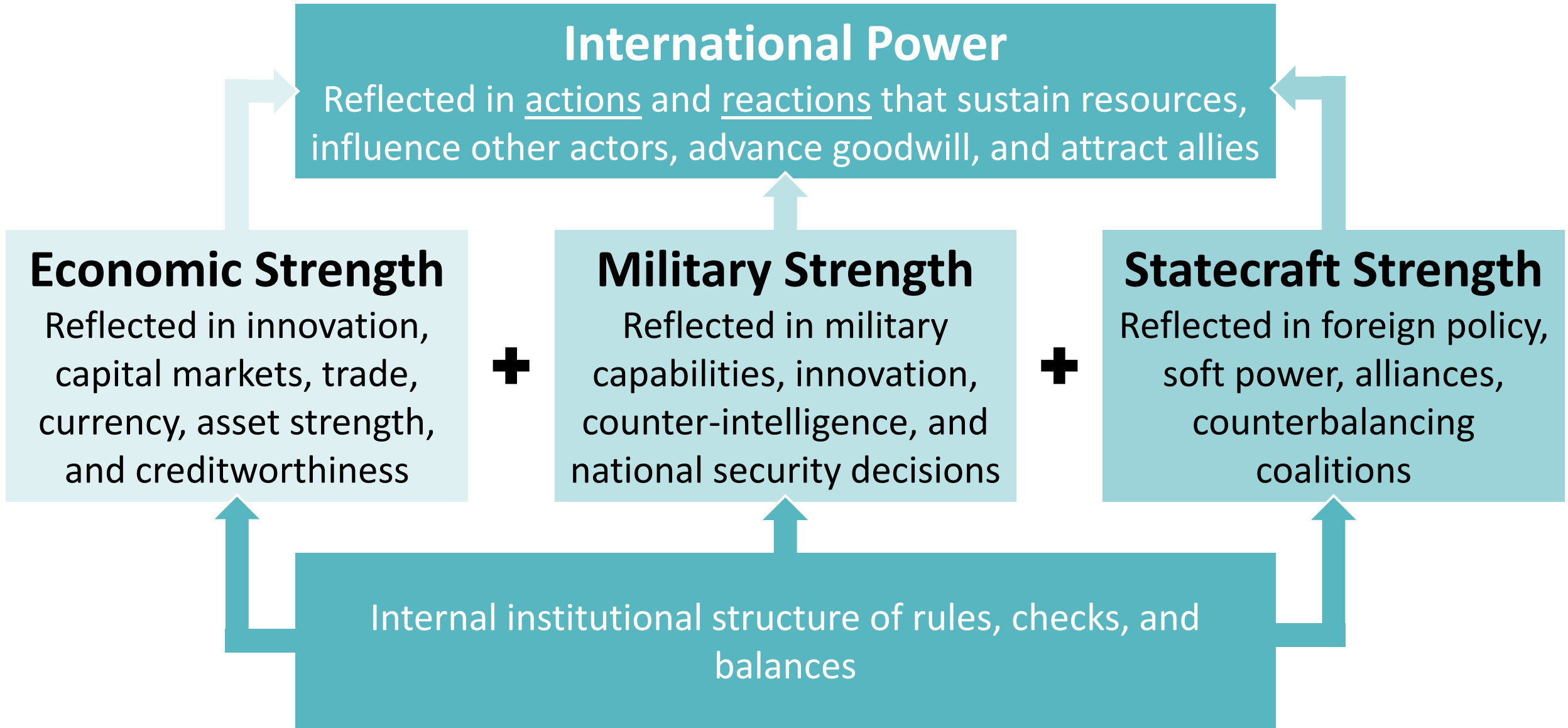
## Balance of Power/Paradigm Shifts



# Realism Going Forward

The Emerging Forces of International Balance of Power





## Fundamental Cornerstones of Peaceful Advancement, Part I



# Sustaining Democracy = Advancing the Middle Class

If There is No Middle Class, There is No Democracy

## Conditions of Creating the Middle Class

### Rule of Law

Legal Infrastructure, Checks and Balances

+

### Physical

### Infrastructure

Roads, Ports, Water Systems, Transportation

+

### Social

### Infrastructure

Schools, Hospitals


+

### Financial and Trade Infrastructure

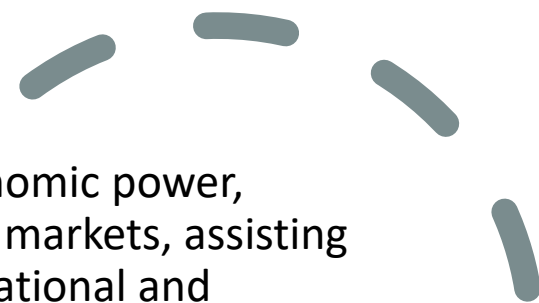
Fundamental Cornerstones of Peaceful Advancement, Part II

# Status Report

- The erosion of the middle classes around the world leads to extremes and to populism. For Aristotle unless the middle class thrives, ochlocracy/mob rule will prevail. A liberal republican order - which is based on a viable middle class - prevents the few from ruling and from imposing their interests and will on the republic. Growth, strong paideia, strong military, and democracy go hand-in-hand, otherwise democracy will be degraded to either tyranny or mob-rule.
- The emerging great power rivalry is centered on the competition between the US and China. The **Thucydides Trap** points to a forthcoming war, as the epicenter of the rising conflict is about maritime issues, international waters, and centers of power (including ports).
- Ukraine War: Qui Bono? China is the main beneficiary. Russia emerges as a weak power with questionable prospects, which makes it more dangerous, especially given Russia's nuclear power.
- Caution: We don't have the luxury of being caught asleep at the wheel due to rising brutal and belligerent powers that seek to impose their will, system, and methods by "re-educating" the world the same way that they "re-educate" the minorities in their territories – not only by oppressing and terrorizing them, but also by using clever programs to acquire local assets such as ports, highways, and infrastructure projects at low prices. By acquiring these projects those powers advance their mission of domination.



# What Role Should a Port Play in the Unfolding Era?

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- Ports are important in reflecting economic power, advancing trade, deepening financial markets, assisting in military deployments, advancing national and alliances' security, promoting hard and soft power, while creating middle class jobs which are necessary for sustaining democracy. Therefore, a privatized port needs to be a hub for:
    - **National and International Security**
    - **Food Security**
    - **Energy Security**
    - **Trade Security**
    - **Stopping activities that undermine the rule of law**

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# How Could Ports Assist in Avoiding the Thucydides Trap?

- Athens posed a challenge to Sparta because it offered a powerful value proposition (economic and military strength coupled with a liberal democracy). The challenge for the West today is that it cannot merely rely on a “shared values” narrative. Rather, it needs to offer the same powerful value proposition that is backed up by strong internal institutions, economic, diplomatic and military force.
- A privatized Port should commit to advance the five functions shown in the previous slide as well as commit to advance the common good of the local economy. Failure to do so should disqualify the ultimate beneficial owners from continuing with the concession.
- Collaboration with other local ports where specialization, goodwill, and mutual assistance is guided by the principle that the home of the neighbor should appreciate in value.
- Promote independent spirit of checks and balances rather than being the arm of oppressive regimes.
- Identify projects and causes of mutual concern (such as reducing carbon emissions) and promote together common good and trade both of which are instruments of justice and peace.

