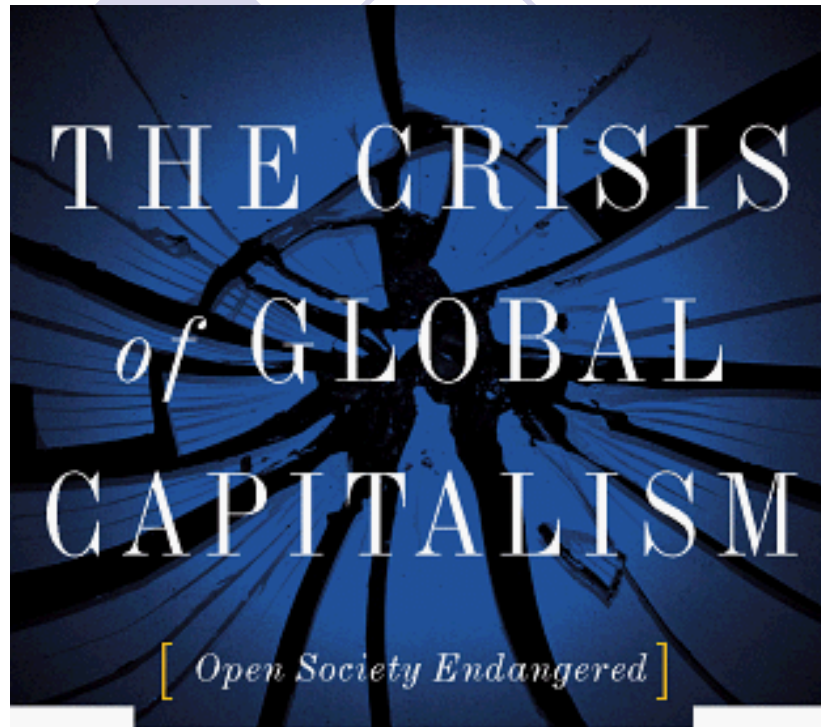




# Rebuilding the Open Society

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George Soros,  
December 2, 1998,  
PublicAffairs

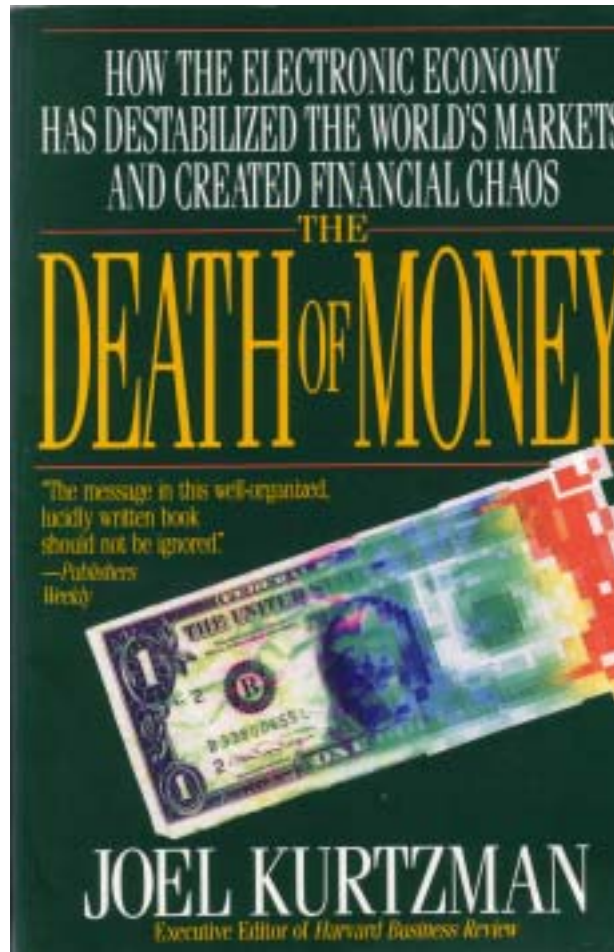


# The open society in crisis

- Mr. SOROS: I think that there is an **innate instability in financial markets**, which is a rather abstract point that I'm trying to make, which is **really built into the system**.

(a transcript of the December 10, 1998, meeting, "*Crisis of Global Capitalism: Open Society Endangered -- A New Book by George Soros*," sponsored by the Council on Foreign Relations New York Meetings Program).

# Death of Money



The new **neural network of money** made its debut rather abruptly on Sunday, August 15, 1971 by Richard M. Nixon, President, although most people did not recognize its appearance for at least a decade. ←

The termination of the **Bretton Wood Agreement Act** agreed on July 22, 1944 in Hampshire, and signed by Harry S. Truman, President, on Tuesday, July 31, 1945.

# The Source of Crisis



- The **science on open society** is mandatory!
- Theory: axiomatize by a set of assumptions
  - theorize
  - implement
  - prove



# Information Model of History

- **Assumptions on the great powers** (military, economical, cultural, or religious)
- **Assumption 1:** The power area size (namely, the size of the major area of a given great power) is controlled in proportion to the information speed (namely, the speed of the information made available to the power).
- **Assumption 2:** The power period is controlled in inverse proportion to the information speed.
- **The Time Period Considered:** From the Egyptian Dynasties to the Current World, namely from 3,100 BC to 2,000 DC

# Summary of the Great Powers Shift from 3,100 BC to 1987 DC

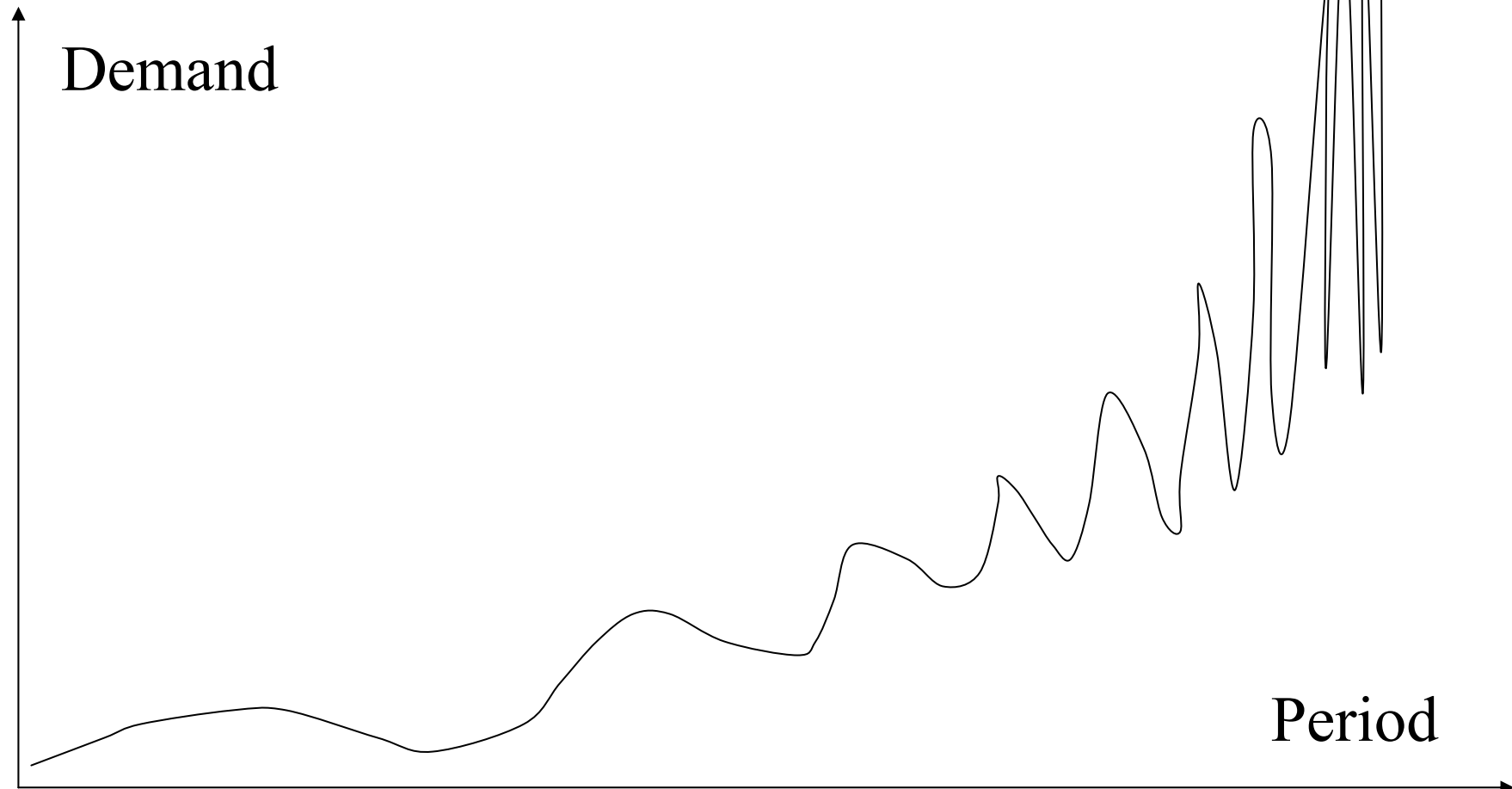
<i>Great Powers</i>	<i>Information Carrier</i>	<i>Information Speed</i>	<i>Power Area Size</i>	<i>Power Period</i>
Pax Romana	human networks	feet 5 - 10 km/hour	2 million km <sup>2</sup>	1000 years
Pax Britanica	surface networks	vehicle 50 - 100 km/hour	20 million km <sup>2</sup>	100 years
Pax Americana	aircraft networks	500 - 1000 km/hour	200 million km <sup>2</sup> (40 % of the whole globe surface)	10 years

- The assumptions are validated.

# The Great Powers Shift from 1988 DC and beyond

<i>The Great Powers</i>	<i>Information Carrier</i>	<i>Information Speed</i>	<i>The Power Area</i>	<i>The Power Period</i>
Pax Romana	human feet networks	5 - 10 km/hour	2 million km <sup>2</sup>	1000 years
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Pax Americana	aircraft networks	500 - 1000 km/hour	200 million km <sup>2</sup> (40 % of the whole globe surface)	10 years
Pax Informatica	compute networks	5 - 10 x 10 <sup>8</sup> km/hour	500 thousand times of the whole globe surface	5 minutes

# Recession Frequency



# Social Stability via Reinvestment into Heavier Information Inertia Areas

- **science → technology → industry → commerce → social commodity → education → human resources → culture**

# Open Society Rebuilding

## Advancement

**science → technology → industry → commerce → social  
commodity → education → human resources → culture**

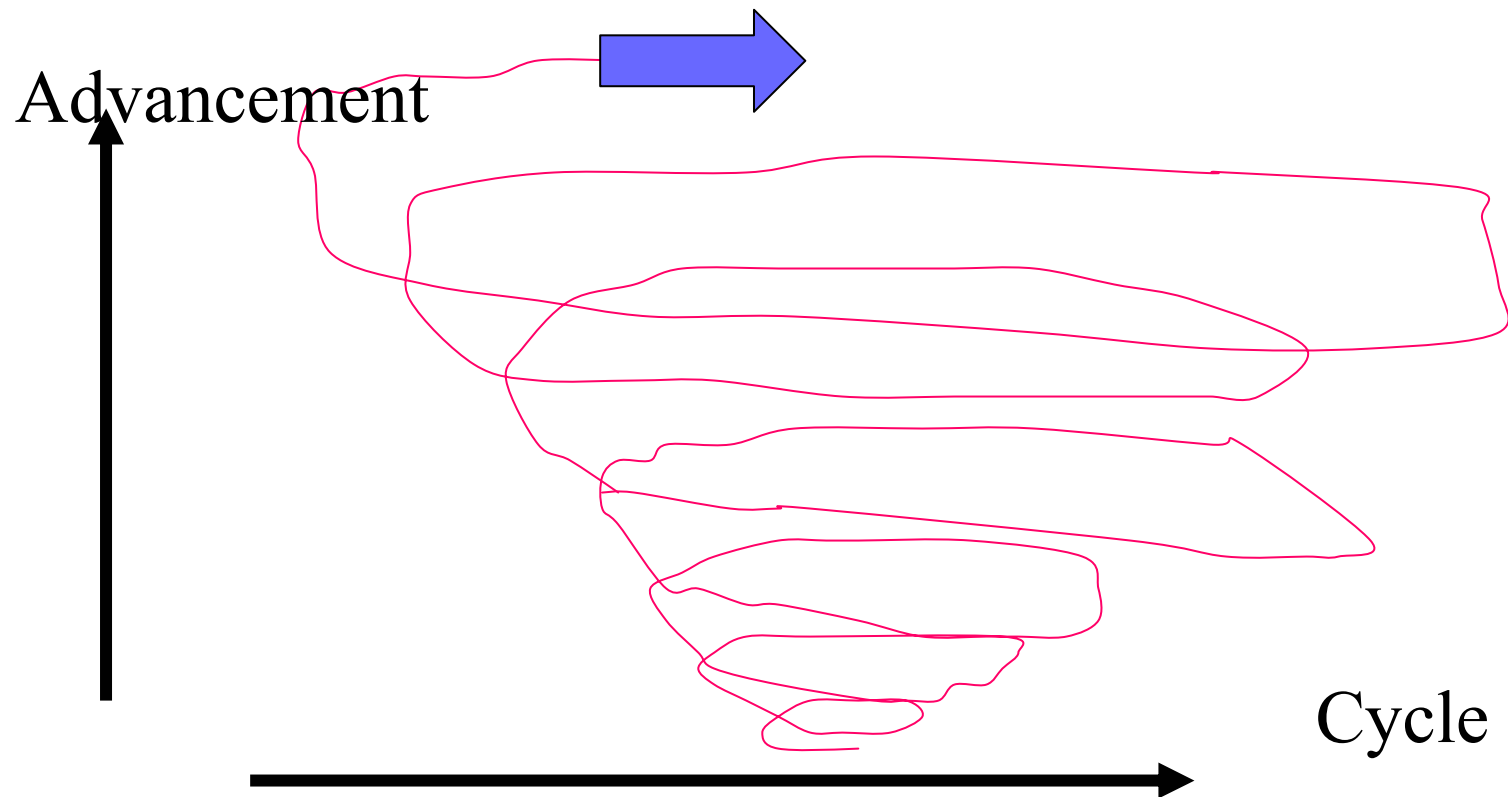
.....

**science → technology → industry → commerce → social  
commodity → education → human resources → culture**

**science → technology → industry → commerce → social  
commodity → education → human resources → culture**

**Cycle**

# Open Society Rebuilding Result





# Rebuilding the Open Society

- Just “open” ends up in instability as has been known in history.
- By Reinvestment into Heavier Information Inertia Areas
- the key concept as an assumption: **Information inertia**  
 $\propto$  the time to see the **effect**  
– the time the information is given as the **cause**
- The assumption is to be validated by rebuilding and stabilizing the open society.