

Vladimir Kvint, Strategy for the Global Market: Theory and Practical Applications

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Vladimir Kvint has published a very important book on the theory and practice of strategic action in the globalized market¹. Kvint is an economist but also a specialist in strategic action, who had a brilliant career in three countries, in the Soviet Union first, where he was elected a member of the Academy of Sciences in 1982, in the United States afterwards, then in Russia where he teaches at the Moscow School of Economics and where since 2007 he is the director of the department of financial strategy of this school in the framework of Lomonosov State University. He is also President of the International Academy of Emerging Markets.

This book therefore raises the question of how strategic action can be conceived and implemented in the 21st century economy. It is a considerable ambition. Kvint has therefore produced an important book, both theoretically and descriptively. This 520 pages book is very rich and has many references that are often of great interest. It can be read as an analysis of the major problems posed today for the survival of both state economies and individual firms by the existence of a globalized market. But it can also be read as an essay on economic action and more precisely on economic strategic action. It is this more theoretical reading that is claimed here and will be the focus of the paper. Not that the more applied parts of the work are negligible. To the very contrary; these parts would impose a reflection on the notion of «*globalized market*», on the interconnection, realized or not, between the different economies, on the international dynamics that one can deduce today from the international economic evolution. All these topics are of the utmost importance. As a matter of fact I am myself preparing a new edition of my 2011 book, which should be published in December 2019². I refer the reader there. But, important as these parts are, they seem to me less fundamental than the more strictly theoretical parts. This is why this review will therefore focus on it.

An ambitious book

The ambition of the work is considerable, as has been said. Indeed, Vladimir Kvint opposes all those who

explain that in a globalized economy rules and norms are ruling the economy and that leaders can only react to the consequences of these rules and standards. What had actually brought out the phenomenon of globalization and made it into a generalized «social fact» was a double movement. There was both the combination, and entanglement, of commodity flows and financial flows AND the development of a form of government (or of governance to use modern language) where the economy seemed to outweigh the policy, business the States, norms and rules the politics. But, these times seem at end. On this point, we can only note a recovery by the States of these flows, a victorious return of the political. This movement could be seen as the return of state sovereignty. Sovereignty is indispensable to democracy³. We have indeed examples of states that are sovereign but not democratic, but nowhere has we seen a state that was democratic but not sovereign. To be sovereign, it is above all to have the capacity to decide⁴, which Carl Schmitt expresses also in the form «*Is sovereign the one who decides the exceptional situation*»⁵. On this issue of sovereignty it will be necessary not to hesitate to confront, and for that to read, Carl Schmitt if one wants to hope to have an intelligence of the future⁶. For the question of the relationship of political decision to rules and norms, and thus the question of the delimitation of the space governed by politics and that governed by technology, is indeed constitutive of the debate about sovereignty⁷.

Vladimir Kvint pronounces himself for a description of the economic universe as traversed by antagonistic projects, as a space of power relations and of power projections, but also specificities of actions and actors.

³ Sapir J., (2016), *Souveraineté, Démocratie, Laïcité*, Paris, Michalon.

⁴ Schmitt C., (1936) *Légalité, Légitimité*, translated from German by W. Gueydan de Roussel, Librairie générale de Droit et Jurisprudence, Paris; German edition, 1932.

⁵ Schmitt C., (1988), *Théologie politique*, Paris, Gallimard, p. 16.

⁶ Balakrishnan G., (2002), *The Enemy: An intellectual portrait of Carl Schmitt*, Verso. See also Kervégan J-F, (2011), *Que Faire de Carl Schmitt*, Paris, Gallimard, coll. Tel Quel.

⁷ Voir Sapir J., (2002), *Les économistes contre la démocratie - Les économistes et la politique économique entre pouvoir, mondialisation et démocratie*, Albin Michel, Paris.

¹ Kvint V., (2016), *Strategy for the Global Market*, New York, Routledge.

² Sapir J. (2011), *La démondialisation*, Paris, Le Seuil.

It is a «rough», and uneven space and not a smooth space, as neoclassical economists dream of it and are describing it. These economists actually lock up the economy in trade and in exchange. But, the economy is actually much more similar to the land than to the sea⁸.

Not that there were great naval strategists, like Admiral T. Mahan⁹. Mahan, too, wrote for the leaders, for the decision-makers. Its strategy is based on the sea, and certainly is understanding the specificity of the sea but is not reduced to it¹⁰. However, the roughness or the unevenness of the economic space is more like what we find in the land. The specificity of means, but also that of assets, a rediscovery of the 1970s, shows it¹¹. Therefore, we must question the critical content of liberalism of the book. We can not talk about strategy, recognize that in economics we actually move in a rough space, and not at the same time criticize economic liberalism¹².

But, another way then opens to us. By developing the analogy between economic strategy and military strategy, there is a particular theoretical reflection on the question of strategy. Alexander Svechin, the great thinker of Russian and Soviet strategy describes the strategy as an art but also as a theory of this art¹³. But, Svechin, who considers too that the strategy is also the art of leaders and decision-makers introduces an important typology, distinguishing the tactics of the operational art, and the operational art of the strategy. The question therefore arises of whether such a typology can apply in the economic space.

A vibrant plea for strategic thinking

From the very first pages, the author therefore states that: «*Strategy still remains surprisingly underestimated, misused or misunderstood within certain powerful corporations, governments and military bodies*»¹⁴. This is certain, but for really different reasons. The disdain for strategic action and the decline of strategic thinking can have extremely different sources depending on which

segments of society one thinks of. The pre-eminence of norms and rules in the political thought of contemporary societies has been and remains one of the major factors in the disappearance of strategic concerns among leaders. This point is also widely emphasized by Carl Schmitt in his 1932 book¹⁵. Schmitt's thesis is that parliamentary and liberal democracy can be constituted only through a power of norm and rule, a power that then relegates that of the decision-strategist, who is none other than the Sovereign, in nothingness¹⁶. The fascination for the technique thus gradually takes away all the will of the individuals¹⁷. The strategy can also disappear in the tactics, or more precisely dissolves itself in the analysis of the immediate means¹⁸. This point is also discussed the book chapter 4¹⁹. This is a classic problem among the military and is one of the best-documented cases of loss of this «sense of the future» or «sense of vision» to that leaders could succumb in the strategy²⁰. An obvious example of this loss of sense of priorities is provided by Martin van Creveld when he analyzes the British offensive on the Somme in 1916, during the First World War²¹.

But, the best example here is certainly the case of German military thought. The German military establishment of World War 2 is endowed by a formidable reputation of efficiency. The very word of «Blitzkrieg» is summing it. But, actually, Nazi Germany lost the war it begun. This is not what can be called a successful strategy. We are then faced with a German «systemic incompetence» that manifests itself on several levels, as soon as we leave the narrowest tactical elements. Interestingly, it was the Italians, who were in permanent contact with the Nazi elites, who gave the best descriptions of this «systemic incompetence» or «structural disorder» of decision-making²². The «Ciano Diaries», that is to say the notes taken by G. Ciano and published after the war²³, also show very well how an observer, who is at least ambivalent vis-à-vis Hitler, observes the succession of decisions which are coherent only on a limited space and which are incoherent and even inconsistent between them. This strategic incoherence is evident in 1939. The German military is not ready for a war against France

⁸ Schmitt C., (1942, 2017), *Terre et Mer*, Paris, Pierre Guillaume de Roux éditions.

⁹ Mahan A.T., (1890) *The Influence of Sea Power Upon History, 1660–1805*, New York, Little Brown & Co.

¹⁰ Tetsuro Sumida J., (1997), *Inventing Grand Strategy and Teaching Command. The Classic Works of Alfred Thayer Mahan Reconsidered*, Baltimore, John Hopkins University Center.

¹¹ Klein B., R. Crawford, A. Alchian, (1978), «vertical Integration, Appropriable Rents and the Competitive Contracting System», in *Journal of Law and economics*, vol. 21, pp. 297–326. See also Alchian A., (1984); «Specificity, Specialization and Coalitions» in *Journal of economic Theory and Institutions*, n°140, pp. 34–49.

¹² Berman R.A., «Geography, Warfare, and the Critique of Liberalism in Carl Schmitt's 'Land and Sea'», présentation à la seconde édition anglaise de *Terre et Mer*, in Russell A. Berman and Samuel Garrett Zeitlin, (2015), *Land and Sea – a world historical meditation*, Candor, NY, Telos Press.

¹³ Svechin A.A., (1927), *Strategia*, Moscou, Voennyi Vestnik.

¹⁴ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 3.

¹⁵ Schmitt C., (1932, 1936), *Légalité, Légitimité*, translated from German by W. Gueydan de Roussel, Librairie générale de Droit et Jurisprudence, Paris; German first printing, 1932

¹⁶ Sapir J., (2016), *Souveraineté, Démocratie, Laïcité*, Paris, Michalon.

¹⁷ Heidegger M., (1958), *Essais et conférences*, Paris, Gallimard, p. 11.

¹⁸ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 102.

¹⁹ Kvint V., (2016), *Strategy for the Global Market*, op.cit., pp : 137–178.

²⁰ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p : 144.

²¹ M. Van Creveld, (1985), *Command in War*, Harvard University Press, Cambridge, Mass, pp. 155–168.

²² Sadkovich J. (1994), «German Military Incompetence Through Italian Eyes», in *War in History*, vol. 1, n°1, pp. 39–62; of the same author «Of Myths and Men : Rommel and the Italians in North Africa», in *International History Review*, 1991, n°3

²³ Ciano G. (1946, 2001), *The Ciano Diaries – 1939–1943*, Edited by Hugh Gibson, Introduction by Sumner Welles, New York, Simon.

and Britain at this time. Moreover, Hitler asserts - to calm his generals - that France and Great Britain will not fight for Poland. The sad and revolting editorial of Marcel Déat (*Dying for Danzig?*) Has certainly reinforced his opinion. Nevertheless, German diplomacy and Italian diplomacy drew attention to the fact that the Franco-British determination was solid this time. In this context, the search for a compromise would have been logical, especially since Hitler had indicated 1942/43 as the date of the war he wanted. All German rearmament plans, air, land and sea included, were designed according to this date and not to a war in 1939. Yet Hitler attacked Poland because he «wanted» the war beyond the gain he could have waited for the latter. He then took the risk of a break with Mussolini²⁴.

In a caricatural way, a certain Western historiography has taken up the theses of the German generals who, in their memoirs, make the cause of their defeats be on the «madness» of Hitler (certainly, very real), or on the incompetence of the Italians (for the North African fights). However, a realistic analysis of the factual elements shows that these same generals are themselves the cause of their defeats despite and even because of their tactical successes. This fact has been well established by M. Geyer, who shows that, as early as 1937/38, German strategic thought has dissolved into tactics²⁵. The concern for the loss of the general meaning of the action in the complexity necessary for the implementation of this action is precisely one of the points on which Vladimir Kvint insists.

But is not the problem really in what the author defines as the strategy? The following quote poses the problem: «*Strategists aim for a holistic and interconnected world perception*»²⁶. The status of strategist and strategy raises a question here. There is of course the question of the debate between individualism²⁷ and methodological holism²⁸. This debate is actually at the center of the controversy over the role and meaning of institutions in economics²⁹. On the other hand, economics should have been about time and ignorance, which is central to the problem of strategy³⁰.

²⁴ Gallo M., (1966), *L'Italie de Mussolini*, Verviers, Marabout Université, pp. 302-06.

²⁵ M. Geyer, German Strategy in the Age of Machine Warfare, 1914-1945, in P. Paret (ed.) *Makers of Modern Strategy*, Princeton University Press, Princeton, N.J., 1986.

²⁶ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 4.

²⁷ Kincaid H., (1986), «Reduction, Explanation and Individualism», *Philosophy of Science*, vol. 53, Décembre, p. 492-513. Agassi J., (1960), «Methodological Individualism», in *British Journal of Sociology*, vol. 11, n°9, p. 144-155

²⁸ Ramstad Y., (1986), «A Pragmatist's Quest for Holistic Knowledge: The Scientific Methodology of John R. Commons», in *Journal of Economic Issues*, Vol. 20, n°4, décembre, p. 1067-1105

²⁹ Sapir J., (2005), *Quelle économie pour le XXIème siècle*, Paris, Odile Jacob, chap. 5.

³⁰ O'Driscoll Jr G.P. and M.J. Rizzo, (1985), *Economics of Time and Ignorance*, Oxford, Basil Blackwell

The question of the perception of the world is certainly central to the question of the determination of a strategy. A graph in the book shows it clearly³¹. In this graph, Vladimir Kvint shows how the strategy is both the point of union, but also the bridge of passage, between the present and the future. This is absolutely true. We must here thank Kvint for having brought out the notion of temporal conflicts, a notion that is at the root of an economy refusing the General Equilibrium³², as one of the key notions of the economic strategy.

But the actors who design and implement strategies, whatever their level, can only have the future of the perception that has been shaped in the past. But this perception is largely false. Because would the future only be the reproduction of the past, then no strategy would be necessary. To situate oneself from the point of view of strategy is, in a sense, to take sides with subjectivism. The imagination of the individual is part of his knowledge. It is only through his future experiences that he will be able to sort out what comes from his imagination that is either false or impossible, and what can enable him to achieve all or part of his objectives.

Strategy, strategies

There are therefore several types of strategies. The author presents at least 3³³. But these different types of strategies pose the problem of breaking with previous perceptions or of their gradual improvement. Now, on this point, there is the problem of the saturation of the human mind by the volume of the signals to be processed³⁴. The multiplication of the volume of the signals, while the processing capacities, they do not evolve at the same rate is certainly one of the most difficult problems to solve during the preparation of a strategy. More than an informational revolution, modern information-gathering systems could induce what Martin van Creveld calls an informational pathology³⁵. The multiplication of signals and the imbalance between the ease of circulation of explicit information over tacit information will make the role of knowledge even more important than it was before. It is a profound and dangerous mistake to believe that we are entering an information society where the decision would be simplified because of the multiplicity of available information. According to the point of view we are moving either towards a society of the signal, with as horizon the thrombosis of the interpretations and the informational pathologies, either towards a society of the knowledge.

³¹ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 64.

³² Sapir J., (2000), *Les trous noirs de la science économique – Essai sur l'impossibilité de penser le temps et l'argent*, Albin Michel, Paris.

³³ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 50.

³⁴ Simon H.A., (1972), «Theories of Bounded rationalities», in J. McGuire et R. Radner, (eds.), *Decision and Organization. Essays in the Honor of J. Marschak*, North Holland, Amsterdam, pp. 161-178. Idem, (1978), «Rationality as Process and as Product of Thought», in *American Economic Review*, vol. 68, n°2, pp. 1-16.

³⁵ Van Creveld M., (1985), *Command in War*, op.cit.

The latter requires, however, that priority be given to structural forms that allow the easiest mobilization of adequate forms of knowledge, relevant knowledge, implicit knowledge, procedural knowledge, reflex knowledge, and knowledge-state of mind. The notions of information and communication lines will be at the center of the efficiency of economic and social systems. The example of the «reception» of intelligence information in the Cuban Missile Crisis of 1962, and of its political dimension, is attesting of this fact³⁶.

However, these information lines impose rigidities, and have stability requirements, which cannot be perceived as long as we remain within the paradigm of information, that is denying the necessity to process any information. In fact, decision-makers should logically choose to consciously ignore some of the information so that they can continue to make decisions. This is exactly what the works of H. Simon and A de Groot have explained³⁷. These decision-makers must then turn to heuristic rules, not because of lack of information (standard thesis of the paradigm of imperfect information at Radner and Stiglitz³⁸), but because of the excess of the latter. The example given by Martin van Creveld of the defective decision-making process of the US Army in Vietnam is a perfect illustration of the ways in which one can fall when one reasons only on the basis of a desire to accumulate information³⁹.

This is an issue at heart of the economic decision. How the economic decision-maker would make his or her decision about investment and the firm strategy? In Keynes, if we consider that the investor plays the role of the entrepreneur, we can read: *«In the past, when companies were mostly owned by those who created them or their friends and associates, the investment depended the sufficient recruitment of individuals of sanguine temperament and constructive spirit who embarked in business to occupy their existence without really trying to rely on a precise calculation of expected profit. (...) If human nature had no taste for the risk, if it did not feel any satisfaction (other than pecuniary) to build a factory or a railway, to operate a mine or a farm, the only investments raised by a calculation coldly established would take no doubt not a great extension»*⁴⁰.

There is therefore necessarily, in all strategic thinking, an appetite for risk and the unexpected. So, does this mean that in any strategist slumbers a poker player? We know that was the opinion of Admiral Yamamoto, father of the Japanese naval strategy in the Pacific War⁴¹. Here we see the importance of psychological factors in the strategic decision. In fact, it establishes a permanent tension between the anticipation formed *ex-ante* and the result which can only be found *ex-post*.

What is the rationality of the strategist?

In fact, the question of the «rationality» of the strategy and the strategist arises⁴². In fact Vladimir Kvint lays down the principles of a fully rational strategy development. The point is also repeated in the following pages⁴³. That precise calculations may be necessary in the course of developing a strategy is indisputable. But how far can we rely on calculation? Martin van Creveld insists in his book on the risk command that exists to want to reduce any strategy to quantitative data. It has been emphasized above that there is reason to believe that an accumulation of information can, at a certain stage, be an aid in the development of the strategy. The problem of the saturation of cognitive capacities is an unavoidable problem, and all the more so when one moves in a space, the economy, which lends itself to the accumulation of quantitative data⁴⁴.

Are there any «laws» on which to base? Savkin addressed the issue of the relationship between strategic action and a possible «science» governing the decision in the context of a reflexion on military strategy and operational art⁴⁵. In his discussion of the existence of «laws of war», from which one could deduce the strategy, but also the operational art and the tactics, he is then led to specify the status of these laws⁴⁶. This is not so far from Vladimir Kvint's reflection in the first pages of his book⁴⁷. Savkin thus recognizes the existence of principles of strategy, such as that of the economy of means, or that of the concentration of forces⁴⁸. However, analyzing a number of nineteenth-century authors, he warns his reader against an interpretation he calls «idealistic» of these principles and that consists in believing that they can always and everywhere same way, without taking into account the economic and social realities of the time⁴⁹.

³⁶ Garthoff R.L., (1984), *Intelligence Assessment and Policymaking : A Decision Point in the Kennedy Administration*, Washington D.C., The Brookings Institution.

³⁷ de Groot A., (1965), *Thought and Choice in Chess*, Mouton, La Haye. See also H.A. Simon, «Theories of bounded rationality», in C.B. Radner et R. Radner (eds.), *Decision and Organization*, North Holland, Amsterdam, 1972, pp. 161-176

³⁸ Founding father of this approach have then more than a doubt about its validity. See: K.J. Arrow, (1985), «The Informational Structure of the Firm», in *American Economic Review*, vol. 75, n°2, pp. 303-307; R. Radner, (1996), «Bounded Rationality, Indeterminacy and the Theory of the Firm», in *Economic Journal*, vol. 106, n°6, pp. 1360-1373

³⁹ M. Van Creveld, (1985), *Command in War*, pp. 232-260.

⁴⁰ J.M. Keynes, *Théorie Générale de l'Emploi, de l'Intérêt et de la Monnaie*, op.cit., p. 162-3.

⁴¹ Agawa H., (1979), *The Reluctant Admiral. Yamamoto And The Imperial Navy*, Tokyo, Kodansha International Ltd.

⁴² Kvint V., (2016), *Strategy for the Global Market*, op.cit., pp. 102-107.

⁴³ Voir pp. 113-121.

⁴⁴ Van Creveld M., (1985), *Command in War*, op.cit..

⁴⁵ Savkin V. Ye., (1972), *Osnovnye Principy Operativnogo Iskusstva i Taktiki*, Moscou, VoennIzdat.

⁴⁶ Savkin V. Ye., (1972), *Osnovnye Principy Operativnogo Iskusstva i Taktiki*, op.cit. pp. 66-86 et 89-92.

⁴⁷ Kvint V., (2016), *Strategy for the Global Market*, op.cit., pp. 11-38.

⁴⁸ Savkin V. Ye., (1972), *Osnovnye Principy Operativnogo Iskusstva i Taktiki*, op.cit. p. 20-21.

⁴⁹ Savkin V. Ye., (1972), *Osnovnye Principy Operativnogo Iskusstva i Taktiki*, op.cit. p. 21 et Sq.

When discussing the contribution of Clausewitz, Savkin is both appreciative of the understanding of the complex relationship between a principle and the reality of how this principle is applied, but also critical of the confusion that Clausewitz believes commits between laws and principles⁵⁰. In fact, Savkin isolates «laws» which in his opinion have a pure «objective» content of principles that are in fact largely determined by the nature and state of development of society.

The question of the «eternal» or «timeless» nature of the principles of military art was of course disputed by other authors. The case of Marshal Foch is typical here of a thought that recognizes the existence of general principles, but derives from an application without taking into account the economic and social realities of the time, thus resulting in the emergence of the cult of the offensive «which proved costly for France in 1914 and 1915»⁵¹. «Laws» may well exist, but they are without effect if they are not transformed into distinct principles. These, in turn, must be applied taking into account the development context of the economy and society. Thus, the principle of concentration of forces, what Napoleon calls «*walking separately and hitting together*», will be transformed into «*exercising the effects of weapons together on a given point*», even if these weapons can be dispersed on the modern battlefield.

The same goes for economic strategy. The basis of calculation that can be found in Vladimir Kvint's work must thus be precisely contextualized. These calculations may be necessary, but being guided by them could have catastrophic effects if we were faced with forms of innovation, whether on products or in institutions, that would make these calculations obsolete. From this point of view, Kvint does not escape some of Savkin's criticisms of 19th and early 20th century military art thinkers.

The definition of strategic activity

The author thus defines the strategic activity: «*Strategists can ignore current facts since they must ultimately look into the future ...*»⁵². The point is undeniable. Any strategic action is both to deal with the unexpected and to provoke this unforeseen event, or a radical change in the previous situation from which we can hope to take advantage of the opportunities. Now, on this point we can only agree with the author, the notion of unforeseen is very badly liked by economists. Robert Lucas goes so far as to say that where there is more probability there is no more economy⁵³. In a sense, Lucas

is only repeating what Haavelmo wrote in 1944⁵⁴. We can read: «*The question is not whether the probabilities exist or not. If we assume that they exist, then we are able to make judgments about real phenomena that are correct from a practical point of view.*»

But then, does this mean that the economy cannot know strategy nor admit strategic thinking? We must keep this point in mind to better judge the audacity of Vladimir Kvint. Yet economists have shown the importance of this radical unexpected. Frank Knight, whose work of 1921 will influence many economists, will be mentioned⁵⁵. But it is probably Keynes who will take the most radical position on this point. Keynes, as we know, rejects very early the probabilistic vision of the world; he even wrote his Ph.D on this issue⁵⁶, a work whose publication was acclaimed by no less an authority than the mathematician Bertrand Russell⁵⁷. This book, quite unknown among economists, however, lays the foundations of the approach and methodology of Keynes, by his awareness of the phenomenon of radical uncertainty. He explains that what we call «probabilities» refers in fact to the existence of conventions or dominant representations, which are not immune to radical challenges⁵⁸. In a text written much later to defend the General Theory, he argues that: «*By «uncertain» knowledge, let me explain, I do not mean merely to distinguish what is known for certain from what is only probable. ... (...) ... The sense in which I am using the term is that in which the prospect of a European war is uncertain, or the price of copper and the rate of interest twenty years hence, or the obsolescence of a new invention, or the position of private wealth-owners in the social system in 1970. About these matters there is no scientific basis on which to form any calculable probability whatever*»⁵⁹. G.L.S. Shackle will then develop an analysis of the surprise related to the radical unforeseen⁶⁰. The book he wrote in 1949 on expectations can be considered as a first form of rehabilitation of strategic thinking in an economy other than that governed by central planning⁶¹.

Shackle is part of a vigorous challenge to the thought that is rooted in the current that goes from T. Haavelmo to Robert Lucas. For him, nothing was more

⁵⁰ Savkin V. Ye., (1972), *Osnovnye Principy Operativnogo Iskusstva i Taktiki*, op.cit. p. 23-24.

⁵¹ Foch F., (1903), *Les Principes de la guerre. Conférences faites à l'École supérieure de guerre*, Paris, Berger-Levrault.

⁵² Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 4.

⁵³ Lucas R.E., (1981), *Studies in Business Cycle Theory*, MIT press, Cambridge, Mass. See also, Lucas R.E., Lucas, (1975), «An Equilibrium Model of Business cycle», in *Journal of Political Economy*, vol. 83, pp. 1113-1124

⁵⁴ Haavelmo T., (1944), *The Probability Approach To Econometrics*, supplément à *Econometrica*, vol. 12.

⁵⁵ Knight F.A. (1921), *Risk, Uncertainty and Profit*, New York, Harper.

⁵⁶ Keynes, J. M. (1921), *Treatise on Probability*, London, Macmillan & Co.

⁵⁷ Russell, Bertrand [republished from 1922] : «Review: A Treatise on Probability. By John Maynard Keynes» in *Mathematical Gazette*, journal of the Mathematical Association, Vol. 32 (1948), n° 300), pp.152–159.

⁵⁸ Keynes, John Maynard, *Treatise on Probability*, op.cit.

⁵⁹ Keynes J.M. (1937), «The General Theory of employment», in *Quarterly Journal of Economics*, vol. 51, n°2, p. 209–223

⁶⁰ Shackle G.L.S., (1969), *Decision, Order and Time in Human Affairs*, Cambridge University Press, Cambridge, 2nd printing.

⁶¹ Shackle G.L.S., (1949), *Expectations in Economics*, Cambridge, Cambridge University Press.

false, and even more indecent, than to use the formula of *rational expectations*. This theme of the necessity of the subjectivist approach will be the thread of his work, as can be seen in his 1972 book *Epistemics and Economics*⁶², as well as in one of his last works published seven years later⁶³. In this book he lays the foundation for what he calls the Kaleidic world of Keynes⁶⁴.

But, the contribution of his work of 1949 does not stop there. Shackle was well aware that Keynes' work was being salvaged by the neo-classical authors of the so-called «synthesis». In his book, therefore, he defends an interpretation of Keynes much more faithful to the author than that which was popularized by John Hicks or Samuelson. It is therefore up to G. Shackle to have exploited Keynes's insights in the most rigorous way about radical uncertainty. For him, it is the capacity of invention of the human mind, but also the extraordinary diversity of the combinations made possible by the heterogeneity, which take away any sense from the pretension of assigning to any event a probability⁶⁵. Keynes's defense focuses on the question of speculative demand for money, a notion that may seem technical but is in fact an undeniable breakpoint between Keynes and the economists of his time. Shackle shows that speculative demand of money, that is the money kept in liquid form by economic agents because they are uncertain of the future, depends on the subjective point of view formed by these same agents on the future. However, it is up to G. Shackle to have exploited Keynes' insights about radical uncertainty in the most rigorous way. For him, it is the invention capacity of the human mind, but also the extraordinary diversity of combinations made possible by heterogeneity, which builds a coherent theory of anticipation and decisions⁶⁶. He defines the first as: «...the act of creating imaginary situations, to associate with these situations dates of the future, and to assign them on a scale measuring the degree of our belief, a place corresponding to the belief that we have a specific course of our actions that will make these situations a reality.⁶⁷»

Shackle, in fact, considers uncertainty not in itself but from the point of view of anticipations and forecasts that any actor must make before engaging in an action. It is interested in the materials that are used to form this anticipation, which allows to determine the degree of confidence that one has in an anticipation, and if this degree is measurable and comparable. He also pays

particular attention to the effects of a discordance between ex-ante anticipation and ex-post realization, the potential surprise, in the evolution of our attitudes⁶⁸.

But on what basis, then, can we rely to build an action in the uncertain? Keynes's answer is interesting here. He considers that we use «conventions» as the foundation of our strategic action. So is the use of the interest rate which: «... saves our faces as rational economic agents»⁶⁹.

The reference to history

But the reference to the Stalinist «practice» of the strategy, which the author considers faulty because relying solely on the knowledge of Stalin alone⁷⁰, is itself wrong. The point, which may seem minor in a 520-page book, is however instructive. It highlights a simplification of the vision, and the strategic vision in particular, of the actors. In fact, in the case of the war with Hitler's Germany, Stalin does have a vision⁷¹. He knew that the clash between the USSR and Nazi Germany is inevitable. But, he holds Hitler for a rational actor. The latter having repeatedly said and wrote that he would not commit the error of Wilhelmian Germany to enter a war on two fronts, he expects the German attack once a peace, or at the least a truce, would be signed with Great Britain. That is why he has such a hard time conceiving that Hitler could decide to attack the USSR while he continues to fight against the British. This did not prevent him, however, early in 1941, from realizing that an attack was probably inevitable, even if he still hoped to save time and push it back to 1942 or 1943.

On the contrary, we are in the presence of a real decision-making and strategic pathology regarding Hitler and the leaders of Nazi Germany. This is largely the result of the «racial» filter⁷². Thus, when parliamentary democracies yield to Hitler, instead of analyzing these results as reflecting a political crisis in these countries (crisis that may be lasting or temporary ...), Hitler believes that this is a confirmation of the racial superiority of the Germans. Hitler's early successes therefore apparently validate his initial hypotheses, leading him to give them more and more credit. We are in the middle of a pathological process. But this process is not limited to Hitler. Indeed, in addition to the racist

⁶² Shackle, G.L.S., *Epistemics and Economics – A critique of economic doctrines*, Cambridge, Cambridge University Press, 1972.

⁶³ Shackle, G.L.S., *Imagination and the Nature of Choice*, Edinburgh, Edinburgh University Press, 1979.

⁶⁴ Shackle, G.L.S., *Keynesian Kaleideics – The Evolution of a General Political Economy*, Edinburgh, Edinburgh University Press, 1974.

⁶⁵ G.L.S. Shackle, *Expectations in Economics*, op.cit.

⁶⁶ G.L.S. Shackle, *Expectations in Economics*, Cambridge University Press, op.cit.

⁶⁷ Idem, p. 1, premiers mots.

⁶⁸ G.L.S. Shackle, *Expectations in economics*, op.cit.. Voir aussi, G.L.S. Shackle, *Decision, Order and Time in Human affairs*, Cambridge University Press, Cambridge, 1961.

⁶⁹ Keynes J.M., (1937, 1973), *Collected Writings*, vol. XIV - *The General Theory and After, part II. Defense and Development*, London, Macmillan, p. 114. See too: Carabelli A.M., (1988), *On Keynes's Method*, London, Macmillan.

⁷⁰ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 8.

⁷¹ Fulgate B.I et Dvoretzky L., (2001), *Thunder on the Dnepr – Zhukov, Stalin and the Defeat of Hitler's Blitzkrieg*, Novato, Presidio Press.

⁷² Burleigh M. & W. Wippermann (1991), *The Racial State – Germany 1933-1945*, Cambridge, Cambridge University Press.

dimension of his ideology, he is persuaded to be the vector of «Providence» (a strange term in an ideology that partly rejects Catholicism as a «Jewish» product). This leads him to deliberately destroy any institutional process in the name of the «cult of the leader» (The *FuhrerPrinzip*), thereby encouraging violent antagonistic behaviors within the Nazi elite. The Nazi state then regressed to an archaic, semi-feudal model⁷³, while managing a developed economy and military system. From this point of view, it is important to note that while Nazi Germany was able to give the illusion before 1939 of being a «rationally organized» system for waging war⁷⁴, this perception of reality was undermined by the works exploiting the archives and the testimonies of the actors. From this point of view, the pioneering work of Berenice Caroll, exploiting the archives and testimonies of those responsible for German military industrial planning⁷⁵, has been fully confirmed by the historiographical research of the last thirty years. The Nazi system was not only monstrous by its finality; it was so in its everyday functioning, which is deeply pathological. We are in the

presence of a regression towards a «pre-modern» state and administrative form (in the sense of Max Weber) applied to a «modern» society and economy.

It is therefore the whole of the Nazi system – and not only that which directly belongs to Hitler – which becomes the seat of pathological decisions, in the sense that they obey the logics more and more disconnected from reality. The elements of technical rationality are increasingly buried in competing behaviours between people and institutions, articulated with less and less realistic representations.

Vladimir Kvint also has this important reflection on the question of credibility which seems to be central in the strategy: «*Credibility is related to how people perceive others in terms of truthfulness, which is one of the most important rules and principles for strategists*»⁷⁶. Nothing is truer, but nothing shows as much the conventional nature, in the sense of outcome of conventions, of the strategy.

⁷³ Koehl R., (1960), «Feudal Aspects of National-Socialism», in *American Political science Review*, vol. 54, n°3, pp. 921-33

⁷⁴ This was defeded first by O. Nathan, (1944), *The Nazi Economic System*, Duke University Press, Durham, NC., 1944, and by L. Hamburger, (1943), *How Nazi Germany has Controlled Business*, Washington, D.C., The Brookings Institution.

⁷⁵ Caroll B.A., (1968), *Design for Total War. Arms and Economics in the Third Reich*, Mouton, The Hague.

⁷⁶ Kvint V., (2016), *Strategy for the Global Market*, op.cit., p. 5.