

# A Common Theme of Global Unrest

by **George Friedman** - December 3, 2019

From Hong Kong to Tehran to Buenos Aires, the world appears to be destabilizing. The question that has been raised is whether there is an underlying cause triggering this global unrest. On the surface, the answer to that ought to be no. There is so much unrest throughout the world at any point that it would appear to be merely the normal chaos. Unrest, moreover, is unique to every country and usually has multiple causes. Hong Kong, Tehran and Buenos Aires are very different places, each with its own geopolitical circumstances.

Still, there is in this instance one element that is common to them all: 2008. In 2008, the international economic system shifted dramatically, and the changes it wrought have not been fully metabolized. The weakness in the global economy is magnified by the unsolved problems left over from 2008. As a result, there are economic problems that have transformed into political ones. Add to this the shift in U.S. strategy away from military interventions and toward economic confrontations, and the problems are magnified further still. The U.S. is the world's largest economy and importer and a shift in strategy to economics necessarily affects the economic system.

Consider the riots in Hong Kong. In 2008, China was a powerful exporter, dependent as it was on exports for social stability. The financial collapse created a profound crisis. An economy built on efficient exporting staggers when its customers are unable to buy its goods. The export crisis compounded an incipient financial crisis as cash flow from exports contracted. What followed was a series of purges designed officially to weed out corruption and unofficially to find scapegoats for China's problems and to intimidate potential opposition. After all, the government had promised prosperity and was now facing the need for austerity. The purges were the beginning of a systematic repression in China that sought to retain Chinese economic dynamism without an equivalent political dynamism.

Things got worse when the U.S., China's biggest customer, imposed punishing tariffs on Chinese goods and demanded access to China's markets. (Political concessions were implied.) The pressure from the United States increased the pressure still present from 2008. It in turn intensified suppression. Chinese insecurity compelled the Communist Party to seek increased control over Hong Kong, with an extradition law that would permit China to extract Hong Kong citizens. And that in turn triggered the instability in Hong Kong.

Iran is obviously very different from China. But its experience has a core similarity. The 2008 crisis triggered a slowdown in consumption and therefore in production. In the long run, this inevitably caused major declines in commodities such as oil. Iran was an oil producer and continued to export despite political pressure. But the world price of oil weighed on Iran, causing pressure on the economy, and, eventually, restlessness in the society. As with China, the U.S. imposed economic penalties on Iran for reasons that have little to do with the economy. Regardless, the effect of the global shift in oil pricing, coupled with intense economic pressure from the United States, over time generated intense unrest and government repression.

There has been unrest in countries in which the U.S. played no role. Lebanon, Argentina, Chile and others all went into crisis for idiosyncratic reasons – including an emerging global economic slowdown – that, on top of structural issues, have not been addressed since 2008. In all these countries, there are political problems that do not derive from 2008 or U.S. pressure. In some, such as Lebanon, there are economic problems but they are mostly generated by internal forces.

No general theory of unrest is impossible. But a special theory is possible. Those countries most dependent on either industrial exports or the sale of industrial commodities were harmed and few recovered after 2008. The addition of U.S. economic pressure as a tool of foreign policy has compounded this problem, generating unrest. U.S. pressure would not have been nearly as effective without 2008, which reshaped the global system and has been reverberating through it ever since. It is now triggering internal political consequences that are threatening the ability of regimes to cope.

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