



# ECOGNOSIS ADVISORY LTD

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## ECONOTE No. 87 The certain path to failure: Confuse tactics with strategy 27/10/2019

Summary	Investment Conclusions
<p>Why in good God’s name should an economics/finance research publication write about such an overdone topic as strategy and tactics? Enough already with “Strategic Vision”, “Strategic paths”, “Tactical strategies and strategic tactics”. And this research piece “will be different” but only to the extent that it will offer practical examples from where it really matters, war, as to why if you want to know who is going to win (or in our area of human conflict, make more money, or less losses), watch out for the party which confuses tactics for strategy. Then bet on the other side. A follow-up piece will concentrate more on business examples.</p>	<p>Virtually all areas of social interaction involves conflict not in the sense of winning or losing, but in the sense of bargaining, arguing, trying to change other people’s mind, convincing, conceding and, even more important, resolving differences where both parties walk away happy. So conflict is the wrong word here. “Choosing” might be better. Strategizing is like walking, we do it continuously and, hence, we also choose continuously the ways to achieve our implicit goals. And here lies the crux of choosing between what is strategy and what is tactics. Confuse the two and you lose, or worse you die.</p>

### Making the difference very clear

I personally loath Ven diagrams not applied to mathematics and also motivational charts, or worse motivational prints,with soaring eagles, spectacular sunsets and calm seascapes and inane messages.Hence the three visuals here were chosen because of their stark views and laconic conclusions.**Strategy** is simply the desired goals, the end results to be achieved and should also include the explanation and reasons why these goals are desirable.**Tactics** are the methods to be used in order to achieve these goals.It now goes without saying that there could be numerous tactics to achieve the same strategy. Chosing the tactics could end up being the most difficult task rather than deciding the goals.**Exampe 1:**Nazi Germany and the USSR. **Strategy:** Nazi Germany’s plan was to occupy about 30.0% of USSR, including the most fertile and industrialised areas, remove over 30.0 ml of the inhabitants and replace them with German colonisers thus enabling the creation of an expanded Germany able to support its existing and future population. **Tactics:** Closely coordinated use of armour, planes and infantry in order to destroy the Russian army.Added tactic of mass killings of civilians (and of Jews, but that is another story) in preparation for

for the colonists to move in.**Confusing the two.** Attacking major cities, Moscow, Leningrad and Stalingrad which had “symbolic values”, especially Stalingrad named after Stalin, but did little to advance the strategy.Here the tactic took over from the strategy.The Nazis failed to occupy any of the three and wasted resources which, combined with other factors, cost them the war.Extra lesson: it is bad idea/tactic to make fighting personal such as “Hitler vrs Stalin”.

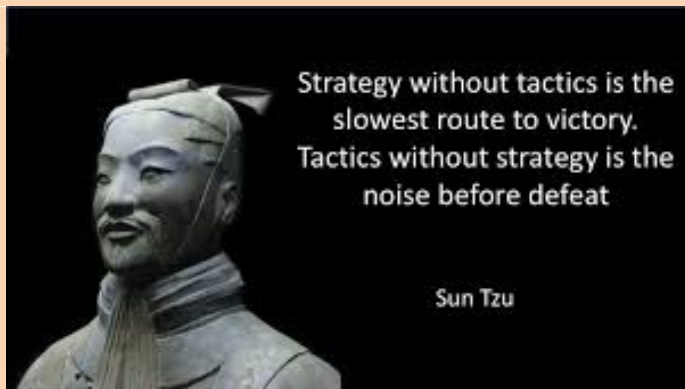
**Fig 1: As simple as it gets**

*Strategy refers to the goals you want to accomplish. Tactics refer to the specific tools and best practices that will help you get there.*

## Current issues and how not to learn from experience

**Examples 2:**The current US-China tariff war.**US strategy** Eliminate the bilateral trade deficit with China and extract better terms for US companies doing business in China.**Tactics:**Tariffs and direct controls over investment flows to China.**Confusing the two:**The fact that there are tariffs imposed, has obstructed the view that as a tactic they do not advance the goals of the strategy ( reduction of bilateral deficit) especially as the Chinese have retaliated in kind.Tariffs is the macho proof that the US is doing something, and, hence, they are becoming the strategy. **Example 3:**Brexit.**UK strategy:**Leave the EU **Tactics:**Negotiations over the terms with an “opponent”, the EU, that had little to lose versus the UK which had a lot and was internally divided as to how much.**Confusing the two :**Attempts to switch the tactic to blackmail “give us what we want or we leave with no deal”is a tactic almost invariably doomed to fail.The tactic here became

### There you have it. Don't bother reading the rest of the report



the strategy. The goal become, implicitly, to leave in any case, which in itself is a tactic. **Side tracking for one moment, Why “these demand are not negotiable” is THE classical example of mixing up tactics with strategy.** The demands are clearly the desired goals-what is to be achieved. The tactic to achieve them could be godfather Don Vito Corleone mumbling “Your signature or your brains on this contract”. However the **tactic** for achieving these goals cannot be NOT to negotiate! Threat of lethal violence frequently accompanies “non-negotiable” demands such as in kidnapping or terrorist attacks. Don Corleone killing the reluctant signatory misses the point, as now the Don does not have the signature, which was the object (strategy) of the threat (tactic). So logically “take it or leave it” involves either a party which is not interested in negotiating as clearly it is willing to walk away empty handed, or of a party which is interested, in which case “take or or leave” not only is a poor tactic but by becoming the strategy dooms the whole thing to

Fig.2: Tactic vs. strategy: Germans surrender in Stalingrad



### Conclusions: and these are non-negotiable !

**Example 4: ISIS. Strategy:** The goal was a theocratic Muslim government in a loosely defined area in Middle East.**Tactic:** Military violence backed by extreme acts of terrorism and a “non-negotiable” attitude.**Confusing the two.** It soon became clear that ISIS was one of the rare examples of a party which genuinely did not want to negotiate.ISIS stuck to the tactic of sheer brutal terror without questioning in which way it would deliver the caliphate.Terror ( tactic) became an end ( goal, strategy) to itself. ISIS and its leader were killed off.Note that the **Taliban** have been negotiators, not honest, desirable or convincing, but not the “take it or leave it” kind.Hence they still survive.

**Question:**Is there any strategy/tactic conflict in taking on extravagant goals? **Answer:** Goals such as “conquering the world” , “becoming a millionaire in two days” are perfectly well- defined goals but the tactics that will achieved them could be outside the means available.Hence strategy has to be supported by the tactics available and if it is not, the strategy will fail.

**Question:** But what about boxing above your weight, what about guerilla warfare ? Are there any conflicts between strategy and tactics here ?

**Answer:**Both these are tactics and not strategies.Size may not matter if there are skills and an element of surprise to make up for fewer pounds.Guerilla warfare is a tactic, small groups, rapid movements, avoidance of frontal battles etc.And,incidentally,modern history is littered with defeated guerilla movements such as Malaysia (1948-60), Greece (1945-49), Uruguay(1973-85), Colombia (1964-2017),Peru (1980-92) etc. Tactics don't always work.

Andrew Freris ( writing completed 27/10/2019)