Masters of Illusion

American Leadership in the Media Age

The contemporary world is being swept along by a swift current of events that has beguiled many Americans into believing our future will be bright if we extricate ourselves from Iraq and shield ourselves from terror. This path-breaking and provocative book not only debunks such wishful thinking but also identifies a series of impending perils that are more threatening to our nation’s survival. They include ambitious thrusts from Russia, China, and, perhaps more surprisingly, the European Union, all driven by the progress of a profound reconfiguration of global wealth and power widely ignored in the international relations literature. The authors’ perspective is iconoclastic and eye-opening; and it is not limited to diagnostics. They explain why our political and business leaders, captive to our public culture, are unlikely to see the dangers, and why effective presidents must lead by piercing a veil of partisan distortion blurring our vision. They make a compelling case that America will fall prey to multilateralist “friends” and malevolent foes unless the nation protects itself with a policy of mutual assured destruction (MAD) that protected us during the Cold War but has been rendered obsolete by nuclear proliferation.

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Masters of Illusion

American Leadership in the Media Age

STEVEN ROSEFIELDE

University of North Carolina

D. QUINN MILLS

Harvard University
In memory of David Rosefielde
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Preface

The ideological conflicts of the twentieth century have faded. In this book, we find no need to deconstruct competing ideologies. Instead, certain habitual attitudes of our nation – embedded in our public culture (hodgepodge of political beliefs and nonpolitical wishful thinking) – now exercise an influence more powerful than the strongest of the ideologies of the past. The public culture is stronger because there is less opposition to it than there would be to a monolithic ideology because wishful thinking is continually reinforced by all elements of society – political, intellectual, and media. Its hold on our minds is stronger than ever was the hold of an ideology on our hearts. Hence, there is a compelling need to compare public culture to reality, and to point to the dangers of the illusions inherent in our public culture.

America will be confronted with a cascading sequence of military-diplomatic threats in the next four decades. Some are glimpsed by our leaders, but none are adequately understood because our leaders’ perceptions are impaired by wishful thinking including a childish faith in the good intentions of others and in the world becoming more and more like America. In this book, we try to slice through this fog of illusion by using various technical economic tools and analytic instruments like deconstruction. The latter has often been a Marxist method of choice, focused on exposing the hidden agenda of the capitalist class. We harness deconstruction to a different purpose. The agendas and stratagems we uncover are those of the makers of public culture – itself a far more heterogeneous, elusive, and powerful phenomenon than ideology.

Our methods allow us to foresee the impending reconfiguration of global wealth and power that which will shape the setting of our security concerns in the half century 2000–2050. The threats that emerge are the consequences
of pronounced and persistent economic trends that are in some important cases far different from what we are commonly led to expect.

The deconstruction of public culture permits us to appreciate why our leaders deny what is otherwise evident, and why they are perpetually tilting at windmills with ethereal swords like nation-building and democratization.

Finally, we identify a more effective position for America – strategic independence – addressing not only terrorism but also the next wave of dangers posed by Russia, China and possibly the European Union. Strategic independence accords preeminence to our country’s defense in place of moralistic or utopian visions.

Two Americans born during World War II have written this book, employing five major disciplines – leadership, economics, geopolitics, history and national security. No single author could cover all these areas effectively, and we, the two authors of this book, draw on each other’s strengths to integrate insights from the five disciplines into a coherent whole.

Part of this book discusses the defense and foreign policy positions of the George W. Bush administration from a pragmatic point of view. It has not been possible to do this previously because its principles had not yet been much embodied in foreign policy. But in the late summer of 2002, the Bush administration enunciated important principles in its statement, “The National Security Strategy of the United States,” and then applied them in Afghanistan and Iraq. Hence, we can now review the application and execution of Bush’s foreign policy and defense principles and comment on their strengths and limitations.

We are critical of mainstream conventional political debate. This is because much of today’s political dialogue obscures more issues than it illuminates – it’s at best oblique to the major concerns; at worse it completely distorts them. For example, the critical matter of the impact of the American invasion of Iraq in carrying the battle to the terrorists is twisted into a question of whether or not the streets of Iraq are safe. So-called democracy-building in Iraq displaces the battle against Islamic terrorism and insurrection as the key concern of American policy in the Middle East (after all, democracy is a characteristic of states, and if it contributes to peace, it does so by making a nation less likely to go to war; but terrorism and insurrection are a nonstate activity and aren’t likely to be much influenced by a shift to democracy). The conventional political debate also settles for labels that don’t describe what they’re labeling and vague terms that aren’t specific. The political dialogue is infused with partisan concerns; much of the popular media pretending to inform the public about the issues is driven by hidden agendas that are both partisan and financial and so by
choice of editorial content, by disguise of partisan argument as news, and by selective reporting of events, often mislead the public.

The English economist Alfred Marshall penned our point of view succinctly. “What is most wanted now,” he wrote, “is the power of keeping the head cool and clear in tracing and analyzing the combined action of many . . . causes.”1 The duty of responsible commentators is to be certain that their observations are verified, and not merely projections of their wishes or methods they employ for the manipulation of others.

Sometimes in the discussion below we may sound critical of aspects of our country and its policies. Some of our readers may wonder if a frank discussion that sometimes points to limitations of our presidents in the way they’ve handled foreign affairs and military conflicts is unpatriotic. We think it is not. All great world leaders have had catastrophic failures; it is how they learn from those debacles and what they do afterward that makes them great. Furthermore, America stands at the threshold of a major shift in our country’s role in the world and in our attitude toward it, so that failure to choose leaders who do a better job in foreign relations may be catastrophic. A frank and objective look at our failings as well as our successes is needed and is not unfair to America.

This is one of the first postneoconservative books, critiquing the neoconservative defense and foreign policy positions of the Bush Administration from a realist position. We offer neither a liberal nor a neocon point of view, but instead a middle-of-the-road American point of view free of wishful thinking moderate but strong; not a Europhile and diplomatic (that is, largely conventional and dishonest) expression, but an authentic, thought-out, down-to-earth expression. This book expresses the view of the majority of the American electorate who defend our government while being willing to criticize it in a friendly manner; reject the condescending views offered us by the spokespersons of many of our erstwhile Western European allies; and are prepared to adopt a new strategic posture for our nation in the world – one of Strategic Independence – believing it best in future prospect for ourselves and the world.

In writing this book, we rely much on information from expert sources – the kind that is suppressed or misinterpreted by the public culture. We identify such sources carefully, including our own research. But this book is not a treatise based on factual revelations. Rather, the book is unified by the patterns that emerge from decoding and deconstructing American public culture.

In our research, we used both primary and secondary sources, in large part because the breadth of our approach and our subject matter prohibited
reliance on primary sources only. In general, in our economics research we used primary sources; in our leadership and national defense research we used both primary and secondary sources; and in our historical research we used mostly secondary and some primary sources. Wherever we used secondary sources, we’ve attempted to identify the sources and give their authors full credit for their work.

The two models presented in the book are both of our authorship. The model of the public culture is qualitative; the economic model is both qualitative and quantitative.

We strive for two key elements in our approach:

- Objectivity about situations, based on facts not wishes, opinions, nor partisanship; and
- Consistency in our analysis.

We attempt to be fact-driven. We do not start from ideology, first principles or political partisanship. Our models are empirically validated (that is, they are scientific) to be best of our or others’ abilities. If facts push in one direction, we go there, recrafting our concepts to fit the facts, not the facts to fit our concepts. That’s our basic objection to the public culture – that it continually lets wishful thinking shape its perception of facts. When this happens and our leaders are drawn into its snare, our country is unable to successfully confront challenges to our security.

The book is organized in a way intended to help the reader grasp its content. We first address the public culture of the United States in order that a reader may be assisted in breaking free mentally from predispositions about the other topics of the book. Readers will not be able to appreciate our prioritization of the issues discussed until they have mastered the concept of public culture, and how to decode the American version. This is a very unusual approach to a book on these topics. Most writers start with their worldview, treat it as self evident, and then never defend their assumptions and convictions. We make our explicit at the outset, in an attempt to improve understanding of our position.
Acronyms

ABM antiballistic missile
CCP Chinese Communist Party
CEO chief executive officer
CFE Treaty on Conventional Forces in Europe
CIA Central Intelligence Agency
DIA Defense Intelligence Agency
DOD Department of Defense
FSB Federal Security Bureau (Federalnaya Sluzhba Bezopasnosti). Russian counter intelligence agency, successor to the KGB.

G7 the Group of Seven major industrial nations, including America, Canada, United Kingdom, Germany, France, Italy and Japan. When the Russian Federation is added, the name shifts to G8.

Genshstab the Russian general staff
Goskomstat the Soviet state statistical agency. The acronym is still used in the post communist period, together with the alternative Roskomstat (Russian statistical agency).

Gross domestic product (GDP) the aggregate value of all marketable goods and services computed at market or official state prices. This measure of aggregate activity excludes income derived from assets held abroad. GDP is only economically meaningful when prices are competitive (or are shadow equivalents). Otherwise, GDP is a weak indicator of utilities and opportunity costs.
### Acronyms

<table>
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<td>GNP</td>
<td>Gross national product (GNP) is the aggregate value of all marketable goods and services computed at market or official state prices. This measure of aggregate activity includes income derived from assets held abroad.</td>
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<tr>
<td>GPS</td>
<td>Global Positioning System (GPS) is a satellite navigation system used for precise location and time measurement.</td>
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<td>GRU</td>
<td>GRU is the Soviet state espionage agency (military intelligence).</td>
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<tr>
<td>ICBM</td>
<td>Intercontinental Ballistic Missile (ICBM) refers to a long-range missile with a range greater than 5,500 kilometers.</td>
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<td>IPO</td>
<td>Initial Public Offering (IPO) refers to the process of raising capital through the sale of shares in a company to the public.</td>
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<td>IMF</td>
<td>International Monetary Fund (IMF) is an international organization focused on the promotion of international financial stability, sustainable economic growth, and reduced poverty.</td>
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<td>IW</td>
<td>Information Warfare (IW) is the use of information to strategically manipulate an adversary's perception and attitudes.</td>
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<td>Keidanren</td>
<td>Keidanren is the Japanese Federation of Economic Organizations, a business policy advocacy group.</td>
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<tr>
<td>KGB</td>
<td>The Soviet Committee on State Security (KGB) was the Soviet Union's foreign intelligence service. It was renamed the Federal Security Bureau (FSB) after 1991.</td>
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<td>MAD</td>
<td>Mutual Assured Destruction (MAD) is a strategic doctrine claiming to prevent war by making both sides vulnerable.</td>
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<td>METI</td>
<td>METI is the Ministry of Economy, Trade and Industry of Japan.</td>
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<tr>
<td>Minatom</td>
<td>Minatom is the Ministry of Atomic Energy, responsible for Soviet and Russian nuclear weapons and civilian nuclear activities.</td>
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<tr>
<td>MIRV</td>
<td>Multiple Independently Targetable Reentry Vehicles (MIRV) are pods of nuclear weapons contained in a single launch vehicle.</td>
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<td>MVD</td>
<td>Ministry of Internal Affairs (MVD) is the Soviet and Russian domestic intelligence service. The same acronym also applies to the Ministry of Foreign Affairs, which causes confusion.</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization (NATO) is an international organization that maintains collective security among member nations.</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organizations (NGO) are private public policy advocacy groups, often an unofficial form of government outsourcing.</td>
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<td>NMD</td>
<td>National Missile Defense. This is the current term for the American antiballistic missile defense program.</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development (thirty member countries)</td>
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<tr>
<td>OKP</td>
<td>Obronnnyi-promyshennyi kompleks, or defense industrial complex. It is Russia’s renamed military industrial complex.</td>
</tr>
<tr>
<td>PLA</td>
<td>People’s Liberation Army (China)</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>Research, development, testing and evaluation. These are the four core elements of the technological adoption process. Mastering new technology is an additional phase in which acquirers learn how to utilize the technology’s full potential.</td>
</tr>
<tr>
<td>RMA</td>
<td>Revolution in military affairs, a term stressing the disjunction between traditional concepts of warfighting and new ones based on advanced technologies, exemplified in the Iraq War.</td>
</tr>
<tr>
<td>Rosvooruzhenie</td>
<td>Russian Arms Export Agency.</td>
</tr>
<tr>
<td>SORT</td>
<td>Strategic Offensive Arms Reduction Treaty</td>
</tr>
<tr>
<td>START</td>
<td>Strategic Arms Reduction Talks</td>
</tr>
<tr>
<td>TVD</td>
<td>Teatry voennykh destvii, theaters of military operations.</td>
</tr>
<tr>
<td>VPK</td>
<td>Voennyi promyshlennyi kompleks, military industrial complex.</td>
</tr>
<tr>
<td>WMD</td>
<td>Weapons of mass destruction (includes nuclear, chemical, and biological arms)</td>
</tr>
</tbody>
</table>
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Since the Soviet Union’s collapse, the United States has failed to secure a complete and lasting peace, and we now find ourselves facing as great a nuclear threat as before the end of the Cold War due to nuclear modernization in China and Russia and to nuclear proliferation in India, Pakistan, North Korea, and Iran.

America’s most immediate foreign engagement is the war on terror, but it is not the most important challenge we face. Our most important challenge remains what it has been for more than sixty years: to avoid a nuclear exchange between great powers.

However, the international situation is now becoming destabilized by major changes in the fate of the great powers, in particular Russia’s decline and China’s rise. A major driver of potential conflict among the great powers is the struggle for power and wealth among nations – belying the rhetoric of economic harmonization. Divergent national economic cultures and different rates of economic growth over a long period acerbate tensions – a process that is more likely to end in overt conflict than in peaceful transition.

By 2010, Russia will choose to remilitarize and will be building fifth-generation nuclear capability. Meanwhile, China will be enlarging and modernizing its nuclear missile capability and by 2020 will emerge as a much more effective rival to America and our allies (especially Taiwan and Japan) than it now is.

The leaders of our nation have trouble being objective in identifying threats and responding to them because of the public’s wishful thinking, which creates illusions about the world and our role in it. The illusions comprise a public culture that generates inappropriate policy options based on simplistic and distorted understandings about the true threats to America’s safety. Wishful thinking causes us to underestimate danger and to overestimate our strength, thereby tempting us to overreach abroad through trying
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to export, with the help of force, our economic and political culture. We ourselves are the enemy of our survival and we can save ourselves by recognizing it and rectifying our misperceptions.

American foreign policy must be overhauled in order to avoid major wars by abandoning the strategy of balance of power that characterized the Cold War and instead now seeking to attain independence in our strategic positioning. We can’t trust our past allies any more because of diverging interests and hidden agendas. It is important that this evolution in our policy be carefully thought through in order that a predictable approach replace today’s confusion of purposes and means.

A new policy of Strategic Independence for America involves enhancing our military power via continuing the revolution in military affairs and adding significant additional defense capabilities.

America needs a transition path to cope with the growing risk of nuclear war – a path that simultaneously places restraints on our aggressiveness in the world’s economic and political interplay to mollify our adversaries’ fears, while utilizing our technological and economic strength to deter potential breakers of the peace.

From the standpoint of national security, what needs to be done by the United States is:

- Recognize the likely threat sequence – terrorism, Russia, China, Europe – and allocate to each its proper priority as the threats mature.
- Respond to each threat via Strategic Independence. Strategic Independence doesn’t require a crash program or crusade. We can do it subtly with discreet persistence.
- Reform our public culture by disavowing wishful thinking and recognizing its distorting influence on our attitudes toward the United Nations, the European Union, and multilateralism.
- Encourage Russia and China to Westernize their economies and governance, and to abandon military modernization along an authoritarian trajectory, which is where both – contrary to much reporting and comments by our media and political leadership – are now headed.
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