

# NATO At 60: Not Much Reason for Celebration

WASHINGTON – Quite a long time ago, while in London, I happened to walk in St. James's Park at a time of some kind of Veterans celebration. There were hundreds of old men, marching in perfect order, medals tinkling on many chests. There was a military band. And they were all led by a soldier carrying a flag. And on the flag one could read: "Burma Star". The whole thing was solemn and quite beautiful. And yet it was also sad and in many ways incongruous. They were remembering past service in Burma, (officially renamed Myanmar in 1989), a remote part of the world. Indeed so remote to be disconnected from the issues of the day. "Burma Star"? In the middle of London? Sure, the British have maintained a keen interest in matters pertaining to their Old Empire. But not much in remote, secluded, autocratic Burma. A country where Britain has not much clout or influence of any kind. And so I looked at the marching old men, with their medals, their band and their beautiful flag, thinking with some sadness about past glories that lost their relevance with the end of the Empire.

Well, the comparison may appear a bit stretched; but, soon enough, on April 4, the North Atlantic Treaty Organization, NATO, will celebrate its own sixtieth anniversary. Unlike the celebration featuring the British Veterans, this is about both the past and the present. NATO is the premier security institution binding Europe, the US and Canada and, as such, supposedly a key pillar of international order and stability. This celebration should not be just about past history but about the present and the future. It should be about renewed vows about existing commitments premised on shared values; and, as it happens, ongoing missions –Afghanistan being the most obvious. And NATO is arguably quite alive. In fact, in recent years it has expanded its membership welcoming many

former Warsaw Pact countries and the Baltic states, among others.

But, If so, what is the similarity between the melancholy echo of a dead Empire and NATO' sixtieth? Very simple. The British Empire is gone. And equally gone is much of the spirit that supposedly was behind the creation of this Atlantic Alliance –the spirit that made it meaningful for many years. Today NATO may be technically alive; but it is not very meaningful in as much as the institution does not embody shared values, shared interests and –most importantly– a shared agreement on the resources to be dedicated by all members to the effort of protecting them against threats that may not be as self-evident as the Soviet Army Divisions that used to be stationed in then East Germany. So, we have a military alliance with fewer resources and a certain ambiguity about its meaning and mission. Not exactly a revved up champion, ready to move.

Without an immediate, direct challenge that would test the cohesion of the members, this objective confusion does not constitute a threat to the continuing existence of NATO. We do have a NATO today and, for all I know, we shall continue to have a NATO for quite a while. And all members would claim that NATO is very useful; that it provides a proven and tried institutional forum for a transatlantic dialogue on security matters; that it has created channels of communication with Eastern Europe, with Russia and beyond, etc. Fine.

However, the problem is lack of substance. Unless all the members agree on what a real threat is and unless they follow up with real, tangible resources devoted to meeting it, NATO will be a place for meetings and discussions, possibly of some use, but not very relevant. And it should be quite clear that the reason why resources are not allocated to NATO is because it is not at all self-evident to many if not most members –absent and immediate, clear threat– that a strong and credible NATO, capable of projecting credible force, is truly

the essential basis for their security.

The problem is that there is a basic equivocation about the motives that supposedly provide the underpinnings of the Alliance –an equivocation that goes back to the very beginning of NATO. Reading the Preamble to what was known at the time as “The Treaty of Washington” that established NATO on April 4, 1949, one would get the idea that NATO was all about getting together to preserve shared values:

*“The Parties to this Treaty..... are determined to safeguard the freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law. They seek to promote stability and well-being in the North Atlantic area. They are resolved to unite their efforts for collective defence and for the preservation of peace and security. They therefore agree to this North Atlantic Treaty”*

But, while the values referred to in the Preamble at the time were in some measure truly shared, the real reason justifying the birth of this unprecedented Alliance linking Europe and North America was to create a credible deterrent against Soviet ambitions in Europe by ensuring that the United States of America would intervene in case of an attack against Western Europe. And NATO, with all its flaws, by creating some kind of a united Western Front, supported and led by an integrated military command, did its job. So, while values were important, the real deal was a shared fear of the Red Army.

Well, we know what happened regarding the Soviet threat. So, as of the 1990s, the geopolitical reality in Europe having been dramatically altered –and entirely in our favor– via the dissolution of the old Soviet Union and of the old Warsaw Pact, was there a residual mission for NATO? And, if so, what would it be?

Quite frankly, a serious discussion about any relevant new post Cold War mission should have been premised by a check on the validity of the Preamble to the NATO Treaty quoted above. Absent an immediate threat, did the western democracies still feel the need to be tied together by a military alliance in order to safeguard their common civilizations? And again, what could be the future threats against which NATO should prepare itself? Admittedly, not very easy to make commitments about vague, below the horizon stuff that may not look the same to all members.

But, while probably quite useful as a way to ascertain continued relevance for an institution created to face a clear menace that no longer existed, this exercise was avoided. No one intended to seriously verify to what extent there really was any spiritual glue left holding together Europe and North America and whether or not this assumed kinship would make both sides devote real resources (and this means budgetary allocations for state of the art military assets) to preserve peace and stability, in a future post Cold War environment *—an environment in which threats would not be necessarily existential, imminent or self-evident to all.*

So, the “stress test” (to borrow from an expression coined by the Obama administration in reference to a needed check on the health of financial institutions) was not applied to NATO. There being no immediate crisis, it was assumed that all was well, to pretend that we all agreed on the fundamentals; and that, while the Soviet Union had graciously removed itself from the horizon, we should keep working together for the preservation of our shared values through our commitment to this regional security institution. Fine. And how did it go?

Fast forward to Afghanistan. This is admittedly a complicated and in many ways botched affair, largely because of poor American leadership. After the initial success in the quick campaign of 2001 resulting in the removal of the Taliban, the US was distracted by new business. As of 2002, the US thought

that Iraq presented a greater strategic challenge.

Focusing on Iraq, and the actual war that began in March 2003, America thought that it could safely “subcontract” Afghanistan to NATO and other assorted non NATO do-gooders. The idea was that the Taliban had been routed; thus, going forward, Afghanistan was all about governance, development and the training of policemen. Well, the Europeans under the NATO umbrella could take the lead on that. And so they did.

Except that they really did not. Living up to the sarcastic characterization of NATO as “No Action, Talk Only”, the Alliance proceeded to create initiatives not backed by resources. Some countries, such as Britain, Canada, the Netherlands, have done a lot; in varying degrees France, Germany, Poland and Italy have done something. All the others just showed up, with literally token this or that: some sent 20 soldiers, others 100 or so. And this may have been fine when things were relatively calm. But we know that the situation has unfortunately deteriorated –and quite significantly in the last few years. We know about a resurgent Taliban. We know about the sanctuary offered to them in lawless North West Pakistan.

This marked deterioration produced a needed reassessment of the effort required to stabilize Afghanistan. And the reassessment is premised on the notion that a safe haven for radicals in the mountains of Afghanistan and Pakistan is dangerous, not just because it may destabilize both countries, but for the security and stability of the region; while the harboring of radicals there may create future dangers for the security of Western Countries –and that would be the NATO countries, front and center.

This analysis has been done. And there is no serious disagreement about the diagnosis. The military commanders on the ground estimate that there is a need for at least 30,000 additional troops to have a chance to stabilize the situation,

itself an essential precondition to build more solid national institutions and hopefully economic development. Washington has admitted that mistakes were made and that allowing Afghanistan to fester in large measure contributed to the regrouping of the Taliban and their assorted allies.

While further analysis and a more detailed plan will follow, Secretary of Defense Robert Gates, under the direction of President Barak Obama, already ordered 17,000 additional US troops to be deployed to Afghanistan. So, there will be more US resources and a deeper engagement in the complicated effort of building a viable economy in Afghanistan. In all this, this continues to be a NATO mission. And what have we heard from the Allies in terms of additional contributions? Well, not much. At least not much in terms of concrete fresh commitments to the operation. And this means that the US urgency about Afghanistan is not shared among all the Allies.

And here is the problem I mentioned at the opening. NATO was and is supposedly based on common values and a shared world view which would include a shared understanding of what constitutes a major threat. This does not entail unanimity; nor should it imply America issuing commands and Europe obeying. But the approaches to this supposedly critical military engagement in Asia are remarkably different.

So different to be almost funny.

For example, to get a flavor of what is going on, one can go and check the website of NATO. Read all the headlines and one could not find the word "war". Even the prominent announcement of a high level visit to Afghanistan by NATO officials fails to mention that this is where the Alliance is engaged in its most significant military operation. A distracted reader could think that this is part of some kind of diplomatic tour. One should read more than half into a speech delivered just a few days ago in Poland by NATO's Secretary General Jaap de Hopp Scheffer to find the word "Afghanistan". And, when mentioned,

it is not referred to as a major issue; but as one of the things on the table, routine stuff. None of this indicates that there is a shared perception about urgency regarding this NATO military operation.

So, rightly or wrongly, here in Washington we are discussing Afghanistan as a worrisome geopolitical threat because of all the implications for regional security, stability in Pakistan and the need to avoid the recreation of another breeding ground for radical Islam in a country controlled by guerillas. In the US these are considered major, or at least, significant issues. Allowing Afghanistan to fester and to become chaos is deemed to be dangerous for world security and against the interest of the United States.

And the European Allies? What do they think? Well, we do not know exactly, but there is no major new action announced or planned. While the Obama administration recently announced this significant scaling up of American troops to be deployed to Afghanistan, the rest of NATO meager contribution to the common effort will not be significantly augmented. And this is the primary indicator of how strongly the Europeans feel threatened by that caldron of instability. Which is to say that, if the US wants to achieve some results in Afghanistan, it has to rely mostly on its own efforts and essentially forget about meaningful "burden sharing" with the European Allies. Yet, if this is so, if we disagree about the seriousness of this threat, it would make sense to have at some point a frank discussion about what is the real function of NATO.

But this is unlikely. Indeed, serious differences about Afghanistan notwithstanding, in a few days there will be celebrations for NATO's sixtieth. They will be held in Baden-Baden and Kehl in Germany and in Strasbourg, in France. Chancellor Angela Merkel of Germany and President Nikolas Sarkozy of France, the heads of government of the European countries once enemies, now friends, will co-host the events.

And there will be speeches and self congratulatory remarks about this long era of peace in Europe made possible, among other factors, by this resilient NATO Alliance.

And, after a few days, the whole thing will be forgotten. This Alliance, lacking a real shared purpose, sadly, has become almost irrelevant; just like the old Veterans of the Burma Star. They were marching in London behind a flag that today, except as a revered relic of a glorious past, means absolutely nothing.

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## **“An Opportunity Society” As The New Frontier**

**WASHINGTON** – Right in the middle of this deep crisis, President Barack Obama is presenting bold, new long term strategic initiatives on health, education and energy. He is pushing this agenda forward while his administration is still struggling with the immediate issues of bank lending and foreclosures. Obama has stated that there is a clear logic in launching major plans right now, as these strategies –he claims– will help create more solid foundations for the economy and the society. And it is important to get started on these plans right now, as they will take years to produce effects. So, we have an emergency plan for the short term, seamlessly integrated into a new Grand Transformative Strategy for the long term. This agenda is an extraordinarily tall order for a system of government singularly unsuited, in normal times, to digest big stuff in a couple of gulps. But these are not normal times and the idea of the Big Plan, whatever its eventual fate, is moving along.

The key areas designated by Obama: health, education and energy are clearly vital and focus on them is warranted. What is not inherently self-evident is whether a massive public sector-led effort in these areas is the best course of action to achieve the ambitious goals of affordable health care, available quality education to all and aggressive development of a non carbon energy supply.

Some opponents argue that Obama right now should limit his action on reviving the economy. We know the list: fix the banks, help them deal with the bad assets, stem foreclosures. Big, bold plans for expensive, transformative change should be part of a separate national debate that should take place after we are out of this slump. Other asserted that Obama is cleverly taking advantage of this crisis to ram through the Congress and the public in general gigantic increases in public spending, labeled by the same critics as old fashioned welfare, without adequate discussion.

Leaving aside attempts to divine whether there is an undisclosed agenda and what it may be, let's look at the situation. It is a fact that the Obama administration is confronting more than just another economic recession, however severe. This crisis of unusual strength is taking place in an increasingly unequal society that has also lost at least some of the prerequisites to maintain its productive and innovative drive.

And these are not trivial details.

The first point is that this recession is hitting an America in which the poor have not managed to improve their conditions even when the economy was growing and times were relatively good. For this reason, while all of us are hurting, those at the bottom are hit much harder than the rest. The assessment is that, whatever individual responsibilities may be, this lack of upward mobility for millions of Americans is due to systemic lack of opportunity that make it objectively harder,

if not totally impossible, for the lower strata of society to climb up the economic and social ladder, even with the best of intentions. And when those at the bottom who have minimal access to opportunity happen to be racial minorities, then we are confronted with the old story of discrimination, (this time around an implicit discrimination, as opposed to the openly sanctioned and openly practiced old one).

Indeed, when we notice that the poor stay poor largely because of lack of access to quality education and decent health care, then, present crisis aside, we can forget about upper mobility. For them it will not happen. And when we see that objectively for many "birth is destiny", that is the social condition in which a child is born is the strongest predictor of his future station in life, then America is not the land of opportunity for tens of millions who happen to be mostly traditionally disadvantaged minorities. For this reason, the current severe recession invites reflection on how to improve a society increasingly split between those who have chances and opportunities and those who do not.

Point two is about the foundations of America's economic might. While the devastation of traditional manufacturing, exemplified by the debacle of the US auto sector, causes concern, an even bigger concern is raised when it is not clear what a "Plan B" will look like and whether it will be broad enough to carry the entire nation into the future. The lesson of the last few years is that we have lost basic manufacturing, because our cost structure is too high compared to the cost of the emerging economies of Asia. Fine, many say. Not to worry. We leave apparel, toys, pots, alarm clocks, toasters and hair dryers to the Chinese, as we consolidate our leadership up market in biotechnology, health care, electronics, space, aviation, software and related services. This is an obvious shift for a high cost society with highly developed human capital and many centers dedicated to innovation.

However, success for this strategy is predicated on a few assumptions. A key one is that the overall level of education in America will be high enough to produce the sophisticated and highly skilled labor force capable of manning and running complex, knowledge intensive enterprises. And this means good if not excellent education not just for the elites but for the broader labor force. And here we are failing. Public education is substandard; and the urban minorities usually get the worst kind. So, we are not preparing the human capital for the future, while millions of uneducated young will be marginalized. Another one is that the overall burden of national health care costs should be bearable as a percentage of overall wealth, while at the same time creating access to health care for the more than forty million Americans who have no coverage. And yet another is that we shall be able to curb our consumption of imported hydrocarbons, as a matter of both cost and national security.

In brief, this seems to be the underlying rationale for the bold Obama approach. We are facing this ugly crisis. But, as we are dealing with it, we also want to lay the foundation of a New Economy and of a New, more equitable, Society, based on increased access to knowledge and thus opportunity.

Having said that, and even assuming agreement on the analysis, the question is: can a Washington-led effort re-engineer America? Can we create new programs aimed at building those steps that can be used by the poor to get out of poverty? *And, most importantly, noble intentions aside, can government do all this and do it efficiently and effectively?*

The temptation is to say: "Yes". We tried the government-is-the-problem, so let's go ahead with private sector-led stuff—and it did not work so well. We let the private sector free and it did not invest. It invented ultra sophisticated financial tools that brought enormous riches to those in charge of the system and almost nothing to everybody else. And then the whole thing collapsed. And so, can we safely conclude

that free market capitalism “failed” and that the government, by default, if for no other reason, has to take the lead?

This is an enormously complicated question. And there is no absolute right answer. The best answer that I can give is that it is fine, in the present circumstances, for government to take the lead. But much of the success hinges on our shared understanding of government’s role in the long term. If we agree that these are special measures due to special circumstances and that later on we shall revert to a healthier private sector taking the lead, this would be fine. But if the notion instead is that now we discovered that the public sector is qualitatively better at guiding economic development, we may be in serious trouble. Plenty of evidence shows that, by and large, the State does not do a good job, except for limited areas, (funding of basic research comes to mind, for instance, as this is an area in which the private sector is not well suited at taking the lead).

Ideally, it would be nice to hope that the Government can help create a more level playing field in which there will be meaningful equality of opportunity for most if not all people; thereafter allowing them to express themselves as best they can. It is good for the Government to actively remove obstacles to opportunity. But if this noble effort should morph into the creation of protected groups or classes and the distribution of extra this and extra that to the disadvantaged, deserving categories, this would be a perversion of the initial intent and it would result into bureaucratization and the end of individual initiative and successful enterprise. There is plenty of evidence showing that large public policy programs aimed at solving problems end up institutionalizing them, creating permanently dependent constituencies that do not go away.

Long ago, Frederick Jackson Turner provided an interesting interpretation of the old American ethos. “American Individualism” was grounded on the peculiar experience of the

colonization of the American West. By default, if nothing else, individuals or small groups struggling to get someplace in the wilderness had to be self-reliant and had to base their chances of success on personal will power, determination, hard work and ingenuity. When the Era of the Frontier came to an end, Turner wondered as to what this change would mean for the American ethos. When the big job at hand is no longer to lead the covered wagons caravan further West in search for good land, so that the first settlement could be established, what will become of an America shaped by experiences grounded on individual resilience? If indeed the defining feature of the American psyche and approach to life is rugged individualism, how would this "patrimony", born out of the frontier experience, adapt to an urban society in which complex dialogue and mediation among diverse interests will be needed, rather than the trade mark "do-it-yourself-as-no-one-else-is-here-to-help" approach?

This important question was posed by Turner at the end of the Epic of the Frontier, more than a hundred years ago. He wondered what would become of America. What would happen to the self-starting spirit, to the can-do approach to anything? As Turner put it later, in March of 1920, ***"The future [...] alone can reveal how much of the courageous, creative American spirit, and how large a part of the historic American ideals are to be carried over into that new age which is replacing the era of free lands and of measurable isolation by consolidated and complex industrial development and by increasing resemblances and connections between the New World and the Old.*** (Emphasis added).[...] *What has been distinctive and valuable in America's contribution to the history of the human spirit has been due to this nation's peculiar experience in extending its type of frontier into new regions; and in creating peaceful societies with new ideals in the successive vast and differing geographic provinces which together make up the United States[...]*

Turner described a society and a culture shaped by the accepted –indeed revered– national myth, (even though this was not the actual experience for many) of the all conquering individuals who settled wild lands, relying on their wits. The American pioneer was not “the explorer” of the European experience. The American pioneer was not Magellan or Amerigo Vespucci. He was the common man, driven by a desire to go and settle in a new place. He had no financial backers. He was neither rich nor particularly well educated. What he had was will power and ingenuity.

To the extent that this national myth of individual resourcefulness and risk taking spirit had value as the intangible yet strong motivating force that would drive Americans onward, could this myth survive after the quest for open space in the West was over? And if frontier individualism would not survive in its original form, could it be transformed into something else, equally vital, yet more suitable to changed circumstances? Or was it the fate of America to rejoin the spiritual heritage of Europe?

Turner himself expressed the wish that Americans would be able to transform the physical reality of the Frontier and the challenges that it had presented to the would be colonizers into a new notion of frontiers of knowledge and new discoveries in science and technology and more. A good idea it would seem. And, to some extent it would appear that America followed this adaptation. From the physical frontier, we moved to the frontier of innovation, technology and new science. From the covered wagons we got to the Bell Labs, Silicon Valley, the internet and the human genome.

In all this, as compared to the European experience, the State and public resources, according to the accepted national narrative, played a relatively minor role. It was all about individual creativity and resourcefulness. Hence the somewhat simplistic notion that all that is good in America is done by the private sector, while the government is incapable,

inefficient and wasteful; so it better stay out of the game. (Remember Ronald Reagan's favorite joke?: "We are from the Government... We are here to help". And this supposedly preposterous assertion linking "Government" and "help" sounded extremely funny to his supporters).

In light of this heritage and the accompanying national myth of the individual as the engine of creativity and growth, the Obama approach, while motivated by this national emergency, appears wrong, misguided or even blasphemous to many. "Obama wants to make all of America just like France, or at least just like California, whose stupendous state budget deficit is the outcome of a failed statist philosophy". "Obama is a socialist". And the more colorful characterizations assert that "we are going the way of Argentina", or (less plausibly) "of Zimbabwe".

Indeed, citing Turner's thesis, Daniel Henninger of *The Wall Street Journal*, wrote an insightful editorial on December 4, 2008, ("America Needs Its Frontier Spirit") that opened with this admonition:

*"The greatest danger in the current economic crisis is that the United States will lose its historic appetite for risk. The mood now is that risk taking got us into this mess. Risk, though, is the quintessential American trait that built the nation – from the battle of Bunker Hill to the rise of the microchip. If we let risk give way to a new ethos of commercial reserve and regulatory restriction, the upward arc of the US ascendancy will flatten. Maybe it already has."*

Henninger wrote that Turner had recognized that the "frontier spirit", while uniquely American, was not all good. The fierce individualism that was its trade mark and dominant feature was "working for good and evil". And we have seen plenty of both with positive and negative consequences. The rise of the great steel entrepreneur, later on turned philanthropist (Andrew Carnegie); but also of the Robber Barons, the speculators and

the criminals (Bernard Madoff, by acclamation, gets the latest sleaze prize).

But is this reflection on what was or is the American ethos relevant to today's circumstances? It is very relevant to the extent that we agree that people are motivated and driven by certain values that are transmitted by the prevailing culture. Turner wondered what would happen to the spirit of the frontier after the end of that epic age. He hoped that it would move to other fields of endeavor. And, to a large extent, this really happened. But the outcome is of a society that is both, highly innovative and fractured, flexible and adaptable and thus hospitable to the daring; but mercilessly cruel to those trapped in a world of poverty and ignorance. For them the verdict is as severe as it is unfair: "As they could not summon their individual resilience, well, they were doomed to failure. They did not make it; and it is too bad".

The open question for the leadership of a modern industrial democracy in which a high level of sophisticated knowledge is the ticket to participate, is whether we can accept the old fashioned frontier time philosophy whereby "those who want can and will do"; and the others, well the others did not have what it takes to go through the wilderness and Indian lands. They did not make it.

The Obama administration appears to appreciate the good aspects of the old heritage that created a society in which individual ingenuity is at the root of growth. But it also sees the negative consequences of excessive individualism: a fractured society in which those who can go ahead, while many others sink or are condemned to perpetual marginalization, largely because of the circumstances in which they are born. The trick here is to "fix" the flaws of individualism without destroying it in the process.

Indeed, individualism stirs the free human creativity that produces Apple and Federal Express. Regimented, bureaucratic

industry and endless bargaining with the unions produced Rick Wagoner and a slumbering General Motors, a corporation that does not even have the minimum level of self awareness to know when the business is dead. While Obama and his advisers correctly talk about systemic flaws that require real reform, it should be our hope that they will keep in mind that, in the end, the future competitiveness of America will still rest on the ability to keep and nurture a spirit of creative enterprise that has few competitors in the history of the world.

Right now, in the midst of this severe recession, the frontier spirit is not shining. There is an understandable backlash against unregulated capitalism managed by manipulators who concocted incomprehensible financial instruments and peddled them to many like the all curing snake oil of old, while the regulators were looking the other way, because they were supposed to allow the free market to do its own thing.

Looking at the destruction of wealth and at the dislocation for millions that occurred mostly under the stewardship of an incompetent Republican Party distracted by its excessive preoccupation with the war on terror and by the all absorbing Iraq adventure, one could easily agree with President Barak Obama's conclusion that the old way of doing things (unregulated markets) has been tried and it did not work. Hence the need to try something else. Very true.

What happened under George W Bush was a disaster that has shown what level of damage blind faith in individualism, this time around "working for evil", (whether we knew it or not), can bring about. But, agreeing that the damages of the past were caused by reckless deregulation and lack of any kind of oversight, does not provide a clear indication of what may be a better way. Right now, with the engine of capitalism broken or at least stalled, it is appropriate to use the levers of public policy to inject some life into the system. But is this a temporary remedy or a brand new course? If it is

temporary and expedient, so be it. Someone has got to do something. But if this is the prelude to the return to old 1960s and 1970s ideas of Big Plans that will fix Big Issues, then a cautionary note should be introduced.

The Frontier Spirit may not provide good guidance at this time, at least not until it can be refurbished as a genuine force for good. But there is no evidence that state run, social democratic policies work any better in the long haul.

In the 1960s and 1970s the European industrial democracies thought that they had improved and refined capitalism. The Great Society programs here in the US had similar aims. You could have both, a private sector and a public sector, free enterprise mitigated by good regulations and welfare programs that would embrace and sustain everybody. Progressive taxation would finance the whole machinery. In the European experience, thoughtful technocrats, the High Priests of the Mixed Economy and the Welfare State, would watch over and fine tune the system, making sure that all would thrive, enjoying the fruits of carefully orchestrated economic activities.

In Europe in particular, the central element of this whole idea was a sincere belief in the concept of "The Plan". A good and wise allocation of national resources needed a careful plan, so that there would be no waste and no disruption; thus optimizing the allocation of scarce capital. In theory all this sounds quite good. In practice, it is odd that the concept of "The Plan", sincerely embraced by the Social Democrats, was in fact the absolutely worst component of Soviet style communism. Simply stated, even assuming the best intentions and the best people working on it, "The Plan" does not work. And this is mostly for two reasons.

First, a Plan is normally based on assumptions that prove to be inaccurate or wrong, while the Plan is too rigid, not allowing for course corrections. The second reason is that any attempt at forced allocation of resources according to The

Plan, is not optimal and in fact quite wasteful. But worst of all, the notion that we all have to work according to a script denies in practice the expression of individual creativity and smothers that risk taking feature that Turner and others indicated as the distinctive feature of American style enterprise. In fact, America has been and still is the destination of many disgruntled would be entrepreneurs from Europe or Asia who moved here because they believed that here they would find more fertile ground for the flourishing of their ideas and enterprises.

In the end, this crisis will pass. Looking at the aftermath, the Obama administration is right in asserting its desire to address systemic weaknesses in education, health care and energy that, if left unattended, in the long run will weaken America and diminish its chances to be truly competitive in the global economy. While, in principle, this is a good idea, wanting to do the right things is not necessarily an indicator of future success. Then, what do we do?

It would be wise for a reformed and sobered up private sector to stay away from the attempts at demonizing Obama as a northern version of Hugo Chavez bent on ruining the country, and engage with this administration in devising the best way to use public policy and/or mixed models of public private partnerships in an innovative and productive way. The stakes are high. If we are successful in providing the necessary tools to those that have been excluded, we have now the chance to transform America into a modern, vibrant "Opportunity Society". And this is something that both left and right should be able to agree upon. As Turner said, there can be different frontiers. Why not make "Expanded Opportunity" the new one?

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# Politicized Media and The Loss of a Common Ground

WASHINGTON – Consider this superficially innocent excerpt from a recent (February 28, 2008) article in *The Wall Street Journal* dealing with Obama's announcement of a timetable for US withdrawal from Iraq: "*Bush aides once talked of leaving tens of thousands of American troops in Iraq into the indefinite future, citing the examples of postwar Germany, Japan and South Korea*". So, you read this and you may get the impression that the Bush administration had the ambition of occupying Iraq potentially forever. Now, this is patently untrue; witness the fact that the Bush administration negotiated a status of forces agreement (SOFA) with the government of Iraq which clearly set a deadline for withdrawal from cities by mid 2009 and complete withdrawal from Iraq by December 2011. So much for planning to stay for "the indefinite future". In fact, as it turns out, that Bush timetable is not that different from the new one just announced by President Barak Obama. So much so that Obama's plan has been endorsed by Senator John McCain, his Republican opponent in the recent presidential elections. As to the parallels with US troops in Germany and other countries, these are idiotic. The stationing of US troops in Germany and Korea was and is about the protection of these countries from foreign invasion, not about the need to have a US occupying force in order to fight an ongoing insurgency and keep domestic order. So there are troops and there are troops. Talk about apples and oranges. Shouldn't a journalist know the difference?

Again, this excerpt is not particularly egregious in terms of the consequences of error and distortion. The Bush administration is gone and thus its alleged policies and or wish list about Iraq have become irrelevant. Likewise, wrong

historic and political comparisons are not uncommon in the media and thus they will not be cause of outrage.

But this is precisely the problem. The fact that errors or distortions appear and that in general they are not corrected, while nobody really cares, is evidence to the fact that, even in the so called "quality press", one can write sloppy (or tendentious, as the case may be) stuff, make stupid, historically erroneous analogies and get away with it. But, as a result of this, the unsuspecting reader is fed errors and misrepresentations from which he is likely to draw the wrong conclusions.

Another common form of distortion is the "friendly" interview in which the interviewee is allowed to say anything they want, while the journalist nods, even when confronted with blatant falsehood. Take as an example Governor Jennifer Granholm of Michigan. In recent media appearances she has come out strongly defending the auto industry bail out. OK, you may say. She has to do that. Detroit is in big trouble and it is in her state. The auto industry is so important for Michigan. How could she not defend it? Fine. But only up to a point. Why should interviewers not question her assertion that, after all, all other automobile manufacturers around the world are also in a crisis and they have all applied for state help. So—asks the Governor—what is the big deal about Detroit? After all, just like all the others, they are seeking emergency aid. And they should get it, because it is all about saving jobs, etc.

"Yes, Governor—the journalist should say— all other automobile manufacturers worldwide are in trouble because there is a global recession; and it is true that they are asking for and getting financial assistance. But the fact is that Detroit has been structurally in trouble for the past thirty years, without doing much about it. For this reason, while it is true that the crisis has hit everybody, it is a devastating blow to the US auto companies that were poorly

managed way before. This is the truth. For this reason, GM's problems are not on the same scale as Toyota's. The skeptics may go and pick up an old copy of "The Reckoning", the 1986 best seller book by David Halberstam. That book documented the passivity of Detroit and its inability to innovate and thus confront the emerging Japanese competition. So, the crisis of the US auto sector and the need for swift remedial action was known and amply documented back in 1986. While attempts to turn things around have been made, the general picture has only deteriorated over time, witness the horrible financial conditions of the automakers accompanied by steady loss of market share, *well before the financial crisis*". But nobody really said this.

And so, the Governor of Michigan, conveniently ignoring a long history and massive amount of data about the failures of the Big Three, goes on TV talk shows saying that Detroit is essentially another victim of the financial crisis and that their plan to emerge victorious from the crisis is very solid. Again, to a degree we can allow a politician to be the *ex officio* defender of a very large cause affecting her state (and, admittedly, way beyond her state). But does her advocacy role allow such a level of distortion so that people are supposed to ignore the systemic mismanagement of the US auto sector? Still, lacking any further probing and clarification on the part of journalists not doing their job, the average viewer watching the interview can come up with the idea that the Governor has a very valid point and that we should save the US auto sector, just like everybody else around the world is trying to save theirs.

And then we have the energy "debate". Conservatives, to score points against the supposedly misguided tree hugging liberals, during the recent presidential elections campaign demanded with the loudest voice that we should do away with all environmental niceties and drill as much as we can on shore and off shore here at home, so that we could get our own oil

and stop buying it from the Middle East. They did so using friendly media outlets that did not question the "facts" as presented. Here, as elsewhere, there is a mix of truth and complete fantasy. Is there more oil to be extracted in the US? Absolutely. But, even according to the most optimistic estimates, there is not much of it. Maybe an additional million barrel a day, maybe two –if we are really lucky. This additional supply, while welcome, would allow us to cut down a bit our oil imports, now about 12 million barrels a day, or roughly 65 per cent of our consumption. But it would not change the larger picture which indicates the progressive and fairly rapid depletion of domestic oil reserves. In terms of overall known world oil reserves, the US, with 3% of the total, comes to number 14. In theory this is a respectable showing, except that we are by far the largest consumer and so these reserves will satisfy only a modest percentage of our consumption and they will go fast. So the idea that we have all this untapped oil that would take care of most if not all our problems, while we are prevented from getting to it by stupid liberal policies that undermine energy security, is a dangerous falsehood. It is a falsehood that fosters partisanship in as much as the conservatives want to portray themselves as the defenders of US energy security; while depicting the liberals as essentially unpatriotic and silly people who would gladly sacrifice US national interest to protect wild animals in Alaska or seals somewhere else.

And yet, instead of consistently presenting the issue of additional exploration in context, the media, depending on their politics, have joined one side or the other of this polemic about "to drill or not to drill". Lost in the cacophony are the hard facts. "Yes, America, it is possible to extract more oil, and within reason it should be done, as more oil extracted at home is better than less. But, at the same time, we the media are presenting to you the complete picture: the US has consumed most of its oil deposits. And, given our high consumption rate, soon we shall have nothing left. Hence

the need to have a new strategy based on other sources”.

Multiply this partisanship, errors, sloppy reporting and egregious distortions by the thousands of media outlets and one gets to the uncomfortable conclusion that, in this very new era of information saturation, it is very hard to “know” what a “fact” is and whether opinions expressed on the basis of these “facts” are even remotely connected with reality.

In theory, one could make the case that the proliferation of new media and the low barrier to entry in the world wide information circuit accessible by hundreds of millions via the internet should help quality of information reporting. With more and more independent voices checking on whatever is being said or written, more and more people doing research and fact checking, this should discourage all practitioners from engaging in total fabrication or even partisan distortion. In the end, as everybody is paying attention to what everybody else is saying, the “truth” would finally emerge.

But, paradoxically, it is not so. The proliferation of media outlets –and cable TV news is the primary example– simply means that people watch the outlets of their choice not to get information but only to hear views that confirm and reinforce their existing biases and preformed opinions. Watching someone who articulates what I already believe seems to be comforting. If this attitude were confined to opinion, it would be bad enough. But now, this “artistic freedom” has been extended to facts. And so, the lines of demarcation between news and editorials have disappeared. We are all “entitled to have our own facts” –it seems. And, on the basis of these fantasies, we can opine whatever we want. Those who say we are wrong are dismissed as partisan political opponents and that is the end of the debate.

The old fashioned traditional media, rightly or wrongly, were believed to be guardians and honest stewards of some level of “objective truth”. This may have been wishful thinking in many

instances, but at least it was assumed that there was an ethical code that would force media outlets to report the facts. Well, now there are no such standards. Partisan media have openly morphed into long political commercials. It is bad enough that TV political ads routinely distort the facts through manipulated polls and out of context "quotes". Now this practice has become routine for most media. It is quite clear that, by picking and choosing, one can make almost any point about any subject. Of course, this is not new. Distortion has always been around. But it was not routine and it was not open and blatant.

Well, what is the point of this tirade? It is quite simple. We would all concede, at least in principle, that a vibrant republic is predicated on informed citizens. In our world, information comes mostly from the media. The observation here is that the myriad of diverse outlets did not spur a renewed commitment to improve and sustain the necessary effort aimed at presenting facts, while clearly separating reporting from commentary and opinion. In fact, the new media are mostly about advocacy. The intent is not to inform but to recruit followers.

The average reader/viewer, by believing what is dished out by their favorite outlet can believe that George Bush wanted to occupy Iraq indefinitely, just as we are occupying Germany. They can believe that General Motors is another victim of the global financial meltdown and that we should help Detroit just like the Germans or the Japanese are helping their equally suffering auto manufacturers. And they can also believe that, if Washington would just do away with this nonsense about environmental concerns, we could get busy extracting our own oil and this would pretty much take care of our energy problem for quite a while. All this is troubling.

Essentially there are two issues here. The first one is the open morphing of information into advocacy and propaganda, whereby he who has the loudest voice and deeper pockets may

carry the day. The second issue is sloppy journalism, no fact checking and the inability to present news within an appropriate historic context. The two combined have created a mess within which people are inclined to choose their version of reality on the basis of ideology and not reason. If news and information was presented in context, then people would have a better chance of evaluating it and to form their opinion. Without context, news is a messy, sometimes incomprehensible, stew of stuff; and so the best way of sorting it out is by following one's own pre-selected media outlet that has a pre-cooked opinion on the issue.

The promise of the internet was that we could all gather in this virtual ongoing town hall meeting offered by cyberspace. As we are all alert and tuned in, nobody could get away with falsehood or misinformation. The aware, watchful citizens would know and cry foul. Well, so far it has not turned out this way. Media proliferation has mostly meant fragmentation of the enormous audience according to ideological preferences. Just like people may choose to read about jogging, as opposed to gardening or fishing, people also choose conservative as opposed to liberal media because this or that better suits their political biases.

The problem is that this way –by accepting ideologically biased information as the only kind that is available– as a society we risk losing an essential prerequisite for fruitful debate: the common ground of a shared reality. In the realm of science, with occasional lapses, scientists are not allowed to create their own version of reality simply because this would better fit their theories. While many mistakes are made by scientists, there is a consensus that scientists collectively are looking for the discovery and understanding of facts. In human affairs this is more complicated because we have facts and intentions and wishes and interpretations and opinions etc. But the higher degree of complexity, if anything, should make those who are in the news business to at least try to be

as accurate as possible about the facts.

If we conclude that we are all entitled to our own facts "because this is the way I see it" and that political debate is mostly about the power of persuasion based on rhetorical ability, then it is all about ideological screens and not about dealing constructively with the issues that will determine our future.

Ideologues and ideological struggles are not new. What is new, in the context of a modern, scientifically and technologically advanced democracy, is the progressive loss of a common ground. Outlandish propositions and falsehood are countered mainly by other biases articulated through a variety of media outlets that are mostly about advocacy and propaganda and no longer about information. The media, including the new media enabled by the internet, having become open partisans of this or that, have abdicated their role of presenters of well documented facts. This way, facts have become subjective, just like individual taste in food or clothing. But if we are allowed to create our own subjective realities, then, without a shared understanding of what is happening, we shall progressively lose the precondition for having constructive debates. And this cannot be good.