

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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THEY SAID IT

"Yet we now know that thousands of trained killers are plotting to attack us."

President Bush, in his speech announcing plans to establish a new Department of Homeland Security, June 6, 2002.

WHITHER THE "WAR AGAINST TERRORISM?" Back in early March, which seems to me like a million years ago, Senator Tom Daschle had the temerity to publicly question where exactly President Bush thought the war in Afghanistan was headed. More specifically, he said he wanted to know if the administration had some sort of "exit strategy."

Republicans immediately jumped on the hapless Senate Plurality Leader like a pig on a truffle, accusing him of being everything from unpatriotic to an impediment to victory. And lo, the short but sweet brouhaha turned out to be one of those rare moments when the GOP actually won a public relations battle with the Democrats.

In fact, Daschle took so much flak from both the public and the media that even some of his fellow Democrats abandoned him. Among others, Senator Joseph Lieberman, who never met a fence he couldn't straddle, joined the Republican chorus, saying that he disagreed "with those of my colleagues . . . who are already pressing for a plan for withdrawal from Afghanistan." Then he added emphatically, "We need a victory strategy, not an exit strategy."

As a Republican who has always thought of Daschle as a tiresome, whiney bonehead, I enjoyed the whole thing a great deal. His question was deliberately political, and he got a deliberately political response. The funny thing about it, though, was that the question was, in truth, a pretty good one. Had it been asked by a serious person, in a serious setting, I think a great many

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people, certainly all those who are interested in the future course of the financial markets, would have been intensely interested in the answer. When, indeed, will this “war against terrorism” be over? And how will we know when it is?

Of course, no one can answer these and a host of other related questions with even a modicum of confidence. The problem is that this is not a normal war. Victory can’t be defined as getting rid of some bad guy who runs a big country somewhere, and the battle plan can’t be studied on a map that pinpoints strategic locals and highlights the positions of massing armies. This is as close to a war without a definable end as can be imagined. The enemy is everywhere, his targets are virtually unlimited, and he can seize the initiative or go silent at any time. Wars like this, as was demonstrated in various separatist movements throughout the last century, can go on for a very long time.

But just because the answers to the questions concerning the course of this conflict aren’t easy to come by, doesn’t mean that they shouldn’t be addressed. In fact, the sheer unpredictability of the situation makes scenario spinning all the more necessary because it forces one to think about the myriad possibilities in a structured manner, and to create a framework from which to judge the importance and ramifications of events as they unfold. And since no one else seems up to the task, most especially the White House, I thought I’d give it a try this week.

The most optimistic outlook, the “America Wins” scenario, is that the United States will be successful in containing the terrorist threat via an aggressive program of intercepting and foiling plans for attacks on Americans both at home and abroad by killing, capturing, and containing the bad guys. Under this scenario, the worst is over. There may be a few nasty incidences yet to come, but nothing too serious, and nothing that raises public fears that the authorities don’t have the situation under reasonable control.

The fight would go on, of course, but it would be waged in far off places with strange sounding names and fought largely with proxy combatants. America would change somewhat, but the change would be slow and not observable on a day-to-day basis. The economy and the financial markets would be largely unaffected and politics would return to normal.

Under this scenario, militant Islam eventually recognizes the futility and high cost of attacking American targets, and concentrates its efforts on overthrowing secular governments in Muslim nations that are friendly to the United States, with the goal of establishing a new base from which to launch a new jihad against the West at a later date.

I think this scenario is highly unlikely. A little cynicism is always a good thing when watching politicians at work. But one has to believe that the immense effort that is going on in Washington to build a “homeland security” network is driven by real concerns, based on hard evidence, about real threats from real people who are not likely to abandon the battle any time soon. And one has also to believe that some of these enemies are likely to succeed in breaching America’s defenses. If anything, I think that the officials who are in charge of protecting Americans are more concerned and more frightened than they are admitting to the public. Certainly, the ones I know personally are.

The second scenario to consider is that the home front gets bloodier. Something resembling what is occurring in Israel begins to happen in the United States. Nothing of the magnitude of September 11 occurs, not because it isn't planned or attempted but because the security apparatus is effective enough to prevent anything that takes such intricate planning,

Depending, of course, on the intensity of the attacks, this would change America in many ways. As I have said in previous articles, the federal government would get larger, more powerful, more expensive, and more intrusive. The economy would suffer, indirectly by inefficiencies that would result from various police actions and changes in such things as travel and spending patterns, and directly, if successful attacks were launched against such things as water supplies, electrical grids, computer networks, bridges, livestock and crops, or simultaneously against individuals in large shopping malls.

I think this scenario is probably the most likely. The problem, of course, is that it is impossible to gauge the exact nature and intensity of this threat. My guess is that if such a pattern of terrorist incidences would occur within the United States it would be met, early on, with the virtually complete abandonment of any concerns about "racial profiling." I further believe that the resultant round up, surveillance, and harassment of individuals from "terrorist sponsoring states" would be so intense and so ruthless that the threat would be reasonably well contained over a period of time.

I call this the "Little Prince" scenario because it would involve an extended period of time when Americans, like Israelis today, would have to go about their daily lives knowing that something terrible not only could happen at any time but is likely to happen. The Little Prince, for those of you who don't remember their children's books, was the character from Saint Exupery's wonderful novelette by that name, who lived alone on a little planet with two active volcanoes, which he used for "heating his breakfast in the morning," and one extinct volcano, about which he would always say darkly, "One never knows."

The third scenario, let's call it the "unthinkable one," is that militant Islam succeeds in implementing another devastating attack like September 11, or worse. This could involve a biological, chemical, or nuclear nightmare within a large city, killing thousands, or possibly tens of thousands, of Americans.

I would like to believe that the odds of this happening are low. But there is no question that plans to launch such an attack are on going and that the possibility of success cannot be entirely discounted. The key factor to consider when thinking about such a thing is the American response. I think Americans would demand, and get, dramatic, probably unconstitutional, action against Muslims and many other foreign nationals living within the United States, and I think a punishing military attack would quickly be launched against Iraq, if for no other reason than to demonstrate to the American people that "something is being done." The consequences of such an action would be far-reaching, to say the least. Among other things, the effect on the world economy would be devastating. If the American consumer is today the engine that keeps the global economy going, then much of the global economy would slow dramatically.

Finally, there is a fourth, the “doomsday scenario,” that cannot be ignored. This one involves the possibility that America’s avowed and much publicized effort to oust Saddam Hussein is implemented and botched, allowing him an opportunity, before his death or capture, to launch some sort of massive biological or chemical attack on Israel, which could prompt Israel to launch a nuclear strike in return.

I don’t know whether Saddam even has the capability to attack Israel with such weapons. I know it wouldn’t be as easy as it sounds. But I don’t doubt that he would do it if he could as part of his end game. And I don’t doubt that Israel’s reaction would be extraordinarily brutal, should such a thing happen and result in massive Israeli casualties.

So there we have, I believe, a framework from which to begin the task of at least thinking about, in a structured manner, the answers to the questions that Daschle was apparently hoping to raise in his awkward initial enquiry into where might the war in Afghanistan be headed.

It isn’t a comprehensive framework. For example, I deliberately did not present the possibility of a formal “peace” with militant Islam. I can’t imagine that such a thing would happen. Nor did I consider the possibility that militant Islam will fade away, ending with *Time Magazine* interviewing eight scruffy guys with body odor, all named Muhammad something or other, sitting in a café on the Left Bank, like a band of aging American Black Panthers in Berkeley, reminiscing about their youthful antagonism toward Western culture and their one “big score” on September 11.

I believe this movement will eventually be defeated, relegated to the dustbin of history by a combination of Western military force and the inexorable spread into every nook and cranny of the world of Western culture, which is to the fundamentalist cult of radical Wahhabism what salt is to a slug. Indeed, radical Islam’s attack on the West is, I think, the last sigh of a dying, outdated, medieval ideology, rather than the roar of something new. Ortega Y Gasset put it this way.

“Everyone sees the need of a new principle of life. But as always happens in similar crises--some people attempt to save the situation by an artificial intensification of the very principle which has led to decay. This is the meaning of the ‘nationalist’ outburst of recent years. And, I repeat, things have always gone that way. The last flare, the longest; the last sigh, the deepest. On the very eve of their disappearance there is an intensification of frontiers--military and economic.”

In short, the task of turning back the global tide of Western culture is no more within the power of this bloodthirsty, ragtag group of religious fanatics than it was within the power of England’s great King Canute (most probably an ancestor of mine, being a Dane) to turn back the ocean tide.

In reviewing these scenarios, and tinkering with them if you wish, it is important, I think, to keep in mind that virtually the entire world is, for all practical purposes, rooting for the United States in this war. This is not always easy to remember, in the midst of the constant storm of anti-American rhetoric that reverberates around the world from Europe to China to Latin America to the halls of the United Nations in New York City.

But it is true nevertheless. And this truth is based on something more solid than friendship. It is based on what Adam Smith called “enlightened self interest.” I put it this way in a piece I wrote shortly after September 11, entitled “Mass Murder Makes Strange Bedfellows.” (What follows is the unedited version.)

I think that when the dust settles on [President Bush’s] effort to force every nation to “choose up sides,” country after country, including most of those in the Islamic world as well as China, will come to the same conclusion that [Pakistan’s] General Musharraf did.

Why? Because we buy their stuff, that’s why. As my mother used to say, every cloud has a silver lining and the silver lining of a huge U.S. trade deficit with virtually every other nation on the globe is that no country wants the U.S. ports closed for very long, or for the U.S. consumer to stop buying their t-shirts, socks, computer parts, commodities, American flags, and whatnot.

With the exception of the poorest, most backward nations, such as Afghanistan, what government, whether in Europe or Asia, or anywhere else, wouldn’t be endangered by a prolonged U.S. recession?

This is not to say that every nation in the world will suddenly embrace the United States. But even America’s enemies, or international rivals if you will, aren’t likely to be pleased by having their hand forced by some religious fanatic living in a cave somewhere dreaming dreams of mass murder. Even the most radical, anti-American Chinese general must realize that if his country is to defeat the United States someday, it will have to be after the United States helps it build an economy that can sustain the effort.

MORE THOUGHTS ON CORPORATE CORRUPTION. Last week, I discussed some of the reasons that I think corporate America seems to have so many dishonest people in high places today. This week, I thought I’d provide readers with a peek into the criminal mind, as provided by one of history’s all-time great experts on human nature, Bill Shakespeare. These lines won’t solve the corruption problem that is discombobulating the financial markets. But it will, I believe, help people who are trying to understand the thought processes that drive these “strong-fram’d” crooks to disobey their conscience, or as Milton it, “God’s umpire.” And that, I think, should be worthwhile. Plus, they are a great read.

The following comes from the Richard III, Act I, Scene 4. The setting is the jail cell holding George, Duke of Clarence, brother of Richard, Duke of Gloucester, soon to be King Richard III. Clarence is about to be murdered on Richard’s order. A few lines before this excerpt comes a stage direction that occasionally appears in Shakespeare and always reminds me fondly of Bill and Hillary: *Enter two Murders.*

SECOND MURDERER. What, shall I stab him as he sleeps?

FIRST MURDERER. No; he’ll say 'twas done cowardly, when he wakes.

SECOND MURDERER. Why, he shall never wake until the great judgment-day.

FIRST MURDERER. Why, then he'll say we stabb'd him sleeping.

SECOND MURDERER. The urging of that word judgment hath bred a kind of remorse in me.

FIRST MURDERER. What, art thou afraid?

SECOND MURDERER. Not to kill him, having a warrant; but to be damn'd for killing him,
from the which no warrant can defend me.

FIRST MURDERER. I thought thou hadst been resolute.

SECOND MURDERER. So I am, to let him live.

FIRST MURDERER. I'll back to the Duke of Gloucester and tell him so.

SECOND MURDERER. Nay, I prithe, stay a little. I hope this passionate humour of mine will
change; it was wont to hold me but while one tells twenty.

FIRST MURDERER. How dost thou feel thyself now?

SECOND MURDERER. Faith, some certain dregs of conscience are yet within me.

FIRST MURDERER. Remember our reward, when the deed's done.

SECOND MURDERER. Zounds, he dies; I had forgot the reward.

FIRST MURDERER. Where's thy conscience now?

SECOND MURDERER. O, in the Duke of Gloucester's purse!

FIRST MURDERER. When he opens his purse to give us our reward, thy conscience flies out.

SECOND MURDERER. 'Tis no matter; let it go; there's few or none will entertain it.

FIRST MURDERER. What if it come to thee again?

SECOND MURDERER. I'll not meddle with it-it makes a man coward: a man cannot steal, but
it accuseth him; a man cannot swear, but it checks him; a man cannot lie with his
neighbour's wife, but it detects him. 'Tis a blushing shame-fac'd spirit that mutinies in a
man's bosom; it fills a man full of obstacles: it made me once restore a purse of gold that-
by chance I found. It beggars any man that keeps it. It is turn'd out of towns and cities
for a dangerous thing; and every man that means to live well endeavours to trust to
himself and live without it.

FIRST MURDERER. Zounds, 'tis even now at my elbow, persuading me not to kill the Duke.

SECOND MURDERER. Take the devil in thy mind and believe him not; he would insinuate
with thee but to make the sigh.

FIRST MURDERER. I am strong-fram'd; he cannot prevail with me.

SECOND MURDERER. Spoke like a tall man that respects thy reputation. Come, shall we fall
to work?

Coming Soon To Your Neighborhood . . . The Superpredators. Today, the FBI will release its annual report on crime rates, showing that the number of major crimes in the United States increased last year for the first time in a decade. As the *Washington Post* pointed out on Sunday, this up tick is sure to “fuel debates” on Capitol Hill over crime prevention measures. It will also, I would guess, provide grist to the election year buzz, as Democrats point out that crime rates dropped when a Democrat was in the White House and are now climbing under the direction of the GOP. In anticipation of this rhetorical squall, I offer the following paragraphs from a long article I wrote in January 1997 concerning the discussion at that time about the much welcome lower crime rates that the FBI was reporting then. Since I don't have a web site yet, if anyone wants a copy of the full piece, just e-mail me and I will send it along.

“In the words of noted sociologist and professor of Political Science and Public Policy at UCLA, James Q. Wilson, "presidents don't have much effect on crime rates." According to Wilson, “This [decreasing crime rate] was as it was supposed to be. Starting around 1980 . . . the postwar baby boomers entered harmless middle age. By 1990, there were 1.5 million fewer boys between the ages of 15 and 19 than there had been in 1980. These are the ages at which criminality peaks.”

According to the Census Bureau, the exact numbers are as follows. In 1980, there were 10,730,000 young men between the ages of 15 and 19; by 1990, that number had fallen to just over 9 million, (9,104,000 to be exact). Today, the population of males age 15 to 19 is 9,570,000. By July 1, 2000, the number of individuals in this category is expected to reach 10,155,000. By July 1, 2005, the number will have grown again, to 10,762,000. After that, the growth in this category is expected to slow for a few years before it starts climbing again. By the year 2050, the number of males age 15 to 19 will approach 14,000,000, an increase of over 50% from today's numbers.

According to James Alan Fox, a criminologist at Northeastern University, these numbers indicate that we are today enjoying a "calm before the crime storm . . . So long as we fool ourselves in thinking that we're winning the war against crime, we may be blindsided by this bloodbath . . . that is lurking in the future." Fox points out that, "There are 39 million kids under 10 right now. They will be teenagers before you can say 'juvenile crime wave.'"

John Dilulio, a professor at Princeton and the director of the Brookings Institute's Center for Public Management, is one of the nation's leading experts on the subject of juvenile crime. He says the following in an extensive article in the November 27 issue of *The Weekly Standard*. . . .

"But the most famous finding of the study was that 6 percent of the boys committed five or more crimes by the time they were 18, accounting for more than half of all the serious crimes, and about two-thirds of all violent crimes committed by the entire cohort." . . . What these studies indicate is that . . . an additional 600,000 boys in their crime-prone years means that there will be an additional 36,000 "murderers, rapists and muggers on the streets [by July 1, 2000] than we have today." That also means that we will have an additional 180,000 crimes, committed by this 6 percent alone. If Census Department data are correct, then this number will jump by an additional 36,000 violent criminals committing 180,000 additional crimes by the year 2005. . . .

According to Dilulio, the most disheartening finding of the well-known cohort-crime studies is that "since the studies began, each generation of crime-prone boys (the '6 percent') has been about three times as dangerous as the one before it. . . ."

Dilulio recounts that, "On a recent visit to a New Jersey maximum security prison, I spoke to a group of life-term inmates . . . In a typical remark, one prisoner fretted 'I was a . . . street gladiator, but these kids are stone-cold predators.' Likewise, in his just published book, Mansfield B. Frazier, a five-time convicted felon, writes of what he

calls 'The Coming Menace': 'As bad as conditions are in many of our nation's ravaged inner-city neighborhoods, in approximately five years they are going to get worse, a lot worse.' Having done time side-by-side with today's young criminals in prisons and jails, he warns of a 'sharp, cataclysmic' increase in youth crime and violence."

Dilulio then adds the following chilling personal observation. Since 1980, he says, "I have studied prisons and jails all across the country--San Quentin, Leavenworth, Rikers Island. I've been on the scene at prison murders and riots (and once was almost killed inside a prison). Moreover, I grew up in a pretty tough neighborhood and am built like an aging linebacker. I will still waltz backwards, notebook in hand and alone, into any adult maximum-security cellblock full of killers, rapists and muggers.

"But a few years ago, I forswore research inside juvenile lock-ups. The buzz of impulse violence, the vacant stares and smiles and the remorseless eyes were at once too frightening and too depressing (my God, these are children!) for me to pretend to 'study' them."

The difference between the violent offenders of today and those of the past is the severity and randomness of the violence associated with the crimes committed. James Q. Wilson writes, "Youngsters are more likely than adults to kill with guns [which can be done from great distances, without ever seeing the face of the victim] . . . they are more likely to kill strangers, and they often kill for reasons that adults regard as trivial or bizarre." Jack Levin, a criminologist at Northeastern University, supports Wilson's contentions about these "superpredators." He says, "They kill for trivial reasons and have less understanding of what death means. They also kill for power, thrills or revenge."

In a recent interview with Dilulio, Lynne Abraham, the district attorney of Philadelphia, concurred wholeheartedly with this sentiment. According to Dilulio: "Abraham used such phrases as 'totally out of control' and 'never seen anything like it' to describe the rash of youth crime and violence that has begun to sweep over the City of Brotherly Love and other big cities. 'We're talking about kids who have absolutely no respect for human life and no sense of the future. . . .'"

Things are, unfortunately, far more likely to get worse than they are to get better. Dilulio contends that the violent offenders of tomorrow will make the Bloods and Crips of today look like the Sharks and Jets of West Side Story. The crime-bomb is ticking, he says, and we have very little to which to look forward.

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