

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

"We are a religious people whose institutions presuppose a Supreme Being. We guarantee the freedom to worship as one chooses. We make room for as wide a variety of beliefs and creeds as the spiritual needs of man deem necessary. We sponsor an attitude on the part of government that shows no partiality to any one group and that lets each flourish according to the zeal of its adherents and the appeal of its dogma . . . To hold that government may not encourage religious instruction would be to find in the Constitution a requirement that the government show a callous indifference to religious groups. That would be preferring those who believe in no religion over those who do believe . . . We find no constitutional requirement which makes it necessary for government to be hostile to religion and to throw its weight against efforts to widen the effective scope of religious influence."

Justice William O. Douglas, in 1952, writing for the majority in the case of *Zorack v. Clausen*. The court ruled that New York City's program to allow students to attend religious instruction off school premises did not violate the First Amendment. The program, Douglas ruled, was no more than an adjustment of schools' schedules to "accommodate the religious needs of the people."

TROUBLING TIMES FOR THE DEMOCRATIC PARTY. Like everyone who uses the Internet regularly, I have a few web sites that I check out on a routine basis. They include www.newsmax.com, www.drudgereport.com, and www.washingtontimes.com, all of which regularly present news, information and analysis that can't be found in the liberal media. It's the kind of stuff Fox News refers to as "Fair and Balanced."

I also like to check out www.clearlakeiowa.com, which has the distinction of being my hometown and the place where "the music died" in 1959. The site provides "live" pictures of Main Street and the lake from the water tower. Don't miss this site on the Fourth of July, when

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the carnival is in the city park and the parade goes through town in the morning. It is pure, heartland America. And it is simply the greatest place in the world to be on that particular day when Americans celebrate the idea that distresses so many liberals, namely that the United States is “One Nation *Under God*.”

And then there is <https://access.prudential.com>. This is a magical spot where I can watch my money disappear in real time, largely, I am told by people who are wiser than I, because the boardrooms of corporate America are populated by individuals who lack what Bill Shakespeare referred to in *Love’s Labour Lost* as honorificabilitudinitatibus. The thing that keeps occurring to me as I watch this process is that I would have sold all my equities long ago if I had only known that the large presence of sleazy incompetents in high places in corporate America was a secret. Dumb old me, I thought everyone knew.

Anyway, I also like to visit a site called www.democracycorps.com. This is a fascinating place in cyberspace for anyone who enjoys studying politics and social trends. Its stated mission is to, among other things, provide “free . . . strategic advice” to “those dedicated to a more responsive Congress and Presidency,” from three Democratic party stalwarts, Clinton apologist James Carville, Clinton pollster Stanley Greenberg, and Robert Shrum, whose resume includes the somewhat dubious distinction of having helped George McGovern, Teddy Kennedy and Al Gore in their quest for the presidency.

Lest you wonder why these big-shot Democratic politicians would provide “free advice,” the site explains that the organization was “born out of outrage over the impeachment of President Clinton when the leadership in Congress preferred radical partisanship to addressing the issues which really matter to American families.” It then goes on to state that this “Democracy Corp” “rededicated itself” following the 2000 election when “the presidential candidate with the most votes and the most popular policy agenda did not become the President of the United States.”

Now I know what you’re thinking, gentle reader. You’re thinking, why would anyone waste time reading these morons? And the answer is because these morons are the heart, soul and, if you will excuse the expression, brains of the Democratic party establishment. Collectively and individually, they will play important roles in both the upcoming congressional elections in November and the presidential race in 2004. Their anger, I think it is safe to say, is the anger of the Democratic party. Their fears are the fears of the Democratic party. And their plans to revenge their anger and fears are the plans of the Democratic party. And the beautiful thing about these guys is that they don’t pull punches. They tell it like they think it is. In short, much can be learned about American politics from this website.

I have no doubt whatsoever, for example, that these guys honestly believe that the corruption that engulfed the Clinton presidency for eight years was inconsequential; that it was not something that “really mattered” to American families; and that those who thought that the President of the United States should be honest were practicing “radical partisanship.” I also do not doubt that these guys also really believe that Al Gore won the presidency and that his platform represented the “most popular policy agenda.” And finally, I don’t doubt that these beliefs are a direct reflection of the beliefs of the Democratic party establishment.

Now this may not appear to be much of a revelation. But there is a chilling message here, namely that the leadership of the Democratic party, a party which represents roughly 50% of the American electorate, does not place honesty and character high on their list of important qualifications for political leadership. This means that they learned nothing from the Clinton experience. And this means that the sickness that infects corporate America today is pandemic within the upper strata of the Democratic party, which raises the question of whether it can be cured in the boardrooms if it can't be cured in Washington. And finally, this means that the leadership of the Democratic party would be perfectly capable of knowingly placing another ethically challenged, deeply flawed individual in the White House, someone like Hillary Clinton or Al Gore for example.

But this is not all that can be learned from reading the words of these political wizards. We also learn from the trio's latest "Featured Report," entitled "Alert – Democrats Moving Up, How Best to Turn this Movement into Real Momentum for Democrats," that Democratic party candidates in the upcoming congressional elections are likely to stress three "mutually reinforcing" "themes." The first theme stresses corporate irresponsibility and accountability, the second retirement and health care, and the third, a "real difference" in priorities.

I won't go into detail about how the Democracy Corps advises candidates to "spin" these themes. But the general idea is that they should blame the corporate corruption on the GOP, saying that Republicans "gave a green light to such free-wheeling behavior." They should "make the case" that Republicans are endangering Social Security and other retirement plans by "bringing the same ethos to peoples' retirement savings that corporate CEOs have brought to the companies that they have run into the ground." And they should stress that Democratic priorities are particularly different when it comes to prescription drugs for the elderly and concerns about public education.

Now, on the surface, this is pretty standard stuff. These are the kind of things that the talking heads on television discuss with their "guests" every morning and evening. But there is, if one looks behind the curtain on this scene, another message here, namely that the Democratic party's political leadership no longer has much faith in the popularity of the party's positions on the issues that define the party and keep the party's faithful on board.

There is no mention, for example, in this strategic memo of even one of the dozens of "feminist issues" that are, or at least once were, an integral part of the party's political agenda. Not even the all-important "right to choose" is mentioned. There is also not a single mention of even one of a list of issues that are important to the gays, whether it be liberalizing the "don't ask, don't tell" policy of the military, changing the Boy Scouts, or supporting gay marriages. Nor is there any mention of placing restrictions on gun ownership, or enforcing strict racial quotas on hiring practices, or supporting reparations for African-Americans, or challenges to any and all references to God or religion in public discourse, or banning the death penalty, or signing international environmental treaties. And where is the pitch for organized labor? In fact, one would think from reading this "free political advise" that these and other popular liberal causes are not just secondary issues, but non-issues, when in fact these issues and other similar ones, are the glue that makes the Democratic party a party.

So what are we to make of this? Are corporate corruption and balanced budgets the big new *causes célèbres* of the American left wing? Has the Democratic party abandoned the old left wing “causes,” the causes that attracted everyone who is anyone within the party today into politics in the first place? Have all of these once hotly burning issues gone the way of bashing the military, attacking the “pigs” in police uniforms, or school busing to achieve integration? No, of course not. These issues are the *raison d'être* of the Democratic party. There is no party without them. Advocates of these causes provide the money and the energy for the party.

The message here is that Carville, Greenberg and Shrum have a problem, a problem similar to one that has been faced by many companies over the years. Their product line is becoming obsolete. It is still loved by a large, loyal group of consumers. But this group is aging. It represents the past, not the future. New products must be introduced, while continuing to sell the old. The party must shoe horses while learning to fix automobiles.

Time will tell whether Carville, Greenberg and Shrum will be successful in this task. It isn't impossible. These guys are good at what they do and their competition, the GOP, isn't known as the “stupid party” for nothing. But it will be a tough job even so. Next November we will get a look at how they're doing. And two years hence, the real test will come. In the meantime, for Republicans, it is nice to see that the Democrats are struggling, in the middle of the campaign, to develop new “themes” that will give the party the “real momentum” that apparently the old “themes” can't provide anymore.

SOME THOUGHTS ON GOD'S ROLE IN AMERICAN POLITICS. I was fascinated and pleased last week by the American public's reaction to the ruling by the 9th Circuit Court of Appeals in San Francisco that the phrase “under God,” was unconstitutional.

According to a Newsweek poll, 87% of Americans support the phrase, a majority so overwhelming that the court, one of the most liberal in the nation, felt compelled to suspend enforcement until an appeal could be heard; and more importantly, a majority so overwhelming that the Democrats on Capitol Hill had to make a rare show of support for the presence of a transcendent God in the public square.

This controversy is, of course, not going to go away. Nor are the Democrats going to stay for long on the side they joined last week. They have too large an investment in the dream of replacing Nietzsche's dead God with an American version of Rousseau's concept of a “civil religion.” They will not cede this battle over so small a thing as public opinion. If their commitment to this cause weren't so strong, the 9th Circuit Court of Appeals wouldn't be an intellectual cesspool of “grand interpreters.”

This fight is, of course, only a small skirmish in a much larger battle. It is sometimes easy to lose sight of the issues that underlie it. So this week I would like to offer the following thoughts from Father John Neuhaus on the subject of God's important role in America's political system. They appeared in the December 2000 issue of his terrific monthly magazine *First Things*, which describes itself as “The Journal of Religion and Public Life.” This is only a short excerpt from a much larger and more comprehensive piece, which I highly recommend you read in its entirety. You can find it at www.firstthings.com.

The “common good” is—and we can never tire of making this point –unavoidably a moral concept, and that means the religiously grounded moral convictions of the American people cannot be excluded from the public square. Given the role of religion in American culture, both historically and at present, a religion-free public square is a formula for the end of democracy. To exclude the deepest convictions of the people from the deliberation of how we ought to order our life together is tantamount to excluding the people from that deliberation, and that is the end of democracy. We need not be delayed here by the old debate, still pressed by many conservatives, over whether our constitutional order is that of a democracy or a republic. Suffice it that the constitution itself, as unanimously asserted by the Founders, is that of a republic, but it rests on the democratic premise that political sovereignty rests with the people. The Declaration of Independence declares that “just government is derived from the consent of the governed.” As the political sovereign, the people are authorized to name a sovereignty that they acknowledge to be higher than their own; for instance, “the laws of Natures and of Nature’s God.” This is not, as some claim, a formula for theocracy. It is an exercise of democratic authority through republican or representative means by which the people place a check upon their own power by designating the higher authority to which they hold themselves accountable.

MORE THOUGHTS ON CORPORATE CORRUPTION. I am aware that saying, “I told you so” in the middle of a disaster is not a popular thing to do. But I have been reviewing a lot of old articles of mine recently that had to do with the threat to American business of corruption and some have thoughts in them that I believe are worth considering when trying to get a handle on what is happening in corporate America today. One that I think is of particular interest is a piece I wrote in January 1998, when much was being said about the detrimental effects of “crony capitalism” on the Asian Tigers. This piece was entitled “Some Thoughts On Capitalism As The Asian Meltdown Proceeds.” So with your indulgence, I thought I would offer the following passages.

The word capitalism turns up in literature for first time, according to the Oxford-English dictionary, in 1854 in Thackeray's novel *The Newcomes*. The term capitalist had been around for over 60 years prior to that. The OED notes the use of the word by the agricultural writer Arthur Young in 1792 and Coleridge in 1823. Both Disraeli and J. S. Mill used it in 1845. It is interesting to note that in each case, the word was used in a pejorative sense.

In my opinion, Robert Heilbroner's classic book, *The Worldly Philosophers*, does the best job in explaining the emergence and maturation of capitalism. He begins by noting that markets have existed since the beginning of time. He points out that the Tablets of Tell-el-Amarna reveal that a lively trade existed between the Pharaohs and the Levantine kings in 1400 B.C.

But, he explains, the concept of "capital" as an ingredient, consciously accumulated and consciously applied, in economic affairs, and the related concept of "economic man" as we understand that term today, did not begin to take form until sometime in the 12th century.

The crusades were one catalyst for this phenomenon because they spurred the trade and exchange of goods across national borders.

Before this time, Heilbroner explains, the idea of "making a living" was not recognized. "Work was not yet a means to an end--the end being money and the things it buys. Work was an end in itself, encompassing, of course, money and commodities, but engaged in as a part of a tradition, as a natural way of life. In a word, the great social invention of 'the market' had not yet been made."

"As long as the paramount idea was that life on earth was only a trying preamble to Life Eternal, the business spirit neither was encouraged nor found spontaneous nourishment. Kings wanted treasure, and for that they fought wars; the nobility wanted land, and since no self-respecting nobleman would willingly sell his ancestral estates, that entailed conquest, too. But most people--serfs, village craftsmen, even the master of the manufacturing guilds--wanted to be left alone to live as their fathers had lived and as their sons would live in turn."

"The absence of the idea of gain as a normal guide for daily life--in fact the positive disrepute in which the idea was held by the Church--constituted one enormous difference between the strange world of the tenth to sixteenth centuries" and the world that developed from then on, and which slowly began to resemble our own.

The transition from feudalism to capitalism in Europe, as described by Heilbroner, was a tortured and complicated one. In fact, not until the late 18th century was capitalism even identifiable as a "system" at all, and then it took a man of Adam Smith's genius to do it.

Max Weber notes in his remarkable book, *The Protestant Ethic and the Spirit of Capitalism*, that "the spirit of capitalism . . . had to fight its way to supremacy against a whole world of hostile forces." Among these forces, he says, was the prevailing religious view "both in ancient times and in the Middle Ages," that working hard and accumulating assets was "the lowest sort of avarice and an attitude entirely lacking in self respect."

As such, Weber argues, the big boost to capitalism was the Reformation. This began with the identification by Martin Luther of the theological concept of a "calling," a belief, as described by Weber, that the "fulfillment of worldly duties is under all circumstances the only way to live acceptably to God." This "moral justification of worldly activity" was, Weber claims, one of the most important results of the Reformation. He notes that it contrasts starkly to the Catholic view that such activity was a natural condition of life, and thus morally neutral, like eating and drinking.

According to Weber, Luther did not put too fine a point on this theory. That was left to John Calvin, who made it a central theme of his religious teachings. Calvinism, of course, was the foundation for Puritanism, which lies at the heart of American culture. This explains the so-called Protestant work ethic in America, which was quickly secularized by the teachings of, among others, Benjamin Franklin ("a penny saved is a penny earned," "early to bed, early to rise . . .," etc.).

The point here is that capitalism, as we know it today, was formed in Western society, within the framework of the Judeo-Christian ethic. This framework helped keep its natural predatory aspects from deteriorating into a totalitarian nightmare, while the system of laws described above slowly came into being. And, like it or not, it is the combination of these two today, law and a time honored body of moral and ethical beliefs, that keeps capitalism functioning smoothly in Western societies. One without the other would be disastrous.

Adam Smith, who first identified and explained the principles of capitalism, was acutely aware of this. Indeed, both of his major volumes on the subject, *The Theory of Moral Sentiments* and *The Wealth of Nations*, are filled with admonitions that corruption among businessmen was the greatest threat to the social and economic benefits of free markets, and that a combination of law and a moral society were necessary to protect against this threat

Now I am not saying here that capitalism cannot function well in a non-Western society. The still-remarkable power of the Asian economies is testimony to this fact. But I do think that it is important to understand that capitalism will function differently from one society to another, depending upon, among other things, the customs, mores and religious beliefs that govern and define the relationships among individuals and between individuals and their governments.

If this sounds like a commonplace, or a platitude, I would simply point out that a great many people apparently did not understand this concept well during the past decade or so, while they were pouring money into what was described by the World Bank as "The East Asian Economic Miracle," even though they knew, and the World Bank knew, that these economies were rife with corruption. Indeed many people, including some very high up in the Clinton administration, thought the United States should emulate, rather than condemn, some of the most reckless aspects of "crony capitalism."

Someday, some enterprising graduate student in economics will, I imagine, discover that there is a correlation between corruption and economic cycles; that, for example, the peaks and valleys are more pronounced in a corrupt environment; that the duration of the cycles is more erratic; that the recovery time from downturns is longer. And, most importantly, that the solution to reviving a corrupt economy isn't to pour more money into it.

Who knows, by the time this enterprising student gets around to the task, he or she might not have to use Asian nations as an example. He or she might be able to witness the phenomena right here at home.

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