

# 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

*“According to Mr. Lloyd George, the future will be even more exclusively taken up than is the present with the economic problem, especially with the relations between capital and labor. In that case, one is tempted to reply, the future will be very superficial. When studied with any degree of thoroughness, the economic problem will be found to run into the political problem, the political problem in turn into the philosophical problem, and the philosophical problem itself to be almost indissolubly bound up at last with the religious problem.”*

*Democracy and Leadership, Irving Babbitt*

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*“You just gotta save Christianity, Richard. You gotta.”*

Loretta Young, as Berengaria, the Princess of Navarre, to Richard the Lionhearted, played by Henry Wilcoxon, in the 1935 movie, “The Crusades.”

**SOME THOUGHTS ON RELIGION, POLITICS AND CAPITALISM.** Last week, a friend of mine, who had been reading my recent newsletters, commented that he was surprised that people who are involved in the financial markets would be interested in a newsletter like mine, with its concentration on social and political, rather than economic, trends, and its frequent references to the moral and religious, rather than the commercial, ramifications of these trends.

I explained to him that not everyone in the financial community was interested in my work; that some individuals in the business actually had, believe it or not, demonstrated open hostility to it on occasion; and that those who do appreciate what I write represent a fairly small group. I compared these individuals to Plato's, Isaiah's, and Mathew Arnold's “remnant,” the word that each of these brilliant men used to describe a small but select group of people upon whose shoulders each believed rested the hope of a better society.

And then, to explain more substantively why some individuals who are involved in the investment business might be interested in reading an occasional article about the moral and

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religious aspects of certain social and political trends, I offered the above quote from Irving Babbitt, which presents the simple but profound truth that commerce is ultimately beholden to politics, that politics is a branch of philosophy, and that philosophy cannot be divorced from religion.

It was, I told him, Adam Smith who first noted this important relationship between capitalism and religion, when he argued that commercial society cannot thrive in a climate of moral decay; or to put it another way, that successful capitalism must have more than an effective legal system that respects the rights of individuals, but also must operate within a moral framework for, as Machiavelli put it, “the fear of the Prince” can only “temporarily supply the want of religion.”

With apologies to T.S. Eliot, who maintained that it is not only “silly, but damnable” to offer utilitarian rather than faith-based arguments on behalf of Christianity, I argued that anyone interested in the future course of capitalism who is not religious, who is lukewarm to religiosity, or who hates and fears formal, organized religion should nevertheless enthusiastically applaud and support those who keep the flame of Christianity and Judaism alive in the United States. It is these people, I said, who represent the front line of defense against the spread of radical utopian ideologies, whether they be communism, socialism, fascism, or the excesses of American liberalism. These ideologies, I noted, ultimately spell death to individual freedom, and thus to free enterprise, and are always waiting restlessly in the wings to fill the void when religion quits the stage.

In fact, I said, I have always thought that a terrific thesis topic for some enterprising young graduate student would be the contention that “The Reason That Socialism, Communism, and Fascism Have Never Been Able To Establish Deep Roots In American Soil, As They Have In Europe, Is Because America Is, As Chesterton Once Described It, ‘A Nation With The Soul Of A Church.’”

Needless to say, this is not a commonly held belief. But it is no secret either, particularly among American liberals, most of whom are well aware that the principal thing that stands between them and their goal of creating a grand, centralized state with unchecked power is the Judeo-Christian concept, deeply imbedded in American culture, that each individual is of infinite value as an object of God’s love, a concept that Hegel once described as having spawned the “irresistible power” of the idea of freedom.

Nevertheless, any objective assessment of the ever on-going liberal assault on the Judeo-Christian foundations of American society would have to conclude that the liberals are slowly but ever so surely winning the battle. Using the model developed by the Italian Marxist Antonio Gramsci, the American left long ago developed a strategy for promoting their scheme of “socialism from above” by concentrating their efforts on the cultural pillars of society, its mass media outlets, its universities and public school system, its entertainment industry, its publishing houses, and all of the other institutions that, in the words of my friend Claes Ryn, “help shape society’s mind and imagination and hence its longings and sense of reality.”

The American left has, by any measure, been remarkably successful in this endeavor during the past several decades, as evidenced most recently by the widespread popularity and reelection of

Bill Clinton to the highest office in the land despite his open disdain for both the rule of law and traditional moral and ethical behavior.

It is also worth noting when considering how this long conflict is evolving that many of the individuals and institutions that are on the front line in the fight on behalf of the traditional, Judeo-Christian values that underlie American society and culture have not heaped glory on their cause of late.

For example, substantial portions of the business community have disgraced themselves recently, and there is no reason to be optimistic that more such are not out there. Ironically, this is not, in my opinion, evidence of any problem with American capitalism itself, but a direct reflection of the success the left has had in eroding the moral underpinnings of society. Either way, it is another victory for the left in the battle for more federal power at the expense of freedom.

And, of course, the Catholic Church has suffered a terrible blow to its integrity recently in a string of shocking scandals involving homosexual priests. In the mid 20<sup>th</sup> century, this would probably have had little impact on politics in America or worldwide. But under the brilliant leadership of Pope John Paul II, the Catholic Church has, during the past quarter of a century, moved aggressively and visibly to the front lines in the worldwide fight on behalf of individual freedom and, by extension, on behalf of free enterprise and capitalism. So any setback to the church's prestige and moral authority is a gain for the forces of totalitarianism and repression.

Lest this contention on my part be discounted by those who have not been paying attention to the battle, I will close with some quotes from Pope John Paul II's great encyclical *Centesimus Annus*, commemorating the 100<sup>th</sup> anniversary of Pope Leo XIII's encyclical *Rerum Novarum*. A few paragraphs cannot do this powerful document justice, but they will demonstrate, I believe, the deep understanding of the relationship between economics, politics, philosophy and religion that this great man brought to the Chair of St. Peter, and the good he, who witnessed evil first hand at the hands of the communists in Poland, has done for the concept of individual freedom under God. You can find the entire document on the Internet. Do yourself a favor and read it.

“. . . the fundamental error of socialism is anthropological in nature. Socialism considers the individual person simply as an element, a molecule within the social organism, so that the good of the individual is completely subordinated to the functioning of the socioeconomic mechanism. Socialism, likewise, maintains that the good of the individual can be realized without reference to his free choice, to the unique and exclusive responsibility which he exercises in the face of good or evil. Man is thus reduced to a series of social relationships, and the concept of the person as the autonomous subject of moral decision disappears, the very subject whose decisions build the social order. From this mistaken conception of the person there arise both a distortion of law, which defines the sphere of the exercise of freedom, and an opposition to private property. A person who is deprived of something he can call "his own" and of the possibility of earning a living through his own initiative comes to depend on the social machine and on those who control it. This makes it much more difficult for him to recognize his dignity as a person and hinders progress toward the building up of an authentic human community.

In contrast, from the Christian vision of the human person there necessarily follows a correct picture of society. According to “Rerum Novarum” and the whole social doctrine of the church, the social nature of man is not completely fulfilled in the state, but is realized in various intermediary groups. Beginning with the family and including economic, social, political and culture groups which stem from human nature itself and have their own autonomy, always with a view to the common good. This is what I have called the “subjectivity” of society which, together with the subjectivity of the individual, was canceled out by “real socialism.”

If we then inquire as to the source of this mistaken concept of the nature of the person and the “subjectivity” of society, we must reply that its first cause is atheism. It is by responding to the call of God contained in the being of things that man becomes aware of his transcendent dignity. Every individual must give this response, which constitutes the apex of his humanity, and no social mechanism or collective subject can substitute for it. The denial of God deprives the person of his foundation and consequently leads to a reorganization of the social order without reference to the person’s dignity and responsibility.

The atheism of which we are speaking is also closely connected with the rationalism of the Enlightenment, which views human and social reality in a mechanistic way. Thus there is a denial of the supreme insight concerning man’s true greatness, his transcendence in respect to earthly realities, the contradiction in his heart between the desire for the fullness of what is good and his inability to attain it, and above all, the need for salvation which results from this situation.

**AN OPEN LETTER TO MARTHA STEWART**, the woman described by the National Enquirer as the “diva of all things domestic.”

Dear Martha,

I would like to open this letter with the claim that “I am a big fan of yours,” the way, I am certain, that most of the letters you receive begin. But to be honest with you, until a week or so ago, when you made the financial news, I had never heard of you. In fact, had you been a question in a multiple-choice quiz, I would have chosen the answer that said: “The first woman to fly solo across the South Pole in a single engine airplane.” But anyway, the fact that I am kind of a dope when it comes to pop culture is beside the point. I know who you are now, and I wanted to offer a bit of sympathy and advice.

But before I begin, I would like to point out that, while you probably don’t know this, you and I have quite a bit in common, which makes it appropriate, I think, for me to try to help out in this, your time of need. For example, I’m a big K-Mart guy myself. Yes I am, Martha. I mean the cheap tools are simply great. You know, Martha, how when you’re down under a tractor in the grass and you know . . . a . . . you gotta go, really bad, you know, and you put the vice grips and the hammer down on the ground and you go off into the woods and you come back and you can’t find the hammer and you’re so glad it was a cheap hammer, that you bought it at K-Mart and all .

. . . and the t-shirts and the underwear, well, they're just great, you know, and . . . oh, I'm sorry, I just get carried away sometimes talking about K-Mart.

But the most important thing we have in common, Martha, is that I too know what it is like to be called a no good dirt bag. Yes, Martha, I do. Liberals call me that all the time, and not a few corporate bigwigs have done so also. So, you see, I can empathize with your plight.

Anyway, this advice I want to offer does not come from me. It comes from a guy who lived a little over 2000 years ago. No, Martha, don't stop reading! It's not *that* guy. This is another guy, a guy with a less famous father. This guy's name was Marcus Tullius Cicero. Like you, he was a big shot in his day. Gave advice and stuff. And once he wrote a letter to his son on the subject of . . . well . . . you know . . . a . . . all right, we'll just spit it out . . . a . . . ethics. It has been called a "Manual of Right Behavior," and used to be quite well known, in the "old days" before television and such.

Yes, I know, you probably think this is pretty booooooring stuff. But, given your, shall we say, delicate situation, I thought you might find it useful. Tullius' letter is too long to offer in its entirety here, so I have chosen a few paragraphs from one section that I thought was particularly pertinent, one called "Test Cases in Business." If you want to read the rest, you can probably find it in any library. You know, one of those big brick buildings with the books in them and all.

*Suppose that an honest man wants to sell a house because of certain defects of which he alone is aware. The building is supposed to be quite healthy, but is in fact unsanitary, and he is aware that it is; or the place is badly built and is falling down, but nobody knows this except the owner. Suppose he does not disclose these facts to purchasers, and sells the house for much more than he expected. Has he behaved unfairly and dishonestly?*

*. . . I believe, then, that . . . the man who was selling the house should not have withheld its defects from the purchaser. Holding things back does not always amount to concealment; but it does when you want people, for your own profit, to be kept in the dark about something which you know and would be useful for them to know.*

*Anyone can see the sort of concealment that this amounts to — and the sort of person who practices it. He is the reverse of open, straight-forward, fair, and honest: he is a shifty, deep, artful, treacherous, malevolent, underhand, sly, habitual rogue. Surely one does not derive advantage from earning all these names and many more besides!*

Now I know what you're thinking, Martha. You're thinking, "What does a stupid little 2000 year old Egyptian with the funny name know anyway? He probably didn't even have his own show. And anyway, it's a little late for this kind of advice, isn't it? Why didn't you tell me about this earlier?"

But the fact is, Martha, it is never too late to follow good advice. And while I am no seer, I think there is a chance that you might someday, in the not too distant future perhaps, be speculating in a less exotic atmosphere than the financial markets for something a little less valuable than equities; say, like maybe playing hearts for cigarettes with the other girls in the lockdown. And

honesty in a situation such as that, where some of the players aren't quite so, well, you know, *well bred* as you, but have equally vile tempers, could be crucial to maintaining not just your happiness but your health. In the meantime, Martha, as the poster says, "Hang in there baby!"

Sincerely Yours,

Mark

PS: I am neither in the business nor the habit of giving financial advice, but I thought I might make an exception in your case. It is this. When investing, everyone should play to his or her strength. And it is pretty clear that you have exceptional prowess in what the experts call "timing." Now it seems to me that the equity market is not the best place to take maximum advantage of such a gift. You should, I believe, concentrate on what is known as "futures." And I would personally recommend what are known as "cattle futures." There, if your timing is good, you can pick up \$100,000 without breaking a sweat and with virtually no initial investment. As for strategy, I would recommend making intra-day trades on the short side in a bull market. It's a natural. You know, if your timing is good and all. Just a thought, mind you.

**RONALD McDONALD, FROM CLOWN TO MILCH COW?** In the first issue of the present incarnation of this newsletter, dated April 2, 2002, I wrote an article entitled "Joe Camel, Ronald McDonald, Axis of Evil?" in which I raised the possibility that liberals and one of their most powerful groups of political plug-uglies, the trial lawyers, were mustering their forces for an attack on "junk food."

I quoted Mike Burita, a spokesperson for the Center for Consumer Freedom as saying that "activist groups are using these new statistics [concerning an alleged increase in obesity] to fuel their agenda for 'fat taxes' on snack foods and tobacco-style calls for action lawsuits against restaurants." Burita then added that, "Some activists have gone so far as to compare Ronald McDonald to Joe Camel."

Two months later, in the issue dated May 29, I addressed this issue again, noting that the Senate Subcommittee on Public Health had recently convened hearings on this "obesity epidemic" and "in one of those brilliant promotional ploys, for which the Senate Democrats are so well known, the hearings were chaired by none other than the Senate poster boy for the ill effects of unchecked indulgences of all sorts, Senator Ted Kennedy."

Looking back at these two stories, it occurs to me that I did not treat the subject with the kind of respect it probably deserved. It seemed to me like the kind of thing that was worth watching but not something that should be taken too seriously. But then last week, I was reading the cover story in the July 15 issue of the *Washington Times'* weekly magazine, *Insight On the News*, and decided that maybe the threat is a little more serious than I thought.

The title of the piece is "Big Food Fight," with a subtitle, "When Big Tobacco was taken down by a rash of lawsuits, consumers were assured that other 'bad' products wouldn't be targeted. But the fast-food industry appears to be next."

Now there is nothing in this piece to cause immediate alarm, but it does make it clear that when powerful muggers are sniffing around the neighborhood, vulnerable people should be careful about going out alone at night. And powerful muggers are definitely sniffing around the neighborhood of Ronald McDonald and his friends. Space does not permit a long cut from this article, but the following brief paragraphs will provide the gist of what is happening, and if you're interested you might want to take a look at the entire piece. You can find it in the archives at: [www.insightmag.com](http://www.insightmag.com).

“The states have been hurting for revenue in the Clinton economic downturn, and public-health activists are pitching food excise tariffs as small taxes that could be turned into bigger ones after the public gets used to them. According to the National Taxpayer’s Union, 15 states already levy excise taxes on soft drinks; six states and the District of Columbia tax snack food, candy or gum. A bill pending in California would require the state to study the feasibility of taxing junk food to fund new health and dental services for children.

“It’s kind of like a perfect-storm scenario,” says Mike Flynn, director of policy and legislation for the American Legislative Exchange Council, a membership group of conservative state lawmakers. “If you think about the tobacco stuff, that happened when the states had record surpluses, when you could argue that they didn’t even need the money. Now they need the money, so it’s even going to be more ridiculous what they try to do. . . .”

“To compound this, the IRS in April classified obesity as a “disease” for deduction of medical expenses. This reminds many observers of when food and drug administration commissioner David Kessler shifted the blame from individual smokers to the tobacco companies by calling smoking a “pediatric disease.” Tort reformer [Victor] Schwartz says, “That’s important, because if obesity is a disease, then it’s not your fault. That’s a very important step because the plaintiffs’ lawyers and those who want to make an assault on fatty food have to move away from the concept of individual responsibility just like the anti-tobacco people had to move away from the idea that you choose to smoke.”

## END NOTES:

**“Our Enemies, The Saudis.”** Check out the lead story in the July- August issue of *Commentary* with the above-cited title. The piece is by Victor Davis Hanson, who teaches classics at California State University, Fresno. You can find it at: [www.commentarymagazine.com](http://www.commentarymagazine.com). It is a terrific piece. Besides providing a plethora of fascinating insights into one of the world’s most bizarre, and, by any standard, culturally sick nations, the article raises real questions as to how the United States, in the midst of a war against terrorism, can consider the wacky Wahhabis who run this medieval anachronism to be friends. More importantly, the article indirectly raises the question of how this “kingdom” can long avoid what Poe called in his great short story by the same name “A Descent into the Maelstrom.”

**How Many “Mental Retards” Should The FBI Have?** For a quick laugh, while checking out the July-August issue of *Commentary*, take a look at Gabriel Schoenfeld’s response to letters

commenting on his article in the May issue entitled “How Inept Is the FBI?” Regarding the FBI’s fixation on affirmative action during the Clinton years, Schoenfeld notes that even after September 11, aspiring special agents were required to fill out “equal opportunity” background statements to provide the bureau with confirmation that it was “diverse” enough. Among other things, this form asked aspiring G-Men whether they suffered from such disabilities as “complete paralysis,” “convulsive disorder,” “mental or emotional illness,” “missing extremities,” or, as Schoenfeld comments, “most fittingly in light of the breathtaking absurdity of this affirmative-action employment document, “mental retardation.”

**Brussels:** Just for fun, go to [www.iht.com](http://www.iht.com), the website for the *International Herald Tribune*. Hit the search engine in the upper left hand corner; type in Barry James, a prolific staff writer for IHT; scroll down; and read two recent pieces he wrote about the rift that is growing between the new Chirac government in France and the bureaucrats in Brussels over Chirac’s pledge to lower taxes. They are entitled: “France to cut taxes despite jump in deficit.” and “New Team in Paris to ‘reinterpret’ deficit rule.” The bottom line on the two pieces is that these people are all nuts. Then go get your book of collected poems by Auden and read the first four lines of “Brussels in Winter,” written in 1938.

Wandering through cold streets tangled like old string,  
Coming on fountains rigid in the frost,  
Its formula escapes you; it has lost  
The certainty that constitutes a thing.

**A New Heroine:** You gotta love Jo Anne Barnhart, the head of the Social Security Administration. Last month, she blasted New Jersey Senator Jon Corzine for saying that President Bush’s proposed Social Security reforms would cut benefits for retirees. Corzine quickly took to the floor of the Senate and complained about her remarks, saying, among other things, that he hoped Ms. Barnhart “was misquoted.” But last week the intrepid Ms. Barnhart fired back. In a letter to Corzine, she explained that she had been quoted correctly; that contrary to the senator’s charges “no proposal that has been put forth affects benefits for current and near retirees;” and that, “Scare tactics and misinformation are not constructive. They diminish the tone and quality of public discussion and debate.” Touché, as they say.

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