

# The Political Forum

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

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Mark L. Melcher  
President  
melcher@shentel.net

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## THEY SAID IT

“Stealth Terrorism offers tremendous potential because of its high impact, ease of use, flexibility, and the inherent difficulty in determining that an operation even has occurred, much less the identity of the perpetrator. This form of terrorism well could represent the weapon of choice for the near term future. It is psychological warfare writ large.”

*Stealth Terrorism*, a paper by Peter Probst.

**THE “WACO FORUM.” OR IS IT WACKO?** Needless to say, I did not get invited to the economic/political “forum” that the White House is hosting tomorrow in Waco, Texas. So I won’t get to participate in any of the “breakout sessions” with “UP service drivers, trash haulers, waitresses, and corporate chieftains” who have been gathered together to provide the President with their “personal stories” about the economic hardships they have endured while living in the richest, most prosperous nation the world has ever known. But what the heck. As my mother always says, “You can’t have everything.”

Were I there, I would tell President Bush that the wellspring of his economic troubles can be found in one paragraph of a July 30, front-page *Washington Post* story with the headline, “Bush to Create Formal Office to Shape U.S. Image Abroad.” That paragraph read:

The House passed last week, with no opposition, a Hyde-sponsored [and Bush-supported] bill that eventually would add hundreds of millions of dollars to the public diplomacy budget, expand the responsibilities of [some idiot’s office over at the State Department], establish civilian exchange programs in the Muslim world and fund round-the-clock satellite television to the Middle East.”

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Subscriptions to The Political Forum are available by contacting:  
The Political Forum  
8563 Senedo Rd., Mt. Jackson, Virginia 22842  
tel. 540-477-9762, fax 540-477-3359, e-mail melcher@shentel.net

The bottom line on this story is that George W. just doesn't get it. He is simply incapable of understanding what President Reagan new viscerally; that this is just another of hundreds upon hundreds of "hundreds of millions of dollar" packages that may as well be poured down a rat hole; that this new "office" he proposes will quickly metastasize into another gigantic, worthless sinkhole for money that could be more productively spent by the poor saps that are paying the bill, "the UP service drivers, the trash haulers, the waitresses," and, yes, even the "corporate chieftains." Until he learns this, he will have economic problems "as far as the eye can see."

**\$200 BILLION DEFICITS AS FAR AS THE EYE CAN SEE?** Last Friday in the note accompanying my "From the Archives" piece, I said that the Reagan-era phrase about \$200 billion deficits, cited in the headline of this article, was about to come back into vogue.

Time will tell if I am correct, but last week the Congressional Budget Office projected this fiscal years' deficit at \$157 billion, which reflected a whopping 12% increase in federal spending during the year, which in turn reflected such a stunning inability of the White House to exercise even a modicum of control over the budget process that it would do honor to an advertisement for "Depends" diapers for adults.

As I said in the July 22 issue of this newsletter in a piece entitled "Guns and Butter, A Lethal Mix for Republicans," this is bad news for the GOP, and most probably for both the financial markets and the nation. This is especially so because it would appear that even an overwhelming victory for Republicans in the November elections would not make a difference, given the Bush White House's enthusiastic participation in the on-going orgy of domestic spending, smack dab in the middle of what everyone in Washington seems to agree is a "war against terrorism" that demands "sacrifices on behalf of all Americans."

Recently, there have been some signs that the White House realizes its vulnerability to this issue. But its response to this concern, consisting almost entirely of a public relations campaign, is, I believe, so pathetic that it runs the risk of making matters worse. Besides the big "economic forum," the gist of this PR effort can be found in the opening paragraph of an August 10 *Washington Post* piece entitled "Bush Threatens to Reject \$5.1 Billion Package."

"To teach lawmakers a lesson about what he consider overspending, President Bush is likely to reject \$5.1 billion that Congress authorized last month for airport security, aid to Israel, international AIDS relief, the District of Columbia and several homeland security projects, administration officials said today."

That is \$5.1 billion out of a bloated budget of umpteen gazillion dollars that Our Boy George has decided to "reject." And if you read the *Post* story further you realize that he is likely either to lose the battle over almost all of the important spending disputes, or simply back off from his threat out of concern for political consequences.

I am not going to even try this week to project where all this is leading. There will be plenty of time for that as the situation develops during the next six months. I will only say that I think this will turn out to be a very big story, both politically and economically, because it will be unfolding at a time when a great many baby boomers are getting their first realistic look at their

retirement prospects in a period marked by a weak stock market, extremely low returns on all low risk investments, and an unchecked, and apparently uncheckable, growth in public demand for bigger and bigger and ever more expensive government.

**WEST NILE VIRUS: “STEALTH TERRORISM?”** In late February 2001, I wrote an article entitled “Tony Blair, Phone Home.” My partner Steve Soukup and I were “between jobs” at the time and this article appeared in the first incarnation of The Political Forum newsletter, a venture which we abandoned when we joined Lehman Brothers two months later.

The piece had to do with a paper that my good friend Peter Probst, a counter-terrorism expert with experience at both the CIA and the Defense Department, had given me a few days earlier, in which Peter introduced the concept of “Stealth Terrorism.” It was an interesting piece, but it wasn’t particularly timely, coming six months *before* September 11. I tied it to the then-recent outbreak of hoof and mouth disease in England. I didn’t claim that that outbreak had anything to do with terrorism, but used the English experience to illustrate how damaging such an attack could be. The following are a few paragraphs from that piece explaining the concept of stealth terrorism.

Stealth Terrorism, at its best, is a phased campaign of seemingly unrelated, apparently random, geographically dispersed incidents. The goal is to spread the infection of panic, paranoia, and despair. Alone, each incident constitutes a tactical operation. In aggregate and as a campaign, they can represent a strategic threat. These primarily low-tech/high impact operations are designed to destroy and disrupt, and alter the public’s perception of itself and the government. The effects of a stealth attack need not be immediate, but are intended to bleed a country so that it falls prey to an ostensibly weaker adversary.

Such operations by design cut across bureaucratic and jurisdictional boundaries to reduce the likelihood of our recognizing that we are under attack. As a campaign the aim is strategic, the incidents sub-threshold.

If the American public were to believe a string of calamities were of terrorist origin, they would present a united front and rally to the government. For this reason no terrorist claims would be made, the premise being that if the public sees no malevolent intent and simply a string of varied, unrelated, natural disasters, their attention would be focused on the government and the effectiveness of our response. If government resources are seen as inadequate – our responses slow, ineffectual, and disorganized with communities left to fend for themselves – the Government and the faceless bureaucrats in Washington become the lightning rod for public anger and contempt. The government becomes viewed as the enemy, and betrayers of the public trust. Thus, the breach between our citizens and our government widens.

At that point Peter said he would “sketch out a couple of scenarios, some of which may draw from actual events.” I outlined some of these in my piece, but concentrated on the agricultural examples, because of the above-cited English hoof and mouth angle. This week, just for fun, I’ll add a couple paragraphs I failed to cite in the earlier piece.

Other tempting targets might be the nation's blood supply or public health; the latter attacked via generally non-lethal afflictions such as Lyme Disease *or the West Nile Virus* [emphasis added). The stealth operative would transport infected ticks and mosquitoes from their habitats in the colder states of New York and Connecticut to the warmer Carolinas, Louisiana, Mississippi and Florida where they presumably would flourish.

In the role of a malevolent Johnny Appleseed, he would travel the I-95 corridor and the network of parallel highways, dispersing the disease carrying insects along virtually the entire East Coast. The risk to the terrorist would be minimal; the government would probably attribute the spread of the diseases to natural causes . . . Stealth terrorists might also turn to agents more deadly than E-Coli, Lyme Disease or West Nile Virus, perhaps something such as Multiple Drug resistant Tuberculosis (MDRTB). . . . (e-mail me if you want the entire paper).

Now, as with the hoof and mouth story, I am not saying that the current outbreak of West Nile Virus up and down the East Coast is terrorist related, only that this outbreak demonstrates how devastating such an attack could be. In any case, if it were terrorist related, we'd never know. As Peter notes, that's what "stealth terrorism" is all about.

**MISS RENO: IMMIGRATION REFORMER:** If you regularly read one of the weekly news magazines, such as *Time* or *Newsweek*, consider giving it up in exchange for a subscription to *The Washington Times'* great weekly called *Insight on the News*. It provides comprehensive news coverage, from a conservative perspective, terrific analyses of current political and geopolitical events, and excellent investigative journalism.

One recent article I particularly liked was in the "Political Notebook" section of the July 29 issue. It was written by Martin Edwin Andersen and entitled "Candidate Janet Reno: Dancing Fool?" This is a timely piece because Miss Reno is currently running for Governor of Florida and because of the on-going debate over the bureaucratic disaster that is known as the Immigration and Naturalization Service.

Anderson is currently a reporter for *Insight*, but he was a senior adviser in the Criminal Division of Reno's Justice Department in the spring of 1997 when Miss Reno appointed a senior DOJ troubleshooter, Robert K. Bratt, to "clean up" the INS. I don't have room for the whole story here, but the following paragraphs provide an insight into the kind of shop that dreadful woman ran when she was in charge of administering "justice" in America.

A recent gala fund-raiser in South Beach might have dispelled the question, "Can she dance?" but Florida gubernatorial candidate and former U.S. attorney general Janet Reno still must face the music over concerns about whether she is fit to run the Sunshine State. Those with long memories will recall that, during the middle of the Clinton impeachment debacle, Democratic pollster Patrick Caddell wondered whether Reno, a fellow Democrat, was the most corrupt attorney general in U.S. history or

merely the most incompetent. My own experience with the boogie-down madam suggests that either description will do. . . .

In making the announcement [of Bratt's appointment], Reno lauded Bratt's "experience and talent." Three years later, a scathing report by the department's Inspector General (IG) charged Bratt with "egregious misconduct" and "willful disregard for national security" *in the months running up to Reno's endorsement* (emphasis added). It seems that Bratt, a Reno favorite who earlier had been tapped to head the DOJ's overseas training programs, had secured two illegal visas for Russian women after meeting them through a "matchmaking service" overseas. In examining his travel records in the months before Reno presented the new INS troubleshooter to Congress, the IG found little professional justification for his repeated trips to the former Soviet republic, saying they were in fact driven by his social agenda.

After first denying all to federal investigators, Bratt admitted that he had an intimate relationship with one of the women, who previously had been denied a visa by the U.S. consulate in Moscow . . . . According to the IG report, Reno's pick to reform the INS also paved the way for a waitress at a local bar, Lulu's on M Street in Washington, to get a well-paid professional job at the DOJ.

Clearly the best man for the job. And it gets better, but you'll have to read the rest on [www.insightmag.com](http://www.insightmag.com).

**BILL CLINTON: ROAD WARRIOR.** As I have written numerous times over the years, I am a devoted fan of my friend Rich Galen's on-line, thrice-weekly newsletter, which you can get for the low price of "free" by going to <http://mullings.focusds.net>. Should you do this, you will be amply rewarded with a regular flow of meaningful commentary on a variety of issues of importance week in and week out by one of Washington's most astute political commentators.

The following, contained in a recent issue, provides an in-depth, serious discussion of America's intrepid former Commander in Chief's assertion that he "would fight and die to protect Israel if Iraq or Iran invaded." Specifically, Our Boy Bill said, "The Israelis know that if the Iraqi or the Iranian army came across the Jordan River, I would personally grab a rifle, get in a ditch, and fight and die." It takes the form, Galen asserts, of a "double-secret transcript of the induction interview between Bill Clinton and a recruiting sergeant of the Israeli army."

SGT: Name?

RECRUIT: William Jefferson Clinton.

SGT: Clinton? Is that a Jewish name?

CLINTON: No, sir. It's not. But some people say I was the first Jewish president.

SGT: President of what?

CLINTON: President of the United States. I was also the first Black president.

SGT: Ok. You have to answer a few simple questions. First: Do you have any military experience?

CLINTON: Yes.

SGT: Describe your military experience.

CLINTON: Well, I learned how to salute during the Transition back in 1992. I thought you were supposed to bend your thumb underneath when you saluted; but they taught me to keep my thumb next to my index finger. I got pretty good. I could really snap one off when I stepped off Marine One.

SGT: You never served in the United States military?

CLINTON: Oh! That! Hell, I was the Commander-in-Chief! Of course I served. I saluted and everything.

SGT: Have you ever been indicted?

CLINTON: Well, that depends on your definition of "indicted." I was never indicted by a grand jury.

SGT: Let me ask another way. Have you ever had to testify at your own trial?

CLINTON: No. Absolutely not. Never had to testify. Nope.

SGT: Have you ever had your license revoked or suspended?

CLINTON: Like, driver's license? No. Absolutely not. Nope.

SGT: Any other kind of license?

CLINTON: Suspended? No. Now, a fair-minded person would not consider having SURRENDERED a license - like a, um, I don't know, like, say, a license to practice law - for a brief period of time - a suspension, so, no. Absolutely not. Nope.

SGT: You said that you wanted to die for Israel?

CLINTON: That's not exactly what I said. What I said was "if the Iraqi or the Iranian army came across the Jordan River, I would personally grab a rifle, get in a ditch, and fight and die."

SGT: Did you know that neither Iraq nor Iran border the Jordan River?

CLINTON: Imagine that.

SGT: Did you know that Iraq would have to march all the way across Syria or Jordan before they got to Israel?

CLINTON: Hmm. Really?

SGT: And that Iran would have to cross Iraq AND Syria or Jordan before they got to Israel?

CLINTON: That far. Who knew?

SGT: Mr. Clinton what about the notion of Iraq launching missiles against Israel?

CLINTON: That would be bad.

SGT: But would that qualify as "coming across the Jordan River?"

CLINTON: No. I would have to say not. That would not qualify.

SGT: So it would take an actual soldier crossing the River for you to "grab a rifle, get in a ditch, and fight and die?"

CLINTON: I believe I said "army" the Iraqi or Iranian ARMY.

SGT: So, not a company?

CLINTON: Oh, no.

SGT: Battalion?

CLINTON: I don't think so.

SGT: A brigade? A division? A corps?

CLINTON: You know, I always wanted to ask the difference between a brigade and a division, but I had to practice that saluting.

SGT: Next -

CLINTON: And, there would have to be a ditch. An actual ditch. I said I would "get in a ditch." If there were no ditch, I believe a fair-minded person would agree that Israel had not kept its part of the bargain.

SGT: This is a desert. We don't have that many ditches.

CLINTON: Well, then ...

SGT: These men standing behind you. Are they willing to fight also?

CLINTON: I can't speak for them. They're my security detail.

SGT: (To a Secret Service Agent) Would you be willing to watch this man "get in a ditch, and fight and die?"

AGENT: (Not smiling) We've watched him do worse.

CLINTON: Say, on that point. In the Israeli army, female soldiers get into ditches, too, right?

SGT: (Stamping a form) Mr. Clinton. We'll get back to you.

CLINTON: Does this mean you won't accept me in the Israeli army?

SGT: Yes. That's what it means.

CLINTON: Whew.

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**FREE BOOK.** Okay here's the deal. Last Saturday I was browsing around a favorite haunt of mine, a great used bookstore in New Market, Virginia named "Paper Treasurers," when I came upon a first edition of Whittaker Chambers' *Witness*. I quickly snapped it up for the price of \$5 (while this is a wonderful book, it is neither intrinsically valuable, nor in great demand) even though I already have a copy.

My first thought was that no one could have too many copies of *Witness*. When I got home, however, it was brought to my attention by my wife that a person could indeed have too many copies of *Witness*; that, in fact, if my obsessive book buying doesn't eventually stop there will be no room left in the house in which to turn around. This is, of course, totally silly. But, as I said, "Here's the deal."

I will mail this book to the first *paying client* from whom I receive an e-mail telling me he or she would treasure a copy of *Witness* as one of the great books in the conservative canon of literature. For all those who don't come in first, I will keep your names and mail you any future first editions of *Witness* that I happen to come across in my incessant scroungings through used bookstores for "paper treasures."

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