

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

There's an old joke about a player manager for a baseball team who pulls his shortstop from the game and goes in himself, telling the guy that he, the player-manager, will show him, the short stop, how the position should be played. On the first pitch, the batter hits a hard line drive right to the player-manager-shortstop. The ball tips off his glove and hits him smack dab on the forehead, knocking him unconscious. The players all run onto the field and gather around him. Finally, he opens his eyes, looks up, sees, among the players looking down at him, the shortstop he pulled from the game, and says to him, "You've got this position so screwed up no one can play it."

Probably told in a bar somewhere. Mark L. Melcher

WISDOM FROM THE MASSES. I was reminded of the above joke recently when someone asked what I would do about the economy if I were Bush. My response was:

O You mean after I had made no effort whatsoever in my 19 months in office to curb government spending; not even when a war came along and gave me a perfect excuse for demanding Congressional restraint on behalf of the war effort?

O You mean after I had placed tariffs on imported steel?

O You mean after I had revealed to the world that I was so devoid of ideas that I assembled a farrago of "UP service drivers, trash haulers, waitresses, and corporate chieftains" to Waco, Texas, a place my friend Tucker describes as a symbol of government incompetence, to help me decide what to do about the economic mess that had occurred on my watch?

O You mean what would I do after I had done all of these things and made a large variety of other boneheaded economic decisions as well?

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Well, I said, mixing my sports metaphors here, I guess I would punt.

Now I know this seems pessimistic. But as Bill Nye said about Wagner's music, "It isn't as bad as it sounds." President Bush will muddle through the fiscal policy aspects of the last two years of his term, just as he muddled through the first two, with a combination of Mrs. Jellyby-like "compassion," a variety of politically expedient, one-shot proposals that he will pick up along the way, all mixed in with some half-baked, sincerely delivered, bromides about the need for "fiscal responsibility" and the wisdom of the "common people." And life will go on.

The sad thing isn't that Bush will mess things up. Things were a mess when he took over from Bill Clinton, and it is unlikely that he could make them any worse. The sad thing is that he had an opportunity to tidy things up a bit and has made no meaningful effort to do so. In fact, it has, I believe, become increasingly clear that not only does he not understand the nature of the problems he inherited, but didn't know until recently that he had inherited any.

I thought it was just another goofy platitude when Bush said to the participants at Waco that "The best policy is for me to simply sit here and soak up the wisdom you have to offer." But it seems that there was more than a grain of truth in the statement.

Beginning, as he apparently has, with what Locke described as a *tabula rasa*, when it comes to the narrow topic of fiscal policy, as well as the broader one that concerns the proper role of government in society, he was, by all accounts, gobsmacked by the "wisdom" of the Waco participants. One thinks of the mad King Lear saying to Edgar, who was feigning madness in the disguise of Tom o' Bedlam, "Come, sit thou here, most learned justicer."

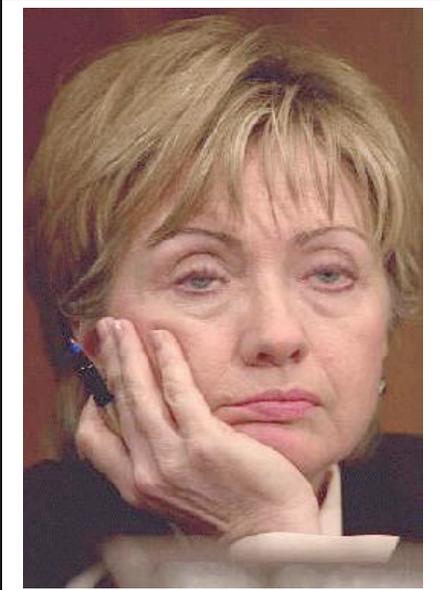
According to the Sunday *Washington Post*, Bush was so excited by the suggestions he received at Waco that he kept saying, "Hey, wasn't that great?" and "Did you hear what that person said?"

According to the *Washington Post*, among the many "exciting" things he learned there, apparently for the first time, was that guns and butter are a lethal economic mix. A few days short of one year after opening his "war against terrorism," Bush offered the following novel insight into economic history in his Saturday morning radio broadcast: "In the 1960s, increased spending required by war was not balanced by slower spending in the rest of the government. As a result, in the 1970s we faced unemployment and growing deficits and spiraling inflation. We cannot go down the path of soaring budget deficits."

Another "exciting" thing he learned was that the attractiveness of investing in equities could be enhanced with a few tax changes. In fact, this novel thought so impressed him that he reportedly jumped the gun on his advisers last Friday when he announced that he was preparing "a long-term plan" to bring investors back into the stock market, which could include a reduction in the capital gains tax and an increase in the amount of losses a person could deduct in one year.

Such stuff as dreams are made on. But one wonders, if these are new ideas to him, what he and his economic advisers have been talking about for the past two years.

MRS. CLINTON: NO “WILD EYED LEFTY.” There hasn’t been a lot of good news lately so this week I thought I would pass along some optimistic observations from a recent Associated Press article entitled “Hillary Rodham Clinton Emerges As Moderate.” I know this piece puts me in a bad light, having so many times accused the woman Wladyslaw Pleszczynski used to call “Bill’s lovely wife Bruno” of being a liberal. But there it was, in black and white, as they say, with the revered logo “(AP)” next to it: “She has never been the wild lefty.”



"Yearning to do good and obsessed by the power of the state to do it." *Reflections on the Failure of Socialism,* Max Eastman.

Evidence for this startling piece of good news could be found, according to the author of this piece, in Mrs. Clinton’s recent speech before the Democratic Leadership Council (DLC), which the AP described as a “centrist group whose ‘third way’ ideas were popularized by her husband.”

Among other examples of Mrs. Clinton’s “centrists” views offered in the piece was the fact that she “teamed with” Sen. Joseph Lieberman “on a bill that would penalize the entertainment industry for marketing sex and violence to children.” Personally, I thought this was a slap at authentic liberals, who presumably support the entertainment industry’s marketing of sex and violence to children.

But anyway, as a “centrist” Mrs. Clinton is against it and that’s good enough for me, although it wasn’t clear from the piece whether Mrs. Clinton teamed with Lieberman against

Hollywood smut the first time he took a *principled* stand against it, *before* he ran with Al Gore, or the second time he took a *principled* stand against it, *after* he ran with Al. During the campaign itself, I think it is fair to say, that Lieberman’s opposition to the smut peddlers was, shall we say, muted, in honor of the “entertainment” industry’s financial support for his and Al’s excellent adventure.

Another example in the story of Mrs. Clinton’s long-time commitment to moderate politics was DLC founder Al From’s reminder of her support for teacher accountability standards when she was First Lady of Arkansas. Yes, of course. Roger Morris relates the story of this “centrist” act of political courage in his 1996 book *Partners in Power*.

After the statewide hearings and just before legislative action, they [the Clinton’s] responded to the urging of (Clinton AP press groupy John Robert) Starr and others (and ignored the despair of many of their supporters) by adding to the package a one-time qualifying test for teachers. Questions of competence were all too real, but the test, the governor’s office understood, was a case of class cannibalism in a state where teachers, whose pay was at the bottom of the scale nationally, still made as much as 50 percent more than Arkansas’s average wage. As expected, the test aroused angry opposition from the Arkansas Education Association as well as from civil rights groups rightly fearful of the toll on black teachers. Their cries provoked the calculable backlash. At a stroke the Clintons could now cast the essential issue of reform as teacher

accountability, and teachers as a whole and blacks in particular as ready scapegoats before the poor white electorate. . . .

[T]he new school standards eventually passed the legislature at the end of the year. Later leaked to the press, the test was a cruel mockery. While rates of failure were predictably higher in the most impoverished black districts for all the usual cultural and political reasons, and some 3.5 percent of teachers flunked despite repeated attempts, several of those who took it in Little Rock's White Heights "came out laughing," as one journalist recounted. Anyone with an eighth-grade education, even in Arkansas schools, might have passed, Meredith Oakley noted cautiously, proof only that most teachers "were at least as competent to stand at the front of the classroom as the average Arkansan."

The same "average Arkansan" was to suffer the new tax levy that was the other precondition of the package. Having promised a 1 percent increase in the state's notoriously low corporate and severance taxes and having proposed the teacher test "as a bone to businesses . . . to give them accountability in return for a tax hike," as one version described it, both Clintons would now stand by in studied silence while the interests — many of the same giants who had given to their propaganda fund — quietly turned their lobbyists full force on legislators to block any rise in corporate or severance rates. "The big boys were for better schools so long as the rednecks paid," a ranking woman in the Clinton administration recalled. "Spectacle to behold, spectacle to behold," drawled a lawyer who saw it at the capitol. "Lots of winkin' and noddin' Arkansas-style." In the process and with the same ethic, Clinton would earnestly promise antipoverty and senior-citizen groups a rebate on any tax affecting the poor, then casually abandon them by refusing to press the relief against the opposition of legislative barons and corporate lobbyists.

When it was over after a six-week special session of the legislature in the autumn of 1983, the entire cost of the stillborn reform typically fell on those least able to afford it — in a regressive one-cent rise in the sales tax — "the largest general tax increase in the state's history," one journalist recorded. "Business and utility interests emerged unscathed," Oakley noted. Country club fees were specifically exempt from the sales tax. With Jim Blair lobbying, a third of the new funds would be siphoned off, without even the pretense of higher standards, for state colleges and universities as mediocre as the lower schools, leaving elementary and secondary institutions far less of the regressive tax money than ever planned, for reforms already more guise than substance.

With evidence like that of her moderate ways, I am not going to even try to defend my past characterization of Mrs. Clinton as a liberal. However, in a sort of Thomist effort to examine the nature of my error as a means of trying to avoid similar mistakes in the future, I will note that the confusion stemmed from my reading of several paragraphs from Max Eastman's great little book from the mid-1950s, *Reflections on the Failure of Socialism*. Eastman was an early American socialist and admirer of Lenin, who changed his mind after spending a year and half in Stalinist Russia, where he observed that "instead of liberating the mind of man, the Bolshevik Revolution

locked it into a state's prison tighter than ever before." The paragraphs that led me to think of Mrs. Clinton as a liberal were as follows:

It was no accident of old age that both Sidney and Beatrice Webb and their brilliant colleague and co-evangelist in Fabian socialism, Bernard Shaw, ended their careers as loyal defenders of the most complete and ruthless tyranny mankind has known.

However, our American creepers toward socialism are most of them less bold and forthright than that. Often they don't even know where they are creeping. They see with the tail of an eye that political liberty is incompatible with economic subjection, but they refuse to look straight in the face of this fact. They refuse to learn the lesson that the history of these last thirty years has been spread out on the table, it almost seems, to teach them. They remain indecisive, equivocal — lured by the idea of security, orderly production, and universal welfare under a planning state, yet not quite ready to renounce in behalf of it those rights and liberties of the individual which stand or fall with the free market economy.

An ironical truth is that these socializers will not achieve security, orderly production, or the prosperity that makes universal welfare possible, by sacrificing freedom. They will be duped and defeated on all fronts. For me that also is proven by the history of the last three decades. But that is not the theme of this chapter.

Its theme is that our progress in democracy is endangered by democratic enthusiasts who imagine that they can preserve freedom politically while hacking away at its economic foundations. More even than the fellow travelers with their vicarious flair for violent revolution, or the Communists with their courageous belief in it, these piously aspiring reformers are undermining our hopes. Yearning to do good and obsessed by the power of the state to do it, relieved by this power of their age-old feeling of futility, they are destroying in the name of social welfare the foundations of freedom.

Arthur Koestler warned us some years ago against the "men of good will with strong frustrations and feeble brains, the wishful thinkers and idealistic moral cowards, the fellow-travelers of the death train." We have accepted his warning. At least we have learned the meaning of the word fellow traveler, and are no longer falling in droves for these unlovely accomplices of the tyrant. We must arm our minds now against the less obvious, the more strong and plausible and patriotic enemies of freedom, the advocates of a state-planned economy. They are not on the train and have no thought of getting on, but they are laying the tracks along which another death train will travel.

Funny how stuff like that makes me think of Mrs. Clinton. I must remember to apologize the next time I see her.

But before closing, I think I should point out that I am not the only person to have falsely accused Mrs. Clinton of being a radical lefty. MSNBC's hot-shot "Hardball" host Chris Matthews, a self-admitted liberal, charged in an interview last November with NBC's Tim Russert that Mrs. Clinton was so far left on the political scale that she is "miserable right now

because of all this patriotic stuff going on – she can't stand it." He then recounted an incident when she "seemed reluctant to pledge allegiance to the American flag," saying that "I pledge allegiance to the America that can be."

Now I am not accusing Matthews of playing with the truth, but the AP story about her centrist views specifically quoted her as saying "I think you have to view the world as it is, not as you would wish it to be." So, who you gonna believe?

A TAX CODE PARABLE. I get a fair number of jokes and stories e-mailed to me, many of which are both interesting and funny. Some address current issues of importance in a meaningful way, illustrating British poet Charles Churchill's famous quip that "a joke is a serious thing." The following, I believe, qualifies as a "serious joke" about a contemporary issue, given the on-going political debate over whether President Bush's tax cut "favored the rich." So I thought I'd pass it along.

Suppose that every day 10 men go to a restaurant for dinner. The bill for all ten comes to \$100. If it were paid the way we pay our taxes, the first four men would pay nothing; the fifth would pay \$1; the sixth would pay \$3; the seventh \$7; the eighth \$12; the ninth \$18. The tenth man (the richest) would pay \$59.

The 10 men ate dinner in the restaurant every day and seemed quite happy with the arrangement until the owner threw them a curve. Since you are all such good customers, he said, I'm going to reduce the cost of your daily meal by \$20. Now dinner for the 10 only costs \$80. The first four are unaffected. They still eat for free. Can you figure out how to divvy up the \$20 savings among the remaining six so that everyone gets his fair share?

The men realize that \$20 divided by 6 is \$3.33, but if they subtract that from everybody's share, then the fifth man and the sixth man would end up being paid to eat their meal. The restaurant owner suggested that it would be fair to reduce each man's bill by roughly the same amount, and he proceeded to work out the amounts each should pay. And so now the fifth man paid nothing, the sixth pitched in \$2, the seventh paid \$5, the eighth paid \$9, the ninth paid \$12, leaving the tenth man with a bill of \$52 instead of \$59.

Outside the restaurant, the men began to compare their savings. "I only got a dollar out the \$20," complained the sixth man, pointing to the tenth, "and he got \$7!" "Yeah, that's right," exclaimed the fifth man. "I only saved a dollar, too. It's unfair that he got seven times more than me!" "That's true," shouted the seventh man. "Why should he get \$7 back when I got only \$2? The wealthy get all the breaks!" "Wait a minute," yelled the first four men in unison. "We didn't get anything at all. The system exploits the poor." The nine men surrounded the tenth and beat him up.

The next night he didn't show up for dinner, so the nine sat down and ate without him. But when it came time to pay the bill, they discovered something important. They were

\$52 short!

And that, boys, girls and college instructors, is how America's tax system works. The people who pay the highest taxes get the most benefit from a tax reduction. Tax them too much, attack them for being wealthy, and they just may not show up at the table any more. There are lots of good restaurants in Switzerland and the Caribbean!

END NOTES: Iraq Attack? Several clients have called or e-mailed lately asking what I think about the timing of an attack on Saddam. My answer hasn't changed since I wrote the opening piece in the July 22 issue of this newsletter with the headline: "No Iraq Attack This Year." I'll write an update on this piece soon, but I don't expect the basic conclusion will change in the meantime.

More, Your Tax Money at Work. Several weeks ago I noted a *Washington Times* story about a House subcommittee's questions about the Center for Disease Control's HIV/AIDS prevention program, or more specifically the agency's \$225,000 sponsorship of a "workshop" advertised as "Great Sex 2: Intimacy and Mr. Right – Get ready for some fun interactive intimacy games to help you keep sex safe and hot! Then share your techniques for finding Mr. Right in this man-eat-man world." Last week, the *Times* followed up with this:

"The CDC is also cracking down. The agency is dispatching a team of investigators to San Francisco's Stop AIDS Project, a program that received \$700,000 in 2000 while putting on workshops such as "Booty Call."

"Citizens Against Government Waste, meanwhile, the nation's largest taxpayer watchdog, is increasing publication of its 2002 report, "AIDS Programs: An Epidemic of Waste." And what an epidemic it is.

- A \$20,000 grant was handed to the Vermont Department of Public Health for a Twin State Women's Network weekend retreat, its topics including "Toys 4 Us." Each participant received a welcome bag filled with mints and chocolate, and each room was equipped with welcome packets containing condoms, candles, massage lotion and other items. The network receives 86 percent of its funds from Uncle Sam, including the CDC.

- A Central Florida AIDS Unified Resources staffer spent \$600,000 in Ryan White CARE Act money on everything from tickets to Disney World, to hotels and restaurants.

- The nonprofit Tampa Hillsborough Action Plan, which receives \$450,000 a year from the federal government to provide housing to people with AIDS, gives its top executives four season tickets for Tampa Bay Buccaneers games and two season tickets for both the Tampa Bay Devil Rays and the Tampa Bay Lightning.

- Last year, New York City spent nearly \$180,000 a week (\$9 million a year) on hotel rooms for HIV and AIDS patients. The city reserved 20 rooms at the Sofitel Hotel in Midtown Manhattan at \$329 apiece.

•An FBI investigation into the South Dallas Health Clinic revealed that more than \$60,000 in taxpayer dollars was spent on calls to psychic hot lines and shopping trips to Neiman Marcus.”

And this:

“. . . the subcommittee is examining whether Darlene Weide, the executive director of the Stop AIDS Project is using her federally funded position to promote sadomasochistic, or S&M, films and to put on live S&M demonstrations. The subcommittee didn't have to look far; it simply clicked through the project's Web site. Once there, it found that Miss Weide provides her federally funded fax number and e-mail address to sell and promote her S&M film "Kinky Pinky's. Last year, it was determined that the Stop AIDS Project used federal funds to put on a live bondage, domination and S&M scene, the title of which we cannot print in this newspaper.”.

And so it goes in George Bush's "fiscally responsible," "conservative" Washington.

This Is Funny. I didn't write anything about the hand slap the illustrious U.S. Senate gave to their New Jersey colleague, Robert Torricelli, for his sleazy dealings with David Chang. I thought, "What's to say?" Then, while reading through some old newspaper clips recently, I found an answer to this question. It was given by Virginia's great junior Republican Senator, George Allen, who knew exactly what to say. "It reminds me of a story here in southwest Virginia about a horse thief. And the jury goes through the whole case and they say, 'Not guilty, but you have to return the horse.'"

Another joke: Allen's story reminded me of one that has absolutely nothing to do with anything happening today. But it is summer, not much is happening, Congress has left town, and I have space left on the page, so here goes.

This fellow is asked why he is a Republican. He says he is a Republican because his great grandparents were Republicans, his grandparents were Republicans, and his parents were Republicans. His interlocutor replies: "You mean the only reason you are a Republican is because your ancestors were Republicans?" To which the fellow answers, "Yes." So the other guy says, "What if your ancestors had been horse thieves?" "Then," the guy responds, "I would have been a Democrat."

Have a great week!

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