

# 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

*“It’s easy to forget now, but both the political and popular cultures were saturated with anti-white-male silliness for much of the last decade. Hollywood put out a long string of films that painted white dudes as the source of all our problems. Conservative white guys like Rush Limbaugh and Newt Gingrich were blamed for the Oklahoma City bombing, and the murders of Matthew Shepard and James Byrd. Liberal pundits who rolled their eyes and mocked any suggestion that, say, the Unabomber might have been egged on by the apocalyptic environmental rhetoric of the Left, or that Woody Allen’s creepy sex-life might be connected to liberalism, saw no problem linking Newt or Rush to every crime committed by a white guy.”*

*Rush and Daschle & The Great Freedom Debate, Jonan Goldberg, National Review On-Line, Editor-at-Large.*

**OUR “INTERESTS” THE SAUDIS.** In late July of 2001, I wrote a piece for Lehman Brothers entitled “A Global Paradigm for the 21<sup>st</sup> Century,” in which I posited the notion that the theme of the century would center around the “inevitable achievement by the United States of cultural, economic, and military hegemony over the entire world.” I then argued that the action that will animate this theme will be the manner in which each nation reacts to this circumstance, and the way America handles this historically unprecedented power.

Two months later, shortly after the September 11 attacks, I wrote an article entitled “Mass Murder Makes Strange Bedfellows” in which I referred to the July piece and argued that the process by which each nation will decide how to react to America’s hegemonic power would be greatly accelerated by Bush’s demand that every nation must “choose sides” in the war between militant Islam and the United States.

Later in that piece, I predicted that the result of this accelerated decision making process would be that “country after country, including most of those in the Islamic world, as well as Russia and China, will come to the same conclusion that [Pakistan’s] General Musharraf did,” namely

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that there is little choice but to side with the United States against the likes of Osama bin Laden. And I added these paragraphs.

“Why? Because this is, as we have been told so many times, a global economy, with the good old U.S. of A. at its head, that is why. Among other things, we buy their stuff. As my mother used to say, every cloud has a silver lining, and the silver lining of an enormous 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 world’s poorest, least developed nations, such as Afghanistan (one of only a handful of nations that has almost no direct stake in the U.S. economy) what government, whether in Europe or Asia, or anywhere else, would not be endangered by a prolonged U.S. recession? . . .

“Even the most radical, anti-American Chinese general, for example, must realize that if his country is to defeat the United States someday, it will only be after that same United States helps it build an economy that can sustain the effort.”

Now I know that I have referenced these articles in prior pieces. But I thought I’d bring them up again this week because I think they provide a good context from which to view the many facets of the story about the beneficent Saudi Arabian “Princess,” which dominated the news last week.

The gist of the story was simple enough. The wife of the Saudi ambassador to the United States had given money to a Saudi citizen who had had some connections with one or more of the September 11 terrorists. The spin put on the story by virtually every pundit who addressed it was equally simple. In nearly every case, the discussion quickly moved away from the “Princess” and her transactions to other ties, alleged and actual, between Saudi Arabia and various groups and individuals who have been linked to terrorist activities. At which point, the discussion usually moved rapidly to the explosive Zoroastrian-like question of whether Saudi Arabia is a “friend” or a foe of America, and what should be done if it is determined that it is the latter.

I watched many of these debates, and none of the participants whom I saw ever gave the correct answer to the burning question, “Is Saudi Arabia a friend of America.” So I’ll do it. The correct answer is, of course, that it is not a friend of America, nor is America a friend of Saudi Arabia, for the reason that once was so aptly stated by Charles de Gaulle, namely that “Nations don’t have friends, they have interests.”

Of all the many “interests” America has in Saudi Arabia, friendship is not one of them. Arguably, the most important of America’s interests in Saudi Arabia is that that oil-rich nation continues to be ruled by individuals who are grossly materialistic, and therefore have a desire to sell their nation’s oil to the West. Another American interest in Saudi Arabia is that that nation’s financial resources not be used to finance terrorist activities against the United States.

One of Saudi Arabia’s interests in America is that America continues to be prosperous, so that the rest of the world will continue to prosper, so that Saudi Arabia can continue to sell lots of oil, so that the Saudi “royal family” can continue to have lots of money, which is the primary source

of the family's political power. Another Saudi interest in America is that America doesn't make so many public demands on the Saudi government that America's Muslim enemies decide that Saudi Arabia is their enemy also, and then proceed to blow the hell out of it.

America's "interests" in Saudi Arabia are largely compatible with each other. Saudi Arabia's interests in America are not at all compatible with each other. In fact, they are badly conflicted, which puts the "royal family" between a rock and hard place, a place that is becoming so uncomfortable that eventually Saudi Arabia will have to leave it voluntarily or be forced out by either the rock or the hard place.

My guess is that this time is rapidly approaching. I would further guess that, for all of the reasons I mentioned at the beginning of this piece, Saudi Arabia will "do the right thing." It will "choose" the American side. It will choose to risk the anger of America's enemies and either stop, or come very close to stopping, its support for militant Islam. It will do this not out of friendship for America but for very practical considerations.

To put it another way, the "royals" will decide to take the bird in the hand rather than 70 in the bush; or more specifically, they will forgo the prospect of enjoying the favors of seventy virgins with beautiful black eyes in Paradise in favor of solid gold toilet seats in desert palaces, magnificent apartments in New York, Paris, and London; mansions in McLean Virginia, just around the corner from the Tysons II "Shops at the Galleria;" buxom blond whores on Cyprus; and private "showings" in the "Gold Club" in Atlanta. As the great country-western group "The Confederate Railroad" says about pickup trucks with gun racks in the rear window, "Who could ever ask for more?"

Yes, the Saudi "princes" will try to play both sides against the middle for a while longer. And yes, they will continue, for a while, to funnel money to their terrorist "friends," and continue to finance the spread of the poisonous Wahhabi brand of Islam around the world. But if President Bush is strong, and he will be, the Saudi "royals" will eventually resolve their conflicting "interests" with America, at which point the pundits will decide in unison that they are indeed "friends" of America, and this will be attributed to the fact that we Americans are such likable people. Peace be upon us.

**WHITHER THE WAR WITH IRAQ?** Last week, a friend and client asked me, via e-mail, what I think will happen "if Iraq complies?" "I know," he said, that the Iraqis are "unlikely to actually comply, and that they will do their best to deceive and delay." "But how will it play out," he asked, "if Iraq appears to be cooperating, or does just enough to keep the French, Russians and Kofi excited about all the 'progress' being made?"

The quick answer to this important question is, "I don't know." There are simply too many variables involved to confidently predict what might occur over there. Nevertheless, I have found that the process of attempting to construct a reasonable scenario is worthwhile because it provides a useful framework for judging events as they unfold. So, with that in mind, here goes.

I think the odds still favor a U.S. military action against Iraq. It is possible, of course, that the U.N. inspectors will conclude that Iraq has no weapons of mass destruction after a search that is thorough enough to convince the Bush administration of the truth of their findings; that America

will abandon its goal of a “regime change” in Iraq; and that we all will live happily ever after. If this happens, I will be dead wrong, and extremely happy about it. But I don’t think it will. I think trouble looms in the future relations between and among Bush, Saddam, and the inspectors.

For starters, I don’t think Saddam has renounced ownership of the very weapons that have made him an important figure on the world stage. In his world, he is a towering figure of courage, the only Arab political leader with the guts to actually go to war with America; to stand toe-to-toe with America’s President, whose father he had plotted to kill; and to lay up a stockpile of weapons that are feared by the entire world.

In Saddam’s world, he is Prospero, the magician with a bag of diabolical tricks lying in wait for his evil nemesis Antonio, played by his old enemy’s son. He is unlikely to voluntarily surrender this role, and play the deformed Caliban, the “thing of darkness,” to George Bush’s Prospero.

President Bush on the other hand despises Saddam and seems to have discounted concerns that his downfall would make matters in the Middle East worse rather than better. Obviously, I have no way of knowing whether I am correct, but I believe I fairly accurately summed up the White House view of the situation in the September 3 issue of this newsletter.

In a piece entitled “An Optimistic View of the Coming War with Iraq,” I said that I thought Bush would “go after Saddam early next year,” that the effort would result in an “overwhelming military success,” and that the whole thing could be done “without doing damage to America’s relations with its allies, both in the Middle East and in the rest of the world.” I finished with the following paragraph.

“If I am right about this, then the entire Middle East region would be in for some positive, long-term changes. Far from strengthening the hand of our enemies, a Saddam-free Iraq, with lots of financial help and moral support from its “business partners” around the world, could put real pressure on the region’s hardliners, most especially on the mad Mullahs of Iran. Even the Palestinians might begin to wonder whether sending their kids off to blow themselves up makes more sense than having their own state and living in peace. We’ll see.”

We will see, of course. In the meantime, if this is indeed Bush’s view of the situation—and I think it is—then he is unlikely to buy into an ambiguous U.N. report on Iraq. And I have no doubt that it will be ambiguous.

As for the Russians and the French, they will go along with Bush, for the reasons I cited in the opening paragraphs of the above article on Saudi Arabia, and for the reason I cited in the September 3 piece.

“The French . . . are not as noisily opposed as they once were. And the Russians aren’t stomping their feet either, despite the fact that they have a great many financial and strategic interests in Iraq. I don’t pretend to know what the Bush administration is saying to these and other countries, *but my guess is that the talk is all about dividing up the spoils.*” [Emphasis in the original]

So, the bottom line is that I look for problems to develop soon between and among the U.N. inspectors, Saddam and President Bush. I look for the war to begin shortly thereafter. And, I look for this war to go well for the United States. Once again, we'll see.

**GREAT NEWS FOR THE GOP.** For many years now, I have pointed out in my writings and speeches that the differences between the two political parties on many important issues affecting corporate America are not as great as they were in the past.

The reason for this, I always noted, is that several decades ago it became clear to many big corporations that, regardless of how the presidential races came out every four years, the Democrats were likely to control both houses of Congress forever. So, little by little, they hired Democrats to run their lobbying shops and their trade associations, and began to give generously to Democratic politicians, even those with the most egregious anti-business records.

In 1994, when the Republicans cleaned up on the Democrats, taking control of both the House and the Senate, the GOP began a campaign, spearheaded by GOP wunderkind Grover Norquist, to convince the nation's big corporations to stop giving half or more of their campaign contributions to Democrats, since they were no longer in charge of the legislative branch, weren't likely to retake control anytime soon, and couldn't be trusted to support a business agenda when the chips were down anyway.

For a variety of reasons, the campaign took off slowly at first. Corporations can't just up and fire or demote lobbyists who had worked for them for years. Also, many corporate executives had come to like the idea of covering all bases with their contributions. And finally, it wasn't all that clear that the GOP was going to retain its majority in Congress.

In recent years however, the tide began to turn, and last week, the *Washington Post* ran the new scorecard in a front-page story by Thomas Edsall entitled "Big Business's Funding Shift Boosts GOP." And the new numbers are, to say the least, stunning. So stunning, in fact, that they could permanently change the face of American politics for decades to come.

The following quotes will provide the flavor of the article. If you are a real political junkie, or a Republican who just wants to revel in good news, you might want to read it all at [www.washingtonpost.com](http://www.washingtonpost.com). It's a political blockbuster.

"Major industries such as accounting, aerospace, commercial banking, defense, HMOs and pharmaceuticals have abandoned their tradition of bipartisan campaign contributions in favor of a commitment to the GOP, a trend that could deepen the problems of a Democratic Party rocked by this month's elections.

"An analysis of political donations by industry groups shows that over the past decade, 19 major sectors have shifted from a roughly 50-50 split between the two main parties - or in some cases, a slightly pro-Democratic tilt -- to a solid alignment with the Republican Party, which now enjoys advantages exceeding 5 to 1 in some of these sectors. The shift has produced at least \$78 million in additional GOP support from these groups over 10 years, while donations to Democrats have declined slightly.

The realignment is no accident. Republican leaders for years have been pressing corporate and trade groups to hire more GOP lobbyists and to support more GOP candidates. They have emphasized the Republican issues that favor the corporate world, such as regulatory relief, business tax cuts and liability limits in civil cases (sometimes called tort reform).

Their success could have far-reaching implications for U.S. politics and elections. Democrats increasingly find themselves frozen out by deep-pocket industries and political action committees, making them more dependent than ever on a relatively small number of sources: organized labor, trial lawyers, the entertainment industry, environmentalists, educators and the high-tech industry. A recent change in campaign finance laws will exacerbate the Democrats' problems, denying them the big checks they once received from loyalists in Hollywood and elsewhere, while Republicans use their corporate ties to collect hundreds of thousands of smaller checks from management employees and association members who now play a huge role in federal elections. . .

"Just like the Democrats get a 90-10 split from the trial lawyers and labor, we will have 90-10 [in the staffing] on K Street and 90-10 business giving," claimed an elated Grover Norquist, president of Americans for Tax Reform and a leading architect of the drive to get Republicans into key lobbying posts . . ."

**TOM AND AL'S ANAGNORISIS.** Speaking of good news, I can't think of a surer sign that conservatism is on the ascendancy than the recent complaints by Tom Daschle and Al Gore about the conservative media . . . the conservative media . . . the conservative media . . . the conservative media. Oh, sorry. I guess I got carried away. It has such a nice ring to it, doesn't it? The conservative media . . . the conservative media.

I'm old enough to remember when George Will and William Buckley were the only conservative political writers with a national audience; when Buckley's *National Review* was the only conservative news periodical with national influence; when the Brookings Institute, the Urban Institute and the radical left wing Institute for Policy Studies were the Washington "think tanks" upon which the media depended for economic, sociological and political research; when the mainstream press could trash decent men like Robert Bork and Clarence Thomas with no risk of a backlash because there was no significant conservative media voice fighting back; and when every discussion about conservatism began and ended with complaints about the futility of fighting "the liberal media,"

Things are different now. Much different. So different, in fact, that there is no need to detail all the changes that have occurred. To borrow a phrase from an old *Washington Post's* advertisement, "If you don't get it, you don't get it."

Conservatives "get it." They've seen it coming for a long time. They saw it coming with the rise of Rush Limbaugh and scores of imitators; with the success of "Fair and Balanced" Fox News; with the growing readership and influence of the *Washington Times* and the *New York Post*; with the rising importance of a plethora of conservative and libertarian think tanks all

across the nation; and with the appearance of a mind-boggling array of high quality, successful, conservative news magazines and web sites.

And lo, just recently, Al Gore and Tom Daschle “got it.” They got it big time, as they say. Gobsmacked! You mean people listen to Rush Limbaugh? Read those newspapers? Visit those websites? Watch *that* channel? Study the stuff coming out of *those* think tanks? Real Americans? The Greeks had a word for this experience, a word that theatre people still use to describe what happens to characters in a drama when they come face to face with their fate, and recognize it for what it is. It is called anagnorisis.

On separate occasions recently Daschle ranted about “right wing nuts” in the media, slammed the Fox News Channel for polarizing the nation by confusing entertainment with news, and accused Rush Limbaugh of ginning up threats against him. Daschle “got it” so solidly that the *Washington Post’s* liberal media critic Howard Kurtz wrote a column headlined, “Has Tom Daschle Lost A Couple Of Screws?”

Al Gore didn’t become quite as agitated as Daschle when he “got it.” He seemed more amazed than angry, confiding to Josh Benson of the *New York Observer* his recent discovery that “the media is kind of weird these days on politics.” Why, he said, “there are some major institutional voices that are, truthfully speaking, part and parcel of the Republican Party.”

“Fox News Network, *The Washington Times*, Rush Limbaugh—there’s a bunch of them,” the wide-eyed former Veep revealed. “And some of them are financed by wealthy ultra-conservative billionaires who make political deals with the Republican administration and the rest of the media . . . [which has] been slow to recognize the pervasive impact of this fifth column in their ranks.” I wasn’t there, of course, but I understand that the interview ended when the little men in white suits with the big nets began closing in on Big Al as he sat there silently pulling the wings off of flies.

In retrospect, it was inevitable that conservatives would eventually gain some parity in access to the public via the media. Although, in the interests of being “fair and balanced,” it should be noted that the Democrats still have a few billionaire publishers of their own, including the Grahams, the Sulzbergers, and the Chandlers. And they also have a pretty solid lock on the three networks and their perpetually young looking anchors, Tom, Dan, and Peter, as well as a substantial number of intellectually gifted political scientists, not the least of which are Barbra Streisand, Cher, and Alec Baldwin.

So even though there is much to for conservatives to celebrate, and despite the despondency of Tom and Al, the fight is not over. In fact, as T.S. Eliot once put it, there is no such thing as a lost cause because there is no such thing as a gained cause. That’s life.

**AL THE INGRATE.** One of the “ultra-conservative billionaires” about whom Al complained in the interview with Josh Benson was Rupert Murdoch, the brains and money behind the Fox News Channel. In response to this attack, my favorite news website, [www.newsmax.com](http://www.newsmax.com), noted last week that Al didn’t always feel that way about the Aussie news mogul. In fact, Newsmax pointed out, Murdoch served as vice chairman of a major fund raising

event for Al at Radio city Music Hall just two months before the 2000 election, at which he personally contributed \$50,000 to Gore's presidential campaign. And get this, from Newsmax.

“Murdoch's support for Gore also included lending a helping hand a month before, in a move that reportedly amounted to a multi-million dollar in-kind contribution to the veep's Democratic Party. “The 2000 Democratic Convention was held in LA in part because owners of the Staples Convention Center agreed to allow the party to use the facility at no charge. As a co-owner of the arena, Murdoch had to sign off on that deal, which, according to the Los Angeles Times, saved Gore and his party up to \$10 million.

“Gore's brief 2001 stint as visiting lecturer at Columbia University's journalism school offers further evidence of the formerly warm relationship between the failed presidential candidate and the ‘ultra-conservative billionaire.’ While at Columbia, Gore chose a select handful of guest speakers to address his class - Fed Chairman Alan Greenspan, TV host David Letterman and - you guessed it - Rupert Murdoch.

“Gore has also apparently forgotten that, without Murdoch's Fox News Channel, George Bush would have likely won the 2000 race in a walk. It was FNC's Carl Cameron who took an ancient arrest report documenting Bush's 1976 DUI encounter with Maine police and turned it into a national scandal just four days before the election, breaking the story wide open after reporters for the Associated Press and other news outlets had taken a pass on the information.

“It turned out that Cameron's news judgment was right - the DUI story was huge. It rocked the Bush campaign as well as the voting public, 25 percent of whom said in exit polls that the story factored into their decision on who to vote for.

“With 2000's presidential race as close as it was, there's no question that FNC's decision to spotlight the DUI story robbed Bush of a clean victory and probably single-handedly turned Gore into the popular vote winner.

“The ex-veep can complain all he likes about Limbaugh, the *Washington Times* and whoever else he doesn't like in the media. But when he singles out Fox News, he's biting the hand that fed him.

**END NOTES: “We Have Ways of Making People Talk.”** There seems to be little question that some nations are better than the United States at getting perps to talk during interrogations. An insight into this mysterious information gap appeared in the headline of a news item on <http://news.independent.com.uk/> last week about an Arab-Israeli citizen who tried to commandeer an Israeli jet recently and ended up in a Turkish prison. It read: “Hijacker confessed under threat of castration.” Who knew?

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