

# 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



Compliments of my friend Tom Jackson.

**THE STATE OF COMPASSIONATE CONSERVATISM.** I had dinner last week at the Club for Growth's "Economic Summit," and had a great time seeing some old friends and listening to a series of short, informal speeches from a host of Republican members of Congress whose campaigns had benefited from contributions from my good friend Steve Moore's terrific and increasingly influential organization (see [www.clubforgrowth.org](http://www.clubforgrowth.org)).

By definition, each of these politicians was a staunch fiscal conservative, and by extension, each was a person of good sense. The audience consisted almost entirely of individuals who had contributed to the Club for Growth, which assured that virtually everyone in attendance was a staunch fiscal conservative and, by extension, a person of good sense. So, as they used to write

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in what were called the “society pages,” back in the good old days when the canaille tried to emulate the rich rather than the other way around, “A good time was had by all.”

President Bush had delivered his State of the Union address the night before, so that event was high on the list of topics of discussion during the cocktail reception, the dinner, and at the bar afterward. I can’t speak for the entire crowd, of course, but the consensus among those with whom I conversed seemed to be that it had been a terrific speech.

I didn’t argue strenuously to the contrary because, for the most part, I liked the speech. I especially liked the part about the tax cuts. As far as I’m concerned, the bigger the tax cuts the better. I also liked the part about sticking it to the trial lawyers. They routinely do violence to two of Plato’s four virtues, temperance and justice, and in doing so they undermine American society, economically and socially.

And, of course, I liked the part about Iraq. As I have said many times in these pages, I happen to think that Bush is right; that an amoral killer like Saddam cannot be allowed to have the capability of blackmailing the world with chemical, nuclear or biological weapons.

However, on several occasions during the evening, I allowed as how I wasn’t enthusiastic about that part of the speech during which the President presented a long litany of things that Bill Clinton used to proudly call “new ideas” on which the government could spend money.

I thought I was on pretty firm ground with this modest criticism, given the nature of the crowd. But I quickly learned otherwise, being told by several people that I simply didn’t understand that Bush has to “support these things” if he is going to retain his popularity with the all-important center. One individual even suggested that the amount of money involved wasn’t all that great, “in the grand scheme of things.”

And finally, I was told by a very astute political observer with a national reputation that not only was Bush’s advocacy of new spending programs politically necessary, but that it was tactically brilliant; that by touching these bases, Bush had left the Democrats “politically naked.”

This presented me with two possible responses. The most obvious was to charge that a metaphor about naked liberals was inappropriate just after partaking in a large meal because it conjured up a host of decidedly unappetizing, Rubenesque images of Teddy and Hillary running through the forest *au naturel*, with possibly a satyr or two looking on. The second, the one I chose, was to note that I gain no worldly pleasure out of seeing Bush strip the liberals of their political clothes, if he dons these same gay apparel immediately thereafter.

Now, I don’t doubt that these people were correct when they said that President Bush did the right thing politically by putting his “compassionate conservatism” on display. They certainly know more about hands-on politics than I. But I still find the whole thing troubling, and I have ever since the campaign, when Bush began discussing his new kinder and gentler brand of conservatism. I wrote the following shortly after the GOP convention, where he really laid it on thick, as the saying goes.

I am more than a bit uneasy about Bush's "compassionate conservative" slogan. In fact, I don't like it at all. And I wonder how traditional conservatives, who have fought the good fight for so many years against the false compassion of modern day liberalism, could bring themselves to rally behind such jingoism.

Is there no program that the liberals created during the past 60 years that "compassionate conservatives" believe could use a little trimming? Should the entire government be fully funded each year at their prior year level and then some? Should lots of new programs be added? That's what it sounded like to me last week. Are all the departments, branches, divisions, offices, and bureaus necessary and useful? If not, which aren't?

This may sound like a nit-picking question during a time when the government is flush with money. But these questions aren't entirely about money. They are about my belief that the problem with big government isn't simply that it wastes a lot, but that it is also pernicious and destructive of traditional society with its emphasis on family, individual responsibility, and religious faith.

In my opinion, if "compassionate conservatism" means support for bigger and bigger government, then it is neither compassionate nor conservative.

Anyway, I encountered little sympathy for my concerns the other night, and I think there is a message in this ambivalence, one that has long-term ramifications for fiscal policy, the financial markets, the economy, and ultimately for the health of American society. And that message is that not only is the Bush administration not enthusiastic about pursuing the concept of smaller, less intrusive government, but a lot of conservatives have given up the fight also.

I mean, where, if not at a dinner such as that one, can a conservative voice be heard pointing out the fact that these programs, once adopted, inevitably take on grotesque shapes and dimensions not unlike the trees and shrubbery around Chernobyl; that these programs more often than not do more damage than good; that by endorsing a host of brand new federal programs, Bush makes it difficult if not impossible for anyone to make a credible case for cutting spending on the existing ones; that liberals don't need any help coming up with ideas for new programs, or with drumming up support for old ones?

The answer to this lengthy question is, of course, "Nowhere." Conservatism, under Bush's leadership, has "moved on," so to speak. It has become "compassionate," scornful of what George Santayana once described as the "dispossessed and forlorn orthodoxy" of ancient truths. Nevertheless, these truths are, I believe, worth visiting now and then. For, as Santayana also pointed out, they carry within them a prophecy that cannot be silenced, even though it can no longer be understood.

So in closing, I'll visit the opening words of a little book entitled *The Conscience of a Conservative* by a fellow named Barry Goldwater. This book was first published in March 1960, just forty years before George Bush opened his campaign for the presidency on a platform of "compassionate conservatism."

I have been much concerned that so many people today with Conservative instincts feel compelled to apologize for them. Or if not to apologize directly, to qualify their commitment in a way that amounts to breast-beating. "Republican candidates," Vice President Nixon has said, "should be economic conservatives, but conservatives with a heart." President Eisenhower announced during his first term, "I am conservative when it comes to economic problems but liberal when it comes to human problems." Still other Republican leaders have insisted on calling themselves "progressive" Conservatives. These formulations are tantamount to an admission that Conservatism is a narrow, mechanistic economic theory that may work very well as a book keeper's guide, but cannot be relied upon as a comprehensive political philosophy.

The same judgment, though in the form of an attack rather than an admission, is advanced by the radical camp. "We liberals," they say, "are interested in people. Our concern is with human beings, while you Conservatives are preoccupied with the preservation of economic privilege and status." Take them a step further, and the Liberals will turn the accusations into a class argument: it is the little people that concern us, not the "malefactors of great wealth."

Such statements, from friend and foe alike, do great injustice to the Conservative point of view. Conservatism is not an economic theory, though it has economic implications. The shoe is precisely on the other foot: it is Socialism that subordinates all other considerations to man's material well-being. It is Conservatism that puts material things in their proper place—that has a structured view of the human being and of human society, in which economics plays only a subsidiary role.

The root difference between the Conservatives and the Liberals of today is that Conservatives take account of the whole man, while the Liberals tend to look only at the material side of man's nature. The Conservative believes that man is, in part, an economic, an animal creature; but that he is also a spiritual creature with spiritual needs and spiritual desires. What is more, these needs and desires reflect the superior side of man's nature, and thus take precedence over his economic wants. Conservatism therefore looks upon the enhancement of man's spiritual nature as the primary concern of political philosophy. Liberals, on the other hand, - in the name of a concern for "human beings" - regard the satisfaction of economic wants as the dominant mission of society. They are, moreover, in a hurry. So that their characteristic approach is to harness the society's political and economic forces into a collective effort to compel "progress." In this approach, I believe they fight against Nature.

Surely the first obligation of a political thinker is to understand the nature of man. The Conservative does not claim special powers of perception on this point, but he does claim a familiarity with the accumulated wisdom and experience of history, and he is not too proud to learn from the great minds of the past.

**HOW ABOUT AIDS IN AFRICA, MARK?** Now I know what you're going to say. You're going to say, "But Mark, you can't be against spending a mere \$3 billion a year for five years to, in the words of President Bush, 'turn the tide against AIDS in the most afflicted nations of Africa and the Caribbean.' Can you?"

And my answer is this. If there were a chance that the “tide could be turned” against AIDS in Africa and the Caribbean for \$3 billion a year, I’d so, “Do it!” But money isn’t going to “turn the tide” in either of these countries, and to claim that it would is foolish, dishonest, or both. One need not be an expert to recognize that the AIDS epidemic that afflicts these nations is a symptom of a greater illness, cultural in nature, which cannot be cured by money.

If Bush were to say, “I propose to spend money to help relieve the suffering of the millions of people who are dying of AIDS in Africa and the Caribbean,” I would say, “Yes, we probably should do that. That would be a Christian thing to do.” But to talk about “turning the tide” with \$3 billion a year is nonsense, or worse yet, it’s playing politics with something that should be outside the realm of politics.

This is not a novel thought on my part, by the way. Turn back the pages of time to early in the year 2000, before Steve Soukup and I were fired from Prudential Securities, and check out the January 13 issue of the weekly newsletter we wrote in those days called *Politics, Etc.*, and you will find the following in an article about the then on-going presidential debates.

Moderator Tim Russert asked the bland GOP crowd about AIDS in Africa and whether or not the nation should take Al Gore’s advice and tap into our surplus to help save those afflicted with the disease on that ravaged continent.

Gary Bauer mumbled some gibberish about economic growth curing AIDS. John McCain agreed to send money, but cautioned against doing so without proper checks to make sure the money got to those in need. George Bush, clearly startled, said (I am, to paraphrase Dave Barry, not making this up.), “I agree with what John said.” Steve Forbes declared (again...not making this up), “I think John and George are right.”

It wasn’t until Russert got to Alan Keyes, the long shot’s long shot, that a respectable answer was given. And boy, what an answer! Keyes knows he has no prayer, and he is unafraid to speak his mind. And while the others cowered from Russert’s query, Keyes let go with both barrels. He said:

You know, I think that one of the things that I’m hearing in this discussion, and it’s the premise of your question, I guess, which is typical, is that the way you measure compassion is by how much money we’re going to throw at some problem, regardless of whether the problem is susceptible to being solved with money.

After all, asking whether we should spend \$300 million to cure an incurable disease is kind of an academic point. And you should realize that, especially when the spread of that disease is rooted in what? Is rooted in a moral crisis, is rooted in a pattern of behavior that spreads that death because of a kind of licentiousness, not only in Africa but right here in our own country and around the world.

I think that this whole discussion is based on a premise that reveals the corruption of our thought. Money cannot solve every problem. Sometimes we need to look at the moral root of that problem and have the guts to deal with it.

**SOME THOUGHTS ON THE “NEW EUROPE.”** I was delighted last week to read the declaration of support for U.S. efforts to disarm Iraq from the leaders of Spain, Portugal, Italy, the U.K., Hungary, Poland, Denmark, and the Czech Republic. It was a welcome indication that not all of Europe has forgotten the painful lessons of World Wars I and II. It also provided some hope that lurking within the “old Europe” there is a core of a new and better Europe emerging, as Don Rumsfeld indicated two weeks ago.

I use the word “hope,” rather than “evidence,” because I think there is considerable room for doubt about the long-term prospects for Europe, whether it be the “new” or the “old” one. I could be wrong, of course, but I fear that, to borrow a phrase from Chesterton, those “new unhappy lords” in Brussels, “with their bright dead alien eyes,” will smother this optimism like a baby in its crib.

If this sound too pessimistic, visit [www.opendemocracy.net](http://www.opendemocracy.net) and search for a speech delivered at the Aix-en-Provence Summer University on September 25 last year by Vaclav Klaus, the former Prime Minister of the Czech Republic. The title of the speech was “Post-Communism: Victory or Lost Illusions?” The description of the speech is as follows:

Democracy has succeeded communism – but so has the power of the state, says the key architect of post-1989 Czech politics. As liberal ideas retreat before various ‘new collectivism’, has the unification of Europe itself become a process to strangle, rather than enlarge, freedom?

Here are a few key paragraphs, to pique your interest.

My question, however, is this: what exactly was it that we – at least some of us – really wanted to get out of this? Were we setting out to build a free society based on classical liberal principles? Or did we intend to venture up the blind alley of a regulated society, an unproductive welfare state, a brave new world of contemporary European social democracy, and an empty because artificial Europeanism (or internationalism, if you like)? . . .

Eleven years ago, I was not so fortunate. I allowed a speech I gave in Sydney, Australia, to be entitled, ‘Dismantling Socialism: a preliminary report.’ These rather provocative words were premature. What after all have we got? Instead of dismantling socialism, we have a World Wide Web; worldwide terrorism; the European Union (EU) and the euro; new, ever more sophisticated, hidden and intensive methods of government intervention and regulation; an ever-increasing welfare state, both in size and in scope; multiculturalism and political correctness.

This is not a great victory. It would have been more appropriate, therefore, to speak of dismantling communism. Communism at least, we can say today, is over. . . .

What began as an act of intergovernmental cooperation between independent countries, aimed at removing the barriers to the movement of people, goods, money and ideas, has been, slowly but surely, converted into the formation of a supranational European state under their noses – one which it is intended should centralise power in Brussels, eliminate European nation states, and socialise Europe. Thanks to the trusting neglect

of the majority of Europeans, a handful of pro-European activists and EU bureaucrats hold sway over these developments.

Many misunderstandings ensue. Some of us know, from our own personal experience, what it means to live in a closed, inward-looking society, where any form of contact with the outside world is prohibited (or at least made very difficult). We are unlikely to be against the opening up of societies, or the elimination of all those barriers to the free exchange of ideas, people, goods and services, or money – over the continent or the whole world. As a result, we have been dreaming of being part of a European open society for many years.

But the current European unification process is not only, or not primarily, about such an opening up. It is about introducing massive regulation and protectionism; about imposing uniformity, laws and policies; about weakening standard democratic procedures; about the increasing bureaucratisation of life; about the enhanced power of the judicial authorities. This is not what we wanted, is it?

We wanted to go ‘back to Europe’, to the freedom we did not have whilst living under communism. But we also understood that this was different from rushing into an EU which is currently the most visible and the most powerful embodiment of the ambition to create something else – something supposedly better – than a free society. This is a different project.

As a small, central European country, we are part of Europe, and we have to participate in the European integration process. There is no other choice left open to us. It is, in addition, the only way we know to get international recognition and legitimation. Looked at this way, it is a trap we do not either know how to break out of, or how to avoid.

**MORE THOUGHTS ON THE “NEW EUROPE.”** Last week, I speculated that one of the reasons that France and Germany are so reluctant to support a military effort against Iraq is the fear of terrorism within their own borders. These nations, I said, have huge Muslim communities, which contain active terrorist elements that “are linked to extensive organized crime networks,” and are “large enough to put the fear of Allah into the European populace and their political leaders, none of whom appear to have enough spirit left to launch much of a fight” to protect themselves.

Two days later, the *New York Times* ran an article with a Paris dateline that put additional meat on this bone. It was written by Marlise Simons and entitled “Europeans Warn of Terror Attacks in Event of War in Iraq.” I don’t normally quote the *Times* at length because I know many of my readers read it also. But this is an excellent piece about an issue of great importance, so I thought I would quote a few paragraphs, and urge readers to check out the complete story at [www.thenewyorktimes.com](http://www.thenewyorktimes.com).

European investigators have evidence that over the past six months, Islamic militants have been recruiting hundreds of fellow Muslims to carry out attacks in the event of a war against Iraq, according to French and other European antiterrorism experts.

A French expert, who requested anonymity, said one threat to Europe came from radical groups who have links with Chechnya and have learned how to make chemical weapons, either at training camps in Afghanistan or while serving in the Soviet Army. He said Chechnya was now a kind of "neo-Afghanistan," a new training ground and staging area for anti-Western terrorists.

What was just a working thesis a few months ago, he said, has been validated by new information about intense recruiting, training and a focus on chemical weapons. In both Spain and Britain, the police reported finding chemical protection suits during raids last week in Barcelona and London. In France, the police prevented "serious attacks" in Paris in December, probably including attacks using chemical weapons, the French expert said.

Western Europe is home to about 15 million Muslim immigrants and while a vast majority are peaceful citizens opposed to terrorism, their presence provides a recruiting ground and a cover for sleeper cells. Investigators said links between bases in Chechnya and cells in Europe had been known for some time. In recent days, some of the links have been publicized. . .

France's most experienced anti-terrorism judge, Jean-Louis Bruguière, has described the struggle with Al Qaeda and its supporters in a recent article as "the Hundred Years War of modern times." Intelligence agencies, he said in *La Revue Politique*, had to deal with a globalized and nihilistic force that "is everywhere and nowhere" and dedicated to the destruction of Western societies. The absence of obvious leaders made it impossible to deal with the movement, he said, or to have any prospect of a political settlement.

European investigators said that the shadowy new groups that have moved into Europe, many of them made up of North Africans from Algeria, Morocco and Tunisia, were well instructed on how to flit from country to country in the border-free European Union, and that they mostly financed themselves — to the tune of \$10,000 to \$15,000 a week — through common criminal activities like credit card fraud, making it difficult to follow a money trail. . .

**THE COLUMBIA.** My sympathy and prayers go out to the family and friends of the seven men and women who lost their lives in the Columbia disaster. Being unable to find words that are more appropriate than those already spoken, I will close with a few lines from President Bush's speech last week.

The same Creator who names the stars also knows the names of the seven souls we mourn today. The crew of the shuttle Columbia did not return safely to Earth. Yet we can pray that all are safely home.

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