

The Political Forum

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

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Monday, April 7, 2003

THEY SAID IT

“I’m an American soldier too.”

Pfc. Jessica Lynch, when her rescuers burst into her “hospital room” in Iraq and announced that they were American soldiers who were there to protect her and take her home.

OUR DESPOT INSTEAD OF THEIRS. I have been generally upbeat about the prospects for both the war in Iraq and the post-Saddam aftermath. The first time I addressed this subject directly was in the September 3 issue of this newsletter in a piece entitled “An Optimistic View Of The Coming War With Iraq.” I put it this way:

I think America will go after Saddam early next year . . . *I think the effort will be an overwhelming military success* (emphasis in the original). The United States is good at war. It has the best equipment, intelligence, officers and soldiers in the world and, when engaged, its armies can be ruthless . . .

If I am right about [all of] this, then the entire Middle East region could be in for some positive, long-term changes. Far from strengthening the hand of our enemies in the region, 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.

I remain optimistic today, eight months after having written those words. I think that the United States will, with the help of Britain and other friendly nations, be able to restore order within Iraq, get the oil fields pumping again, and establish an interim government that will have enough support to run the nation effectively, or reasonably so. And I continue to think that an American presence in Iraq is better for the region and for America than an Iraq run by Saddam Hussein.

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But optimism is a relative term. Indeed, it is related directly to expectations. Events that one individual would describe as terrific, might be viewed by someone else with different expectations as a disaster. I, for example, describe myself as optimistic. But I certainly don't think that the coming days in Iraq will be trouble free. Or even blood free, for that matter.

As indicated above, my optimism is based fundamentally on the belief that any Iraq without Saddam is better than any Iraq with him, just as any Afghanistan without the Taliban and Osama bin Laden is a better Afghanistan. Period. Even if both nations were to continue to be lawless, uncivilized badlands run by desperate killers intent on launching attacks against their neighbors, as well as the United States, this would still be a better situation than the one that preceded it, since the new killers would be pursuing their goals with significantly fewer resources than were available to the previous killers who were pursuing the same goals.

But I think President Bush can do better than that. In fact, I am optimistic that he will be able to install a leader in Iraq who is significantly less murderous than Saddam; and more importantly, one who "despots" (to coin a verb) for us rather than against us.

I am also reasonably optimistic that President Bush knows better than to try to accomplish much more than that, at least in the near term. Or to put this another way, I am optimistic that he will not go overboard with the idea of building a "democratic" Iraq. If he does, I will quickly become pessimistic. In my opinion, he may as well try to raise caribou over there.

THEN, OF COURSE, THERE IS IRAN. There can, at this point, be little doubt that President Bush and his national security team were correct in assessing the threat posed to the United States, to the region, and to the Iraqi people by Saddam Hussein. Though the chemical and biological weapons caches still, for the most part, remain undiscovered, the conduct of the Iraqi regime throughout this conflict has confirmed what most of us knew and what the president tried long and hard to convey to his doubters: Saddam Hussein and his Ba'athist thugs are indeed evil, and will stop at nothing to keep their hold on power.

That said, there are questions that remain. Perhaps the most important of these deal with regnant threats both to our troops in Iraq and in the greater war on terror. As we have noted many times, the chances are slim that this larger war will ever be ended by a peaceful resolution of the differences between America and militant Islam. And the question now is, from where do the next threats come?

The answer, naturally, is "from right next door." Numerous observers of the region and of the war on terror have suggested that the Syrians and Iranians will do their best to prevent the United States from establishing an America-friendly regime in Baghdad. Perhaps the most eloquent and persuasive is Michael Ledeen, former National Security and State Department consultant to President Reagan, who has long believed that any attack on Saddam would bring counter attacks from Damascus and Tehran. Indeed, just last week, he reiterated this contention, writing:

A year ago . . . I wrote that Syria and Iran could not tolerate an American success in Iraq, because it would fatally undermine the authority of the tyrants in Damascus and Tehran. Since we had taken too long to move on from Afghanistan to challenge the regimes of the terror masters, they had forged an alliance and would cooperate in

sending terror squads against our armed forces, with the intention of repeating the Lebanese scenarios in the mid-Eighties (against the United States) and the late Nineties (against Israel).

Unfortunately, it appears that Ledeem was right.

UPI's Eli Lake reported late last week that anecdotal evidence of help being given to the Saddamites by its neighbors (and supposed enemies) could, in fact, be confirmed. He wrote:

Iran's senior leadership decided last month to send irregular paramilitary units across their border with Iraq to harass American soldiers once Saddam Hussein's regime fell, according to U.S. intelligence reports.

On March 24, a U.S. intelligence agency issued a "spot report" to a wide range of senior U.S. officials detailing conversations in a meeting of the Islamic Republic's top leadership in the equivalent of the U.S. National Security Council. The council, which is working on Iran's post-conflict strategy, includes Iranian President Mohammed Khatami and Supreme Leader Ayatollah Ali Khamanei.

"This confirmed all of our suspicions that the Iranians are not our friends and not for peace in the region. They are in fact for a piece of the region," one U.S. intelligence official told United Press International.

It is, we believe, worth remembering that despite Al Qaeda's recent emergence as the most prominent terrorist organization, and Saddam Hussein's now obvious connection to terror and terrorist weapons, Iran is still the premier financier of Islamist murderers and the largest and most prolific state sponsor of terror. And, we would do well not to forget, it was the mastermind behind suicide attacks on American troops both in Saudi Arabia and Lebanon.

Amir Taheri, an Iranian journalist living in Europe, confirmed last week that the mullahs in the Islamic Republic remain dedicated to their murderous ways. Adding considerable detail to the information reported above by Lake, Taheri noted that there is, amongst the hard-liners in Tehran, a "confrontationalist" faction, lead by "Supreme Guide" Ayatollah Ali Khomeini, that intends to step up attacks against American and allied (read Israeli) interests in the region. In a piece published on Friday by *National Review Online*, Taheri wrote:

Khamenei's chief foreign-policy adviser, former foreign minister Ali-Akbar Velayati, recently spelled out the confrontationist position in a series of speeches, interviews, and articles in Iran.

"The American Great Satan will never accept an Islamic system. It is coming to Iraq to complete its encirclement of our Islamic Republic before it moves against us. To help the Americans conquer Iraq easily would be suicidal for our revolution."

Velayati claims that the U.S. has two aims in the Middle East: preventing the destruction of the "Zionist entity" and control of Arab oil . . .

“Iraq is a swamp,” Khamenei said in his address to the guards. “The Great Satan will get caught in that swamp; and that will speed up its inevitable collapse.” In a recent article Velayati spelled out a strategy aimed at “confronting the Great Satan in a number of fronts.”

Iraq will be one front. Iran has concentrated the so-called Badr Brigade, named after the Prophet Muhammad’s first major military victory, along the border with Iraq. The brigade is a 10,000-man force of Iraqi Shiite guerrillas. On March 14 some of the men organized a highly publicized parade inside Iraqi Kurdistan.

Iran also has a 6,000-man Kurdish force, known as the Hezbollah of Kurdistan, and positioned astride the border close to Sardasht . . .

Another front, according to Velayati, will be Afghanistan, where Iran has forged close ties with Ismail Khan, the “emir” of Herat, and is arming the Hazara Shiites in Bamiyan and Maydan-Shahr. Still another front could be Azerbaijan, where Iran has won influence in the Talesh region on the Caspian Sea . . .

The major front Velayati envisages will be opened against Israel. Iran is speeding up military supplies to the Lebanese branch of Hezbollah.

According to Teheran sources the Lebanese Hezbollah is already in possession of over 10,000 rockets of various descriptions. These include Fajr III and Fajr IV, upgrades of the Soviet-designed Katyusha, with improved ranges of between 50 and 70 km. Although fairly unsophisticated weapons — the rockets lack a proper guiding system — they could, nevertheless, wreak havoc if used in large numbers in a compact and densely populated area.

To prepare for the reactivation of the anti-Zionist front Teheran played host last month to a large delegation of Palestinians from Hamas and Islamic Jihad.

Clearly the ruling elites in Iran have no intention of making peace with the “Great Satan.” The Clintonians may still believe that President Khatami is a well-meaning reformer, and that may well be. But Khatami is also a non-entity. He matters very little, if at all. Ayatollah Khomeini and former President Rafsanjani still call the shots. And, predictably, those shots will almost certainly be directed at American servicemen and women in the very near future.

Saddam’ regime may soon be done, but clearly there is still much more work ahead.

WATCH THIS MAN. I don’t often give advice to liberals, but I thought I might be generous this week and alert them to the fact that they are once again in danger of missing the pleasure of watching and appreciating the actions of a president who has a shot at being regarded by historians as “among the best.”

As a result of their overweening disdain for President Reagan, most liberals have never been able to appreciate the fact that they were fortunate to be able to witness one of America’s great presidents in action. I compare their experience to the many times that I saw Joe Montana play

football and never realized how exceptional he was because he played for a team I didn't like. But unlike these liberals, I now know how much sheer enjoyment this attitude cost me.

It is, of course, too early to predict that President Bush will have an honored place in the history books. Many pitfalls lie before him, not the least of which is dealing with the twin problems of a post-Saddam Iraq and the possibility of running for reelection at a time when the economy is in the doldrums. But it is not too early to recognize that he has the potential to be one of the great ones; that like Reagan, he is someone special, someone "to whom attention must be paid," if I might borrow a line from Linda Loman.

Why do I say this? Because, in my opinion, Bush has all of the characteristic that are essential to greatness, including confidence, determination, courage, a gambler's instinct, a sense of mission, and the one characteristic that Carlyle said was the "great fact of existence" in all great men, namely, sincerity. These qualities don't assure greatness. But it is safe to say that greatness is rare in individuals who lack them.

According to many members of the Clinton administration, Bill openly lamented the fact that, because his presidency occurred during a time of relative peace and prosperity, he never had the opportunity to demonstrate "greatness." The assumption underlying this complaint was that all of the truly "great" presidents achieved this status because they were confronted during their time in office with an opportunity to display under fire their courage, wisdom, determination, willingness to take risks, sense of mission, and sincerity.

There is, of course, a grain of truth in this. But, as Malvolio proclaimed in *Twelfth Night*, it is also true that while some men are born great, and some have greatness thrust upon them, others *achieve greatness* by the strength of their own character and initiative. And therein lies the difference between President Bush and Bill. Whether Bill realizes it or not, he was presented with much the same opportunities as President Bush to display his talents for leadership and "achieve greatness."

Early in Bill's first term, the World Trade Center was struck by Islamic terrorists who intended to demolish the entire structure. Bill's response was tepid at best. He could have, like President Bush, responded with determination. He could have launched a global "war against terror." He could have demanded that every nation in the world choose sides in this war. He could have hit the terrorists hard in Afghanistan. He could have sought them out around the world. But he didn't. Indeed, with the exception of bombing an aspirin factory in Africa, he did nothing memorable in response to the first terrorist attack on World Trade Center. As history has so amply demonstrated, he certainly did nothing substantive to prevent further acts of terror by Islamic militants.

He had a second chance when terrorists hit in Oklahoma City. This time he was ready for them. He quickly flew to the site of the attack and gave a speech. And then, once again, he did nothing memorable to address the problem of terrorism, despite the fact that there was ample and growing evidence that it was destined to become a major problem.

In October 1997, Saddam expelled the majority of the U.S. members of the U.N. arms inspection team. Bill and one of his key foreign policy advisers Bill Richardson were occupied during this time with more pressing matters, namely keeping Monica Lewinsky quiet by finding her a job at the United Nations. So while the two Bills grappled with Monica's complaint that she didn't

want to work at the U.N., they confined their response to Saddam to loud complaints and much hand wringing. This “policy” lasted over a year, during which time Saddam basically nullified the entire inspections process, finally kicking all of the inspectors out in late October 1998.

In November 1998, Bill said he had had enough of Saddam’s nonsense and launched B-52 bombers in a strike against Iraq. Twenty minutes after they had left the ground Saddam agreed to allow U.N. monitors back in, and Bill called off the strike. He was preoccupied during this time by the impeachment hearings that were going on in the House of Representatives.

By December 16, 1998 it was clear that Saddam was never going to cooperate with the U.N., and Bill launched Desert Fox, which was basically a big bombing strike filled with sound and fury, signifying nothing. Within days of the strike, Saddam said he would not let U.N. inspectors back in despite Desert Fox, and Bill basically gave up. He was, of course, occupied by more pressing matters. On December 19, the House voted to impeach him.

At any time during this 14-month period, Bill could have responded to Saddam’s insolence toward the United Nations inspection requirement by declaring that it was unacceptable; that the integrity of the United Nations was at stake. He could have demanded to see evidence that Saddam had destroyed his chemical and biological weapons. He could have threatened a full-scale war, not a short bombing attack, if Saddam failed to honor the U.N.’s demands. And he could have actually gone to war when these demands were ignored. In fact, Congress had authorized such an action. But he did nothing. Indeed, giving Clinton’s character, it is inconceivable that he would have.

Time will tell whether President Bush’s very different responses to very similar events will lead him to a more revered place in the history books than the one that Bill seems destined to occupy. My point here is that Bush is not only likely to achieve a significantly better place in the history books than Bill, but that he has a shot at being listed among the great ones. Watch this space, as the saying goes.

NORTH KOREA: USING CHINA TO CRACK THE NUT. It turns out that George W. Bush was right. Or at least it appears he was. And the foreign policy gurus in the opposition party were wrong. Or at least it appears they were. And no, we’re not talking about Iraq.

For months, now the president has taken considerable flak about the way in which he has chosen to deal with North Korea’s fanatical “Dear Leader,” both from those truly concerned about the situation in North Korea and those who see little Kim’s nuclear machinations as a perfect opportunity to slam the administration’s Iraq policy. Some critics, in fact, have gone so far as to argue that Bush has no North Korea policy at all, and that he is simply too preoccupied with Saddam even to deal with this “grave and serious situation.”

We, in contrast, have maintained that the president’s unwillingness to address the issue directly springs not from inattention, but from a belief that the unilateral negotiations advocated by the likes of Democratic foreign policy wunderkinds Jimmy Carter and Madeleine Albright are precisely the wrong way to handle the situation. In the January 13 issue of this newsletter, Mark

suggested just what President Bush might be trying to accomplish regarding North Korea. He wrote:

I don't pretend to know how President Bush will handle North Korea, but I don't think he is without good options. My guess is that the option he will choose is to do nothing for a while. Or to put this option another way, "to let the United Nations handle it."

This would allow South Korea time to think about how to reconcile the recent anti-Americanism that is sweeping that nation with the realization that it, not the United States, would be a primary target of North Korea's nuclear blackmail, should America decide to sit on its hands.

It would also allow China to consider what it might do when Japan announces that it has no choice but to develop its own nuclear weapons as a counter to North Korea's, and when China's access to global capital begins to suffer due to investor fears about China's commitment to world peace and about massive regional uncertainty.

In our opinion, the most important player here is, of course, China. Both Mark and I have long believed that to decide that North Korea is exclusively an American problem and immediately to engage Kim in unilateral negotiations (as Bush's critics have urged) would be foolish, not just because it would divert the President's full attention from the multi-pronged war on terror, but because it would constitute a failure to utilize the resources most likely to produce an acceptable outcome, namely the fact that the Chinese have far more invested in a peaceful resolution to the crisis than America has.

And the Chinese stake here should not be underestimated. Consider the following, which was part of a longer, more detailed analysis of the administration's North Korea policy that I penned for Lehman Brothers in late January:

One final thought: because of the nature of the weapons he possesses, Kim does present a "global problem." Beyond that, though, it is unclear why the global consensus is that this is somehow an American issue. Indeed, given its location, an aggressive, nuclear North Korea presents a significantly greater problem for other large and powerful nations, namely, Russia and China, than it does for the United States. Yes, there is the matter of 37,000 American troops just south of the DMZ (with more in Okinawa); and yes, our allies (South Korea and Japan) would appear to be the most threatened by this. All that notwithstanding, our immediate interest in North Korea is for the most part the relic of a bygone era. The same cannot now (or, ever, barring some unforeseen cataclysmic tectonic event) be said of Russia and China, smack dab in between where Kim's "workers' paradise" rests. (As [columnist Mark] Steyn put it, North Korea "is a pipsqueak in the shadow of two big-time nuclear players, China and Russia.") Both China and Russia have significant motivation that transcends ideology or Cold War politics to keep Kim restrained.

This is especially true of China. Although Beijing looks on Pyongyang as an ostensible ally and views Kim Jong Il as one of its last remaining "fellow travelers," an aggressive nuclear North Korea is not something it relishes; such would make life awfully difficult

for Hu Jintao and the rest of the Chinese leaders for several reasons. First, the most likely long-term U.S. response to North Korean military bluster would be to strengthen the defenses of our unswerving allies in the region, Taiwan and Japan. Both would certainly want to be brought under the umbrella of any future U.S. regional missile defense plan, and both would want to enhance (substantially) their military capabilities. The end result of this could be a nuclear Japan to balance a nuclear North Korea. All these things would make Beijing extremely unhappy, as they would imperil the PRC's long-term goal of regional hegemony.

Second, there is the issue of North Korea's proliferation of arms. Although many in the United States *suspect* that Kim is trading missile (and other) technology with al-Qaeda, Hezbollah, Iran, and Iraq, we *know* that he has been trading with Pakistan. If North Korea continues to generate revenue by arming Pakistan, it is only a matter of time before India puts its massive foot down. Aggravating China's enormous, rapidly developing nuclear rival to the west would hardly win Kim any friends in Hu's politburo.

The Peoples Republic of China has aspirations of becoming a superpower, of dominating East Asia, and of surpassing Japan as the world's second-largest economy. For these to happen, at least two things are necessary: regional stability and the ability to dedicate more resources to economic rather than military ends. In starting a regional arms race, Kim Jong Il threatens China on both counts. (And this does not even take into account the effect on the Chinese economy and rural stability presented by the some 100,000 North Korean refugees already in China and the substantially greater number that could reasonably be expected if this nuclear standoff grows graver.)

It should, then, come as no surprise that the Chinese government is finally beginning to take its interests in peaceably resolving the North Korean crisis more seriously. Though news on North Korea might be easy to miss in the constant stream of updates from Iraq, recent reports from the Far East indicate that the Bush strategy may pay off.

Several recent news stories, from sources ranging from CNN to the *Taipei Times*, have indicated that the Chinese government is growing less and less comfortable with the position of its erstwhile ally in Pyongyang and is therefore growing more and more insistent on Kim cooling it. Perhaps the most vivid story was published last Monday by Reuters. Among other things, *Reuters* noted:

China briefly cut off crucial oil supplies to North Korea recently in an apparent bid to rein in its unpredictable neighbor after Pyongyang test-fired missiles, diplomats said on Monday.

It was the first sign of Beijing appearing willing to use its economic muscle to twist arms in Pyongyang after months of criticism from Washington for failing to do enough to pressure North Korea to curb its nuclear ambitions . . .

China cited technical problems for the three-day shutdown in March of an oil pipeline running from its northeastern province of Liaoning to North Korea, but the message was clear: behave, a Western diplomat said.

“It was cut for three days after the second missile,” the diplomat quoted Chinese sources as saying, referring to North Korea firing a cruise missile into the Sea of Japan on March 10, Pyongyang’s second missile test in two weeks.

“The tough message was: get straight,” the diplomat told Reuters . . .

Diplomatic sources said Chinese officials have met their North Korean counterparts in public and in private up to 60 times since tensions began last October when Washington said North Korea had admitted covertly working to develop nuclear arms in violation of a 1994 accord.

Now, all of this is not to say that Bush’s plan is guaranteed to work. The real wild card with North Korea is, of course, the little nut who runs that country. Indeed, the same *Reuters* article cited above also notes that the Chinese government (at least the part of it that admits that it is pressuring North Korea) is not entirely sure that it will be able to reign in Kim. To say the guy is unstable is a pretty dramatic understatement. And when dealing with someone as unstable as he obviously is, a “rational” course of action (as has been advocated by the Bush administration and as appears to be on the minds of the Chinese) does not necessarily ensure success.

Only time will tell if ultimately anything can stop Kim Ding-Dong from pushing the envelope too far. In the meantime, though, President Bush’s wait-and-see, multilateral approach appears to be working. At least it is working as well as any alternative course could be expected to work.

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