

The Political Forum

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

Mark L. Melcher
Publisher
melcher@thepoliticalforum.com

Stephen R. Soukup
Senior Editor
soukup@thepoliticalforum.com

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THEY SAID IT



Little Uday

GLOBALIZE THIS. Well, the nice-nice has begun between President Bush and those foreign leaders who did not support the U.S. military action against Iraq. Some unpleasantness will linger for a time, most especially with France, but the public manifestations of this will pass, and before you know it the world will look much the same as it did before the conflict began.

The U.N. and NATO will continue to be actively involved in world affairs. The EU will proceed with plans to expand. Great Britain will turn its focus back to the question of whether to join the EU. And all of the global organizations that promote and facilitate trade, provide loans and other financial assistance, and supply humanitarian aid and advice will continue as usual. Steve put it this way in a March 24 piece he wrote entitled “How About A Regime Change In France?” which was written in part as a reaction of Henry Kissinger’s repeated suggestions that after the war America would have to “rethink its alliances.”

And so, while Republicans and other observers have decided that the world will look dramatically different after the war with Saddam is over, we can’t help but feel that they’ll be disappointed. Yes, the United States (and in particular George W. Bush) will view allies and international institutions with greater care, but on the surface things will not change much at all. In fact, the world will not, I believe, look all that different from the way it did before the mess with Iraq broke the surface.

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8563 Senedo Rd., Mt. Jackson, Virginia 22842
Tel 540-477-9762, Fax 540-477-3359, Email melcher@thepoliticalforum.com,
or visit us at www.thepoliticalforum.com

This return to “normal” was not just predictable but necessary. As Bush, Blair, Chirac, Putin, Schroeder, Erdogan, and everyone else involved in the pre-war tiff know, the economic future of each of their nations is dependent on a quick restoration of confidence in the economic wonders of “globalization.” They must try to unscramble the eggs, as the saying goes, or at least make it look as though the eggs have been unscrambled. Robert J. Samuelson described the situation they face quite well in a recent *Washington Post* op-ed piece entitled “No Economic Panacea.”

The war intensified suspicion of America’s motives and might. It weakened multilateral institutions (the United Nations, NATO) on which the old global order had, to some extent, been based. All this contrasts vividly with the passionate belief in “globalization” of the 1990s. Countries were coalescing commercially. Peace would accompany prosperity. The future seemed ensured. Now the vision is blurred; there is less conviction about where the world is headed.

Compared with what might have been – a long war, destroyed oil fields – the swift military triumph aids the American and world economies. But compared with what once existed -- a genuine, if naïve, faith in globalization – the world is a more dangerous and contentious place. Commerce and investment are now increasingly global. But investment and trade require confidence, which is eroding. Victory hasn’t restored it. Businesses are more timid, because they recognize new hazards. The future diverges from the past.

So, part of the picture in the post-conflict world will be an attempt by most of the major players to make the world look “normal” again. As Samuelson said, commerce demands confidence. And my guess is that these attempts will be reasonably successful. Hurray for commerce.

However, what one needs to keep in mind when observing this return to “normal” is that the “normal” to which these people are hoping to return was a mess. Yes, as Samuelson observed above, some order was provided by widespread belief that a peaceful and prosperous future seemed assured by the economic glories of “globalization.” But this was an illusion. As Samuelson also noted, those who believed it were naïve.

Beneath the surface of this happy global harmony, trouble has been brewing for a very long time, and this trouble had nothing to do with the pending war against Saddam Hussein. All the war did was to publicly expose some of these troubles. It didn’t create them.

The nature of the problem was and is this.

Each of the nations that is integral to the success of “globalization” has some serious, complicated, long-term problems that are unique to it. These problems resemble each other from nation to nation, in that they are invariably made up of some combination of economic, demographic, political, social, and cultural difficulties that have been many decades in the making. But each nation has its own unique combination of these problems.

To make matters worse, there are serious disagreements between and among these nations as to the best approach that each should take to address its problems. These disagreements are predicated on the knowledge that the policy changes that each country feels it must make to

address its problems often tends to exacerbate the problems of some other nation, or other group of nations. Surely, increased global trade and investment would help ease the pain all around. But it would be naïve to believe that “globalization” is the balm that will cure the world’s ills.

A comprehensive discussion of this situation is well beyond the scope of this article. But a few illustrations will help to support the thesis, and I’ll return to it again in future articles.

✍ The United States is under attack by militant Islam. It takes the threat very seriously; so seriously in fact that a new cabinet agency has been established to deal with it; billions of dollars have been spent to establish an elaborate network of protection in cities, towns and villages across the nation; the priorities of the FBI have been completely revised; the INS has been shaken up from top to bottom; huge costs have been heaped on the transportation, health care and other major industries; and numerous new laws have been enacted, some of which require citizens to give up considerable privacy.

The threat is taken so seriously that the President has declared a new and controversial military doctrine to deal with it. This doctrine, described as preemption, holds that because terrorism is the chief weapon used by its new adversaries, the United States cannot wait to be attacked but must preempt when it feels that it is in jeopardy. Indeed, this threat is taken so seriously that a war was launched and new wars are threatened.

It is fair to say that no other nation in the world, with the possible exception of Israel, takes this threat as seriously as the United States. Most have been sympathetic to America’s concerns. Indeed, all of its allies, as well as many countries that had not been considered “friends,” formally chose the side of the United States when President Bush demanded that each nation must “chose sides” after the attacks on September 11, 2001.

But America’s all-important “war against terror” has begun to exacerbate the troubles of other nations, including Russia, France, Germany, Turkey, and several friendly Arab states, all of which have beaucoup problems of their own and very different priorities for dealing with them.

As Samuelson indicated, this schism is threatening globalization. It is worth noting when considering this circumstance that a majority of U.S. politicians and citizens alike appear to believe that if America’s extreme concern about terrorism has negative consequences for other countries, whether they be friends or foe, then so be it. The United States has suffered an attack on its homeland and, as President Bush is said to have remarked when he was first informed about the attacks of September 11, “There’s going to be hell to pay.”

✍ France was initially supportive of America’s concerns about terrorism. In fact, it has similar concerns of its own. But, for a variety of reasons, its approach to the problem has been not just diametrically different, but is in many ways antagonistic to America’s. While it has taken some steps to protect its citizens against in-country terrorists and terrorism generally, France has, by all appearances, decided that it would be preferable, and a whole lot cheaper, to convince the terrorists that France is neither an enemy of militant Islam nor hostile to its goals.

There are numerous reasons for this. They include the fact that France has a more militant and much larger per capita Muslim population than the United States, which makes a frontal assault

on terrorism and terrorists not only more difficult for French law enforcement agencies but more dangerous to its politicians. In addition, anti-Semitism has deep roots in France, which makes it natural for its citizens to be sympathetic to Muslim nations, even those run by murderous tyrants. France also has (or had in the case of Iraq) economically important commercial relations with numerous Muslim states, including those, such as Iraq, Syria and Iran, which are closely associated with sponsoring international terrorist groups. And finally, France is economically in no position to wage an expensive “war against terror.”

Relative to this final consideration, it is important to note that France is an economic basket case. As the birthplace of leftist economics, socialism has, to borrow a phrase that was popular with Marx, “weighed like an incubus” on the French people for almost two centuries. Not only has socialism created a massive and inefficient culture of entitlement, which has eaten away at France’s ability to compete in the global marketplace, it has also placed severe strains on other aspects of French society, assuring the presence of massive, endemic corruption as well as, to borrow a phrase from Hugo, a “vast ennui,” which is so pervasive that reproduction has dropped below replacement levels, necessitating the importation of large numbers of Arab workers.

I have written extensively about this ugly situation during the past several years but I don’t think I ever said it as well as Guy Milliere did in an April 10 article in *Front Page Magazine* entitled “France Is Almost Finished.” The following are a couple paragraphs from that article. The full piece can be found at www.frontpagemagazine.com.

Economically speaking, France is decaying, full speed. Unemployment is officially around ten per cent. If you add the people who have never worked and so are not counted for the statistics, and also add the students who study nothing useful, the right number would be way above fifteen per cent. Growth rate is now officially around one per cent, and it includes government activities: if the government component was not included, it would be easy to see that France is in depression. Her population is growing old, and no money is available to take care of the large number of senior citizens in the years to come. The greater part of young people are Muslim, not integrated with French society, and almost illiterate. In fact, the only things that are growing in France right now are crime and Islamism.

France’s approach to solving these problems revolves around an attempt to establish, under its guidance and direction, a coalition of states that is large and powerful enough to act as a counter balance to America’s growing military, economic and cultural dominance in the world. The expansion of the European Union is a key element of this plan, as is France’s determination to exercise control over the affairs of the Union with the help of Germany. Another key element in the plan is to aggressively promote the authority of the United Nations, where France has an important seat, with veto power, at the Security Council.

It is difficult for me to believe that France will be successful in this ambitious venture. It is even more difficult for me to understand why France’s political leaders think success would solve the severe economic, demographic and cultural problems that France faces. In the meantime, however, France’s pursuit of this nirvana assures that it will be routinely challenging the actions of the United States on multiple fronts, including Bush’s all-important “war against terrorism.”

This will, to paraphrase Samuelson, intensify suspicions of U.S. motives and might, and further weaken multilateral institutions on which optimism about the new global order had to some extent been based. It will also prompt a U.S. retaliation against Chirac, as we predicted in the above-mentioned piece, "How About A Regime Change In France?" And this could get nasty, given the documents that American intelligence officials are perusing in Baghdad right now.

☞ Russia has many of the same problems as France, including deep social, cultural and economic scars caused by decades of socialism. Like France, its government is rife with corruption; it has severe demographic woes; and its economy is struggling. But Russia's approach to addressing these problems is likely to be very different from that of France. And it is not necessarily going to be to the liking of either France or the United States; or helpful to the cause of harmonious globalization, for that matter.

While America is fixated on its resolve to take its "war on terror" to the breeding grounds of militant Islam, and France is occupied with quixotic schemes for reestablishing France as a global power, Russia has little interest in the success or failure of either of these pursuits.

I have no doubt that Putin was genuinely enthusiastic when he met with Bush and discussed what Samuelson described above as a world where "peace would accompany prosperity" via the wondrous benefits of globalization. And why shouldn't he have been? Indeed, such gentle, utopian visions are sweet enough, as Bush discovered, to put the appearances of a soul in the eyes of a former KGB thug who knows no more about souls than a pig does about ice cream.

But Putin is no fool. And when he rudely discovered that helping Russia was not as high on Bush's list of priorities as several other projects, some of which would work against Russia's interests, he quickly discovered something that every Russian leader before him eventually learned, and that is that Russia must look out for itself, because no one else will.

And this means geopolitical rivalries and surprises. This means secret treaties and agreements. This means hugging, accompanied by a knife in the back. It means *realpolitik* over real issues on a scale that only a nation run by a former senior KGB official can envision. It means taking advantage of, or even exacerbating any difficulty America might find in the Middle East, especially if trouble there means higher oil prices on the world market. It means siding with France against the United States when this serves Russia's purpose. But it also means siding with America sometimes, to gain a favor that America might not have wanted to convey under ordinary circumstances. It also means, once again to paraphrase Samuelson, making the world a more dangerous and contentious place, even if that means injuring confidence in the benefits of global commerce and investment.

I could go on, of course, but I think that adequately illustrates the point I am trying to make, namely that while the Iraq war is unlikely to cause any grand and public demonstrations of geopolitical upheaval, it will, when the dust settles, have exposed a number of important flaws in the happy vision of a world made peaceful and prosperous by the harmonious globalization of trade and investment. Or, as I put it in a piece I wrote in the March 31 issue of this newsletter, "Welcome Back To The Real World."

McCARTHYISM! IT'S LIKE DÉJÀ VU ALL OVER AGAIN. As many of you already know, it's all starting to come out. Slowly but ever so surely, like the appearance of maggots on a dead cat, evidence is emerging daily of criminal collaboration between Saddam

Hussein and numerous nations that Americans once had reason to regard as friends. Indeed, so much is coming out, so fast, that we can't report it all here.

Obviously, the ugliest information thus far discovered was revealed in yesterday's London *Sunday Times*, which detailed the extensive relationship that existed between Saddam's intelligence service and the French (natch) government. According to the *Times*, documents discovered in Baghdad demonstrate that "friends of Iraq" in the French foreign ministry kept Saddam informed about America's every move and every potential move in the year-and-a-half since September 11, up to and including plans for the invasion of Iraq.

Couple this with the story in this morning's London *Telegraph* (thanks to our friend Rich Galen for bringing it to our attention), which reports that, "France colluded with the Iraqi secret service to undermine a Paris conference held by the prominent human rights group Indict, according to documents found in the foreign ministry in Baghdad," and it appears clear that the French were hardly the selfless referees of global harmony, despite what their allies on the U.S. and British left tried so desperately to maintain throughout the run-up to the war with Saddam.

Of course, anyone with any sense should have seen all this coming. After all, France is actually the latest member of the Coalition of the Unwilling to have been discovered offering aid and comfort to the enemy in Iraq. Consider the following:

According to the London *Telegraph*:

Germany's intelligence services attempted to build closer links to Saddam's secret service during the build-up to war last year, documents from the bombed Iraqi intelligence HQ in Baghdad obtained by *The Telegraph* reveal . . .

In return, the Iraqis offered to give lucrative contracts to German companies if the Berlin government helped prevent an American invasion of the country.

Nice. How about this?

Top secret documents obtained by *The Telegraph* in Baghdad show that Russia provided Saddam Hussein's regime with wide-ranging assistance in the months leading up to the war, including intelligence on private conversations between Tony Blair and other Western leaders.

Moscow also provided Saddam with lists of assassins available for "hits" in the West and details of arms deals to neighbouring countries. The two countries also signed agreements to share intelligence, help each other to "obtain" visas for agents to go to other countries and to exchange information on the activities of Osama bin Laden, the al-Qa'eda leader.

Good stuff, eh? Want more? Well, all of the above is best suited for amateur hour when compared to the stunts pulled off by radical left-wing British MP George Galloway, possibly Tony Blair's, as well as all of England's, most vociferous and effective war critic.

Though *The Telegraph* broke the following story, others have confirmed the gist of it. The most damning stuff to date comes from *The Christian Science Monitor*. To wit:

A fresh set of documents uncovered in a Baghdad house used by Saddam Hussein's son Qusay to hide top-secret files detail multimillion dollar payments to an outspoken British member of parliament, George Galloway . . .

The most recent - and possibly most revealing - documents were obtained earlier this week by the *Monitor*. The papers include direct orders from the Hussein regime to issue Mr. Galloway six individual payments, starting in July 1992 and ending in January 2003. The payments point to a concerted effort by the regime to use its oil wealth to win friends in the Western world who could promote Iraqi interests first by lifting sanctions against Iraq and later in blocking war plans.

The leadership of Hussein's special security section and accountants of the President's secretive Republican Guard signed the papers and authorized payments totaling more than \$10 million.

The three most recent payment authorizations, beginning on April 4, 2000, and ending on January 14, 2003 are for \$3 million each. All three authorizations include statements that show the Iraqi leadership's strong political motivation in paying Galloway for his vociferous opposition to US and British plans to invade Iraq.

The Jan. 14, 2003, document, written on Republican Guard stationery with its Iraqi eagle and "Trust in Allah," calls for the "Manager of the security department, in the name of President Saddam Hussein, to order a gratuity to be issued to Mr. George Galloway of British nationality in the amount of three million dollars only."

The document states that the money is in return for "his courageous and daring stands against the enemies of Iraq, like Blair, the British Prime Minister, and for his opposition in the House of Commons and Lords against all outrageous lies against our patient people. . ."

The document is signed left to right by four people, including Gen. Saif Adeen Flaya al-Hassan, Col. Shawki Abed Ahmed, and what the Iraqi general who first discovered the documents says is the signature of Qusay.

Now the long-term importance of this information leak is the prospect that more and better dirt is yet to come. Indeed, there would seem to be no doubt that there is a veritable treasure of interesting and geopolitically significant information underneath the rubble in Baghdad. For Saddam Hussein's Iraq was not the same as Maurice Bishop's Grenada. Iraq is a very important nation, strategically, culturally, historically, and economically. Under Saddam's rule it had many long-term, serious relationships with other important nations, including but not limited to France, Germany, Russia, China, North Korea and each of its neighbors. And given what we know about Saddam himself, it is probably safe to assume that the details of many of these relationships might not be the kind of thing that these nations would like to have aired in places like the London *Telegraph*.

And this could mean that some difficult times lie ahead for some individual politicians in many nations all over the globe, not the least of whom is Jacques Chirac. As we have noted in these pages several times, if Bush can nail Jacques, he will.

But for the time being, one of the most entertaining (though nevertheless frustrating) aspects of these revelations is the persistence of the antiwar left in America to ignore growing evidence that many of their most important global allies in the cause of “peace” are a bunch of creeps, who feel no compulsion about knowingly collaborating with regimes that routinely practice murder, torture, rape, and mass intimidation.

These anti-warriors routinely have compared Bush to Hitler, called Cheney and Rumsfeld terrorists and fascists, rooted openly for Saddam to win, and praised the French, German and Russian leadership as courageous, decent, and caring. And then, when accused of being anti-American, they alleged that their critics are conducting a McCarthyite witchhunt.

In fact, they invoke McCarthy at the very hint of anything resembling criticism, believing that that alone is enough to relieve them of responsibility for supporting a murderous tyrant against their own country. Their charges against Bush administration officials are ridiculous, but that, frankly, is beside the point. Anyone who dares question these “dissidents” (as goofball actor Tim Robbins likes to refer to himself) is, they say, as bad as McCarthy.

I describe this phenomenon as “entertaining” because this is déjà vu all over again. Indeed, there is a sweet irony in the constant patter from the Hollywood left that anyone who criticizes their anti-war antics is engaging in “McCarthyism,” or “neo-McCarthyism.” And this irony is made especially sweet by the above-mentioned flow of incriminating documents out of Iraq.

You see, after the fall of the U.S.S.R., one of the most interesting, though least discussed discoveries in the Soviet vaults was information on the extent to which the Soviets had successfully turned the American left into “useful idiots,” to borrow a term from Lenin. Though you’ll likely never hear it in your typical high school civics class or undergraduate political science course, the collapse of the Soviet Union proved once and for all that the Communist hunters, most notably the man whose very name has, over the decades, come to be synonymous with the abuse of government power, were right.

You heard me. The Soviet archives, which were opened in the years after the Evil Empire’s collapse, proved beyond a shadow of a doubt that the nefarious Senator Joseph McCarthy was, in fact, dead on: the State Department and Hollywood were, exactly as McCarthy had claimed, riddled with genuine, one-hundred percent Soviet-adoring Communists who took both marching orders and funds from Moscow.

Now, McCarthy may well have been an ass. And few would likely dispute that. But he was an ass who was right. As *National Review Online*’s Jonah Goldberg put it recently:

[W]herever you come down on McCarthyism, Communism, and the rest is a matter of opinion. What is a matter of fact — unmitigated, irrefutable, undeniable fact — is that there *were* hundreds of Communists working for Moscow, directly or indirectly, in the

United States during the Roosevelt and Truman administrations. The Rosenbergs were guilty and got what they deserved. Alger Hiss too. Victor Perlo, Judith Coplon, Morton Sobell, William Perl, Alfred Sarant, Joel Barr, and Harry Gold were all either pawns or lackeys of a foreign and evil foe. We know the Hollywood Ten were all Communists, but what else they were we can't know for sure, because they believed taking the Fifth was more important than protecting the country . . . The American Communist Party (CP-USA) was in fact a Soviet franchise.

In other words, you are free to describe McCarthyism as a witchhunt if and only if you are willing to concede that actual witches existed in our midst. The evidence — from declassified Venona transcripts, Soviet archives, memoirs, etc. — is still mounting, but what we have so far is plenty in itself. In 1996, Nicholas Von Hoffman wrote an essay for the *Washington Post* that caused no small amount of hysteria on the American Left, which has been milking its myths and denial for decades. McCarthyism was the product of the “paranoid style” in American politics. There were no witches — only zealots and brown-shirted bullies. The playwright Lillian Hellman declared: “The McCarthy group — a loose term for all the boys, lobbyists, congressmen, State Department bureaucrats, CIA operators — chose the anti-Red scare with perhaps more cynicism than Hitler picked anti-Semitism.”

Yet, as Hoffman reluctantly conceded, these assessments were in turn lies, myths, and carefully constructed distortions.

Now I am not implying that the Hollywood nuts and other antiwar celebrities were consciously collaborating with Saddam, or for that matter, with his bootlicks in France, Germany, Russia, Turkey, et al. I would argue though, that they were, and are, “useful idiots,” just as their predecessors were, who would rather accuse the leaders of their own nation of having evil motives than recognize that the motives of most of their fellow travelers are both evil and sleazy.

END NOTE: Deliverance In Iraq. According to *Washington Times* columnist Bill Gertz, one of Saddam's numerous half brothers, Watban Ibrahim Hasan, who was captured a few weeks ago, had not been in good standing within Saddam's inner circle ever since — now get this — “his daughter's marriage to Saddam's son Uday soured.” Such a union is, of course, forbidden by the Quran in Surah 4:23. But it is an ill wind that blows no good. Somewhere in rural Iraq, our sources in that country have informed us, one of their children is sitting contentedly on a porch playing a banjo (see picture above.)

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