

# 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

“In the same interview, she was asked about the relationship of the pardons granted by her husband in the administration’s final days and assistance given to her campaign by some of the pardonees. Her response was classic—a prototype for its genre: ‘We’ll just let it run its course. There was no quid pro quo. There wasn’t any connection whatsoever. That’s what is going to be determined and it will all fade away, as these things usually do. And we are just going to wait for that to happen . . .’ Since letting scandals ‘run their course’ has been the successful modus operandi of the Clintons for decades, there is no reason to believe that the junior senator from New York will alter her carefully perfected techniques after they have worked so well for so many years. We have to assume that the voting public will tolerate the same type of ruthless and vindictive political behavior that has worked so well for her entire public life.”

*Hell to Pay*, by the late Barbara Olson.

**HILLARY’S BOOK.** In the end it was greed that got her. After all, \$8 million is a lot of money, especially when three ghost writers are going to do all the work. And, of course, there was the hubris too.

In any case, she shouldn’t have done it, as the saying goes. She should have realized that she’d have to lie big time, lie profusely, lie about little things and big things alike, on one issue after another, and that there are too many people around who know the truth, or enough of the truth to be able to demonstrate that she’s lying. Of all people, the author of the phrase the “vast right wing conspiracy” should have known that.

I know I’m the only one who thinks this right now. But mark my word, this book will turn out to have been a colossal political mistake for Miss Hillary’s political career. She’s carrying too much baggage to write such a book, unless she is (to mix metaphors here) ready to hang up her spurs. Which she isn’t. Sports figures, movie stars, pop singers, and other such celebrities can get away with telling their “stories,” either honestly or dishonestly. Active politicians with sleazy pasts can’t. And let there be no doubt, Miss Hillary’s past is sleazy in the extreme.

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Even a cursory review of any of a number of books about her, from critical tomes such as Gail Sheehy's *Hillary's Choice* and Barbara Olson's *Hell To Pay*, to apologies such as David Brock's *The Seduction of Hillary Rodham*, reveals that her life, from the time she met Bill Clinton, appears to be little more than a long string of seedy episodes of petty political corruption and sordid personal relationships. Indeed, the most striking thing about each of these books, and many others written about her husband and her, is that page after page is filled with a veritable menagerie of shyster lawyers, perjurers, boodlers, cocaine dealers, petty hustlers, corrupt businessmen, low life relatives, political hacks, and a wide variety of Arkansas mud larks.

I haven't seen the book, of course. But I am pretty confident, for example, that she could not tell the truth about her remarkably successful venture into the cattle futures business. She could ignore that chapter in her life. But turning \$1,000 into \$99,537 by making intra-day short sales in the middle of a bull market is a spectacular life experience, like climbing Mount Everest in a bathing suit, especially when the genesis of this remarkable feat can be traced to a touching story of a small girl sitting on her father's lap while he reads to her from the *Wall Street Journal*.

Wouldn't some insight into how an amateur investor could accomplish such a thing be perfect for a book called *Living History*, being as how she certainly made history. Perhaps she could explain why, after making almost \$100,000, which was big money for the wife of a young Attorney General from a small state like Arkansas, would suddenly cease playing the market. Or perhaps she could tell who got the \$1,463.

The second guessing has, of course, already begun over some leaked passages concerning the timing of Bill's confession to her that Monica had had sex with him, but not he with her. Needless to say, Hillary's account of the incident is at variance with that of other chroniclers of those sordid times, many of whom have questioned how, for example, she could possibly have been as surprised to learn that her priapean husband had once again slipped the leash.

But the big problem with this account, it seems to me, is the one raised by my friend Rich Galen, who noted the following in the June 6 edition of his cyber-column "Mullings."

Then, what did she do? Did she, recovering her breath, demand Bill do the right thing, and apologize to the nation, to his staff, and to his Cabinet? No. She enlisted their daughter in a bit of stagecraft to walk hand-in-hand between her and Bill to the helicopter enroute to the "family healing" vacation on Martha's Vineyard. Then she helped continue the attacks against the people who, as we now know, SHE knew, had been telling the truth all along.

Now I am not saying here that this book will destroy Hillary's political career. As Steve and I have noted many times in these pages, a significant portion of the American population feels strongly that lying in defense of liberalism is no vice; that indeed, to only lie moderately when in the pursuit of liberalism is no virtue. And, as I learned the hard way during the 1990s, betting against the Clintons can be a losing proposition.

I am simply saying that she didn't help her cause by putting her version of events on paper, where they can be scrutinized and dissected by her foes and critics, which are legion, especially

considering the fact that the serious controversies surrounding her are not limited to one or two events, but number in the double digits, span several decades of her life, and involve some very close brushes with the law, as well as some very dishonest and squalid actions on her part.

All of this is good news for Republicans, but, as numerous people pointed out over the weekend, the frosting on the cake is the fact that, in the near term, her book is taking much needed political attention away from the nine bozos who are trying to gain the Democratic nomination, all of whom are desperate for the kind of national coverage Hillary is getting for her book, and it only came out this morning. To quote Galen again:

Talk about sucking the political oxygen – let’s rephrase that - talk about using up all the political oxygen in the Democratic Party! Not only is Hillary everywhere, but here comes Bill suggesting there ought to be a do-over on the 22nd Amendment so people like him could run for a third term.

In the final analysis, I think she would have been better off stealing the \$8 million, or finding a friendly commodity broker to make it for her, which is, after all, the same thing.

**DECREPIT TYRANTS REPRISE THEIR OLD ACT.** I think it is fair to say that House Majority Leader Tom DeLay is something of a loudmouth. He is also brash, noisy, and, to put it as nicely as possible, “indelicate.” In fact, if you popped open your Roget’s and looked up “subtle,” the name “DeLay” would almost certainly appear in the antonyms section. It is not for nothing that they call him “The Hammer.”

At the same time, on the issues, he’s almost always right on just about everything. Moreover, because he is so “indelicate,” he does not fall into the same trap as do many of his conservative colleagues, who are too timid around the media to be effective spokesmen for conservative causes. He knows what he believes, and he’ll be damned if he’s going to pussyfoot around it.

One issue about which the Majority Leader is both right and outspoken is China. Or to put it another way, for a variety of reasons, some political, some personal, some religious, DeLay is an unfaltering and aggressive opponent of the Communist regime in Beijing. And, as is usually the case, he’s not exactly been shy about expressing that opposition.

In fact, early last week, in a speech to the American Enterprise Institute on the subject of expanding trade with Taiwan, DeLay called the current regime in mainland China “a backward, corrupt anachronism, run by decrepit tyrants, old apparatchiks clinging to a dying regime.”

Now, some of DeLay’s opponents, and probably even a good number of his more “couth” allies, would call that “indelicate.” Mark and I call it, “truthful.” In fact, DeLay’s description of the Chinese leadership compares rather favorably with our thoughts on the Chinese regime, which I recently outlined in the pages on this newsletter as, “a corrupt bunch of murderous thugs who would lie, cheat, steal, and kill if it suited their purposes.”

And you know what? I was right. And so was DeLay. And right on cue, the Chinese regime itself proved it so recently when, after several weeks of trying to play nicely in the global sandbox, they abruptly abandoned their previous efforts to mend their SARS-tainted reputations.

Quite apparently, they decided that the meager rewards for pretending to be good guys simply didn't make the charade worth it, particularly if guys like DeLay could see through the pretense so effortlessly. "To hell with world opinion," they seemed to say. "We're going back to what we do best, lying, cheating, stealing, and killing." And so they did.

Naturally, the first step they took in reverting to the mean was to knock off all the touchy-feely flubdub about how badly they felt about not acting early to contain SARS, and how sorry they were that their actions (or lack thereof) had contributed to a global health crisis. According to a recent *Washington Post* report:

In a significant shift of tone, the Chinese government today dismissed criticism that it was slow to respond to the SARS crisis, denying it tried to hide the outbreak, refusing to praise the doctor who exposed the cover-up and asserting that it had warned the world about the virus in early February.

A top health official, speaking during a news conference broadcast live on national television, also said China was close to bringing SARS under control. His remarks appeared to signal a return to the ruling Communist Party's traditional approach to countering criticism and dampened hopes for political reform raised last month when the government fired two senior officials said to have suppressed information about the epidemic.

"The Chinese government did not conceal the truth," said Gao Qiang, the No. 2 official at the Health Ministry, holding up the Feb. 12 issue of the party's flagship newspaper, *The People's Daily*, as evidence China had been open about the disease.

Of course, what Mr. Gao didn't tell his fellow countrymen is that almost immediately after the piece appeared, the Chinese regime decided that the story could cause it considerable embarrassment. So it banned any further reporting on the issue and, in so doing, effectively stifled any discussion of the disease and contributed immeasurably to the global health crisis. Sure, the Chinese did eventually acknowledge the SARS epidemic, but even then it was probably still lying, and that was almost certainly a case of "too little, too late." As the *Post* noted:

It was only on April 20, *more than a month after the World Health Organization issued a global alert about SARS*, that China's top leaders changed course, firing the health minister and the mayor of Beijing, pledging accurate statistics and launching a nationwide campaign to fight the epidemic. [emphasis added]

Additionally on the SARS front, the Chinese regime apparently decided that simply telling the rest of the world to drop dead, both figuratively and literally, didn't satiate its appetite to get back in the old swing of things. Thus, it decided to combine its two most recent hobbies in order to help it feel more like its old self; namely, overreacting to the SARS epidemic that it claims it didn't cause and bludgeoning harmless elderly religious practitioners.

So, late last week, the government began arresting members of the banned Falun Gong (or Falun Dafa, if you prefer) religious group. By Thursday, 180 members of the sect had been arrested and charged with recruiting new followers and (get this) “spreading rumors” about SARS.

According to Reuters, extremely clever generic “Human rights groups” claimed that the whole “spreading rumors” angle was simply a ruse and that “the government was taking advantage of the SARS crisis to start a particularly brutal crackdown on political and Internet dissidents, hoping the international community was distracted by the epidemic.”

Of course, it only makes sense that the Chinese regime would want to round up as many Falun Gongs as it could, and under any pretense necessary. After all, the Falun Gong is the very same ominous and foreboding insurgent sect at whose hands the regime suffered an extremely close call just a few short years ago. Back in 1999, you may recall, the Chinese Communists barely escaped what must have been a truly harrowing experience in which it came face to face with a 10,000-member army of Gongs who amassed at the Beijing leadership compound and undertook the overtly threatening act of holding hands and praying. Today, the Falun Gong, a motley crew of wily septu- and octogenarians, continues not so subtly to threaten the regime by gathering in parks and (gasp!) engaging in menacing slow-motion relaxation exercises.

In the aforementioned *Washington Post* piece, it was reported that there was some hope “for political reform” because of the way in which the new Chinese leadership (under the direction of Hu Jintao) decided to handle the SARS problem once its magnitude became clear. We would argue that anyone who actually harbors such hope should seek medical attention immediately.

Mark and I have written over and over again about this regime’s treachery, and we are hardly alone. As their actions with regard to the SARS epidemic prove once again, these are not nice people and investors and businessmen who put too much trust in them are likely to get burned someday. They are, in short, “decrepit tyrants, old apparatchiks clinging to a dying regime,” as the Majority Leader of the U.S. House of Representatives so aptly pointed out.

**OUR “FRIENDS,” THE SOUTH KOREANS.** Over the past several years, but especially since September 11<sup>th</sup> and the war in Iraq, we have written extensively about the “New World Order,” which is finally beginning to emerge from the chaos that dominated the decade following the collapse of the Soviet Union. In two recent pieces, “Welcome Back to the Real World” (March 31) and “Globalize This” (April 28), Mark discussed at some length this “new” order and the effect it is having on many of our erstwhile allies around the world.

As Mark noted in both those pieces, a large part of the reason that Americans felt betrayed on the subject of Iraq was that they expected friendship from countries like France, Germany, and Russia, and what we got instead was self interest. This, Mark maintained, should not have come as a surprise, and he quoted de Gaulle to the effect that “Nations don’t have friends, they have interests.” He further added that in the post-Cold War world, many of our onetime “friends” will have interests that diverge from our own, and they will certainly pursue those interests, whether or not they conflict with our own. That’s the way things work, and Americans would be well advised to, as Mark put it, “get used to it.”

I bring this up again today because last week we were presented with dramatic new evidence further confirming Mark's maxim. Regardless of what we might wish and hope, the United States has very few "friends" around the world, and often those whom we believe to be our friends will prove otherwise. In most (but not all cases, Great Britain and Israel likely being the exceptions) national interest will trump friendship any day. Consider South Korea.

On Thursday, *The Wall Street Journal's* editorial page ran a piece titled "A Defector's Story," and published it under the byline Bok Ku Lee, the pseudonym of a North Korean defector who once worked in the rogue nation's nuclear weapons program and who wishes to keep his identity secret "to protect [his] family."

Now, we don't generally quote from the *Journal*, particularly the editorial page, as we expect that most clients will have seen it already. For this piece, though, we've made an exception for a couple of reasons. Not only does the piece detail some very important and disquieting information that we feel bears repeating, but, in combination with other events of the last couple weeks, it lends considerable credence to our argument about "friendship" and "national interest" in the New World Order.

To start, what Bok had to say about North Korea was unsurprising. More than a bit disconcerting, but unsurprising. He wrote:

I was one of 100,000 or so scientific and professional people involved in the regime's weapons of mass destruction industry.

While I made enough money to modestly feed my family, I witnessed mass starvation and oppression of those less fortunate, and unspeakable abuses of power and lifestyle excesses by senior political officials of the regime. As did everyone, I lived in constant fear of being sent to the gulag for the slightest indiscretion.

Nonetheless, I was trusted with some of the regime's biggest secrets. While serving, I was sent to Iran to test launch one of our missiles with a new guidance system for the then-ruling Ayatollah Khomeini. I consulted with colleagues who were sent to serve on an operational war basis for Saddam Hussein during the first Gulf War, and others who were sent to other countries to sell, service and install such missile systems. I ordered, supervised and monitored the foreign purchases of electronic and guidance material – 90% of which came from Japanese suppliers. I worked with some of the 60 or so Russian scientists who had been "cherry picked" by the regime to work in Pyongyang's nuclear, atomic, chemical and biological warfare programs – and who continue to work there.

Bok, of course, escaped, and, after hiding for some time in China, eventually arrived in South Korea. And here his story becomes slightly less dramatic, though it remains quite revealing. Remember as you read this, that the South Koreans were, in Cold War phraseology, our "friends." Bok described his welcome in the South thusly:

Upon my arrival, I was debriefed by South Korea's National Intelligence Service, and occasionally put in the hands of unsophisticated American questioners in Seoul.

Remarkably, the South Korean officials made it clear to me that I would be in danger if I were to speak out about the WMD programs I had worked on or the atrocities I had witnessed. It soon became obvious that they feared my testimony because it might jeopardize South Korea's "sunshine policy," which seeks to keep the North's repressive regime in power in order to avoid the economic consequences to the South were it to collapse . . .

While traveling to the China-North Korea border last year, I met with former colleagues and learned that the production at our old missile guidance system plant was up to normal levels following receipt by the regime of substantial amounts of foreign currency from the South. In 1997, when I left the plant, the output had shriveled to 30% of the pre-Nodong One launch in 1993 due to the lack of hard currency that had limited the capacity to pay for Japanese parts imports.

Last year, facing increased pressures from the South Korean Intelligence Service to remain an invisible man, I decided to do all I could to escape from South Korea's hands. I obtained a passport under the pretense of traveling to Japan, and, with the aid of an underground-railroad activist, obtained a visa that brought me to the U.S. last month. While here, I put on a hood to protect my identity, held a press conference in Washington and testified before the Senate in open and closed sessions about what I know about Pyongyang's weapons of mass destruction.

The reaction to my activities on the part of the South Korean intelligence was immediate. My wife, a North Korean escapee who'd been captured by the Chinese and sent to a North Korean prison before escaping again, was subjected to threatening phone calls from police and intelligence officials that so terrorized her as to cause her collapse and hospitalization.

It is, of course, in the American national interest that North Korea cease its WMD program and, more importantly, stop selling those armaments to Islamist terrorists, including the mass murderers running Iran. Not surprisingly, though, such a cessation is not, in the eyes of many South Koreans (including, according to Bok, those in the intelligence services), perceived to be in their national interest.

The Koreans witnessed the economic anchor that was foisted upon West Germany beginning in 1989 and which still encumbers reunified Germany. Apparently, the Koreans are unwilling at this juncture to take on a similar burden. And to that end, they will, apparently, do anything necessary to keep that from happening by propping up the bizarre regime of Kim Ding Dong, even if that means supplying the hard currency necessary to continue the weapons programs about which we Americans are so unhappy.

Does that mean that the South Koreans are bad guys (or "global bad actors," if you prefer)? Not necessarily. But neither are they our "friends."

Like every nation on earth, South Korea is concerned primarily with its own self interest. And, as Mark pointed out in the two aforementioned previous pieces, that self interest will, in the Post-Cold War environment, often differ from our own. That does not, however, mean that we cannot

persuade the South Koreans to act in ways that would otherwise be considered “friendly.” It’s just that we will simply have to find a ways to make such behavior more constructive for them than alternative behavior. Fortunately, in this case it appears we have the leverage to do just that.

You will note that South Korean President Roh Moo Hyun, who ran for office only a few months ago on a platform favoring appeasement of North Korea and openly criticizing the Bush administration, has recently “adjusted his attitude,” a shift that *The Washington Post* recently described as, “Roh’s switch from conciliatory statements to stern warnings in the tense dispute over the North’s nuclear programs.”

It is, in our opinion, no mere coincidence that this switch came about at roughly the same time that the Pentagon announced that it was, for the first time in some 50 years, removing all American troops from the Korean Demilitarized Zone (DMZ) and would begin reevaluating its general Asian troop deployment methodology.

You see, the South Koreans may believe that propping up Kim Ding Dong is in their best interests, but they also know that if they are to do so, then it is also in their best interests to ensure that 37,000 gun-toting American soldiers aren’t redeployed to Australia or the Philippines. Unification with the North might indeed bring with it a terrible economic burden, but hardly one as hefty as if that unification took place on Ding Dong’s terms.

**END NOTES: You Heard It Here First:** It would seem that some people are surprised by the prospect that Martha Stewart could “do time,” as the saying goes. Clearly, these are people who did not read the July 8, 2002 issue of this newsletter, in which I said I thought such an eventuality was a distinct possibility. The statement was contained in an open letter that I wrote to Martha, in which I tendered some advice about the importance of honesty, as set forth by Cicero in a letter to his son. I noted that she was probably asking herself what a “stupid little 2000 year old Egyptian with the funny name” could know about anything. But then I added:

The fact is, Martha, it is never too late to follow good advice. And while I am no seer, I think there is a chance that you might someday, in the not too distant future perhaps, be speculating in a less exotic atmosphere than the financial markets for something a little less valuable than equities; say, like maybe playing hearts for cigarettes with the other girls in the lockdown. And honesty in a situation such as that, where some of the players aren’t quite so, well, you know, *well bred* as you, but have equally vile tempers, could be crucial to maintaining not just your happiness but your health. In the meantime, Martha, as the poster says, “Hang in there baby!”

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