

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

“One of the oddest things about millions of lives now is that ordinary individuals, as never before in human history, are so surrounded—one might say, besieged—by acting. Twenty –four hours a day everything seen on the tube is either acted or conducted by actors in the shape of news anchormen and women, including their hairdos. It may be that the most impressionable form of experience now for many if not most people consists of their emotional transactions with actors, which happen far more of the time than with real people.

“For years now commentators have had lots of fun with Reagan’s inability to distinguish movies he had seen from actual events in which he had participated, but in this as in so much else he was representative of a common perplexity when a person’s experience so often comes at him through the acting art. In other periods, a person might have confronted the arts of performance once a year in a church ceremony or in a rare appearance by a costumed prince or king and his ritualistic gestures; it would have seemed very strange that ordinary folk would be so subjected every day to the persuasions of professionals whose studied technique, after all, was to assume the character of someone who was not them.”

Arthur Miller, *On Politics and the Art of Acting*.

ISRAEL’S “MOST DIFFICULT DECISION,” REDUX. One of last week’s biggest stories happened too late in our publication cycle to be included in the newsletter. Our pieces were written, and the sheet was already too long. And while the story seems almost forgotten now, we would, given its importance, be remiss if we ignored it, even at this late date.

I am referring to Israel’s bombing of a Palestinian Islamic Jihad terrorist camp inside Syrian territory a week ago yesterday. Both the Israeli action and the global reaction, most especially that of President Bush, were highly significant, and a possible portent that the Middle East is likely to get more exiting and more dangerous in the not-too-distant future than it already is.

You see, for months now, there has been considerable consternation in Washington on the part of the more aggressive foreign policy hawks over President Bush’s prosecution of the greater war

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on terror. While the battle for Iraq was both swift and devastating, the hawks believe that that victory will be in vain if the more aggressive sponsors of radical Islamist terrorism, particularly those in the Islamic Republic of Iran, are allowed to undermine the occupation force in Iraq and to plot greater anti-Western mischief.

This concern about Iran has, naturally, grown stronger over the last several months, as it has become clear that the mullahs in Tehran have been aggressively pursuing a nuclear bomb, which they believe will insulate them from American military retaliation. Though there is considerable disagreement over the success of the mullahs' pursuit, there would appear to be little question that the Iranian regime is both deceiving the global community and stalling for time, as it continues its quest.

In July, when the International Atomic Energy Agency found traces of enriched, potentially weapons grade uranium at Iran's Natanz nuclear facility, the regime claimed, implausibly, that equipment had been "contaminated" by its previous owners. And while most estimates place the development of an Iranian bomb at least 2-3 years away, some believe the target is much closer and thus more disconcerting. Last month, for example, Michael Ledeen, former Reagan national security, Defense and State Department advisor, wrote the following.

In recent weeks, Iran's supreme leader, Ayatollah Ali Khamenei, has been receiving many senior clerics for happy embraces. They have come in unusually large numbers to congratulate him. According to Iranians I talk to, they believe that Iran now has all the necessary components for an atomic bomb or two or three, and all that remains is to assemble the damned things.

That would track with the mullahs' clear international strategy, which is to stall for time. They think that if they can make it into early 2004, they'll be safe from us for at least eleven months, as Bush would not attack during an election year (never mind that Bush has no intention of attacking at all, we're talking about how *they* see things). In the meantime, they expect to be able to test a nuclear device, which will, they think, transform them into the North Korea of the Middle East. That is, invulnerable to us.

What Ledeen and others have envisaged is indeed unsettling. But, given what happened last week along the Syrian-Golan border, and what has been learned over the past few weeks, it seems likely that before a nuclear bomb can be turned over to the likes of Khomeini and Rafsanjani, the Israelis will handle the problem themselves, for they have much more to fear from an Iranian bomb than America does. And as Prime Minister Ariel Sharon declared last week, "Israel will not be deterred from defending its citizens and will hit its enemies any place and in any way."

Recall that this is not the first time Israel has been in such a spot. Indeed, twenty-two years ago this summer, Israel was in an eerily similar position, with the Saddamite Iraqis indulging their own nuclear ambitions. And on June 7, 1981 Prime Minister Menachim Begin made what then-General Sharon has described as "the most difficult decision which faced any [Israeli] government during all the years of the state's existence," the decision to destroy the Iraqi nuclear facilities at Osirak.

Though the raid was exceptionally controversial and brought the usual storm of international condemnation, Begin felt he had no choice. “Saddam Hussein,” he is reported to have said, “had an ambition. He wanted to develop nuclear weapons so that he can either try to bring Israel to its knees on behalf of the Arab world, or to destroy her men folk and infrastructure and the great part of her army, which consists of reservists in the cities. In other words, he wanted to destroy our existence – in fact, our people and our country.”

Begin’s description of Saddam’s ambitions is not, it should be noted, too terribly different from the objectives articulated roughly a-year-and-a-half ago by Ali Akbar Hashemi-Rafsanjani, the former Iranian President and current head of the powerful Expediency Council, who advocated the pursuit of nuclear weapons in order to facilitate the destruction of Israel, declaring:

“If a day comes when the world of Islam is duly equipped with the arms Israel has in possession, the strategy of colonialism would face a stalemate because application of an atomic bomb would not leave any thing in Israel but the same thing would just produce damages in the Muslim world.”

Given this kind of threat, there is little question that Israel is, at least in theory, prepared to do whatever is necessary to prevent the mad mullahs from realizing their nuclear ambitions. Indeed, *The Washington Times*’ Bill Gertz and Rowan Scarborough reported in late August that the Sharon government has made plans for dealing with the emergent Iranian menace. According to Gertz and Scarborough:

“Targeting Iran, Israel has ready a plan to bomb Iran’s Bushehr nuclear-power plant should the Persian Gulf coast facility, now under construction, begin producing weapons-grade material, an insider tells us. This source says Israel has mapped out a route its jet fighters would take to destroy what is designed to be a two-reactor plant. A successful strike would ensure that the radical Tehran regime does not develop nuclear weapons.”

The only real questions are whether Sharon has what it takes to follow Begin’s lead and make another “most difficult decision,” and how the United States would react if he does.

The answer to the first question can, I believe, be found in the above statement by Sharon that Israel “will hit its enemies any place and in any way.” As for the reaction of the United States, President Bush has declared that Israel “has got a right to defend herself.”

And though the Bush administration would undoubtedly offer perfunctory criticism, Sharon understands that he and the President are very much alike, in that neither has much use for anyone who questions his judgment on matters of right and wrong, particularly where defense against terrorism is concerned.

Additionally, Bush has to know that while the attack on Osirak was denounced even by the United States, neither the liberation of Kuwait 12 years ago, nor the liberation of Iraq this spring would have been possible without the Israeli effort in 1981. Today, as then, Israel would be protecting herself, but, in so doing, would be helping the United States as well.

So while I understand the discomfort that grips those analysts and commentators who have taken an honest look at the intentions of the mad mullahs of Iran, I think it is more likely that the next major upheaval in the Middle East won't come from an Iranian nuclear weapon, but from Israel's determination to eliminate such a bomb before it becomes a problem.

This would, of course, present a whole new set of problems for Bush, his allies, his enemies, and for the financial markets worldwide. More on that later.

SOME THOUGHTS ON ARNOLD'S VICTORY. The issue that occupied political pundits of all persuasions last week was divining the meaning of Arnold Schwarzenegger's victory in California. Some felt that it was the beginning of a widespread, national voter reaction against politicians who don't deliver, and that it was therefore a sign of bad things to come for George Bush. Others thought that it was another important signal that the Democratic Party is in big trouble nationally.

So far as I can tell, no one in the media became more excited about the grand implications of the election than the *Wall Street Journal's* Daniel Henninger. According to his lengthy analysis in the paper's Friday op-ed page, Arnold's victory shattered into "pieces" the "political monument" that represents the "traditional notion of just who and what constitutes a 'moderate,'" and in doing so greatly enhanced the GOP's national prospects in future elections. In fact, Henninger was so enthralled with the magnitude of the shift in the center of the American electorate revealed by Arnold's victory that he employed a tectonic plate metaphor to describe it.

And as if that were not enough of an accomplishment for a politician who carries the nickname "Terminator," Henninger claimed that the fact that Arnold is not just "cool" but "as hip as any politician could hope for," may well have changed "the idea of who can live comfortably on election day among the Republicans." Why, he bubbled, not only did Arnold's victory celebration include the likes of Rob Lowe, Eunice and Sergeant Shriver, and a "sea of young, attractive faces," it also featured his wife, Maria Shriver, who Henninger described as a "get out of jail free card for many centrist democrats feeling trapped in an inhospitable party."

Now, as a Republican, I would very much like to feel as giddy about the election outcome as Henninger. But I must say that as I was perusing his column I kept thinking about a comment Orwell was suppose to have made after reading something with which he disagreed, i.e., "One has to belong to the intelligentsia to believe things like that."

Maybe I need to get out more, but my reaction to Arnold's victory was that it was little more than a reaffirmation of what Steve and I and many other observers said after Davis' reelection in 2002, namely that he is a turkey who would have lost big at that time if the Republicans had not run a bigger turkey against him. Californians held their noses and voted for Davis then because the Republicans offered them no good alternative. A year later, when given a better choice, they took it. It's that simple.

This is not to say that there was nothing at all to be learned from Arnold's victory. In fact, I think it revealed a great deal about the state of politics in America today.

For starters, it demonstrated once again that a Republican can win, and win big, in a state dominated by democrats, so long as he or she takes liberal to moderate positions on a host of hot button issues, such as abortion, gun control, gay rights, and the environment, and offers a reasonably believable commitment to the social safety net and education spending.

This is not an earth shattering observation, of course. Rudy Giuliani and George Pataki have demonstrated this numerous times in New York, as have many other Republicans who have scored victories in states and localities with a preponderance of Democrats. But it does provide an insight into the compromises that Republicans will have to make on these and other similar issues if they hope to strengthen their newly found position as the nation's majority party.

To put this another way, the California election revealed once again that the great center of the American electorate will support a moderate Republican who favors some restrictions on abortion, but not one who wants to ban the procedure altogether; who supports gun ownership but will go along with some restrictions and registration requirements; who takes into account the cost to the economy and to the business community of environmental initiatives, but isn't perceived as being oblivious or antagonistic to a wide range of environmental issues and initiatives; who is adamantly in favor of tax cuts, but not at the expense of government spending on social programs and education; who may not be committed to the entire agenda of the gay rights community, but who is generally and genuinely tolerant of the gay lifestyle.

This may not be pleasing news to some hardcore conservative Republicans for whom any compromise on these and similar issues is anathema. But it can surely be no less pleasing to radical leftists, who are finding that the same requirement for moderation and compromise applies to them when running in states and localities that are heavily populated by Republicans.

A second, related observation is that if the hot button litmus tests are taken off the table, at least to the satisfaction of the center of the electorate, then the race will come down to a simple decision as to which candidate, regardless of party, is the most convincing when it comes to addressing economic issues.

This too is not an earth shattering observation, especially in light of the fact that it was converted into a well-known slogan by the Clinton campaign. But it is important to recognize that when it comes to the economy, stupid, the majority of today's voters are not simply looking for a politician who can deliver superior overall economic performance, as measured by GDP and other statistical indicators.

Voters understand that their well being requires a healthy economy. But voters today also want political leaders who care about their individual economic health. If something is wrong in their lives, they want the government to do something about it directly. Give them money if they are broke, feed them if they are hungry, buy them a pill if they are sick, compensate them if they are accidentally hurt, pay to have their kids watched while they work, subsidize their heat and electric bills, save for their retirement, and generally take the economic risk out of their lives.

This demand for a highly individualized, personal touch when it comes to defining "prosperity" has been a difficult thing for most Republicans to learn. In fact, I think one could make a good case that it was on this battlefield that Bill Clinton defeated the first President Bush. Bill

“cared.” He “felt the pain” of his fellow baby boomers. On the other hand, George Bush, the nation’s last president from “the greatest generation,” couldn’t adjust quickly enough to be a successful politician in the “nanny state” of the baby boomer age.

Arnold turned in a stellar performance on this economic stage. He understood the role and he played it well. He “shamelessly avoided providing any details on how he plans to rectify the state’s budget crisis,” as University of Maryland Professor Thomas Schaller put it in the lead op-ed piece in the Sunday *Washington Post*. But, as Schaller apparently didn’t notice, Arnold never missed a chance to express empathy with each and every voter who had suffered from Davis’ mishandling of the economy. And he routinely promised to “do something” when he became governor about whatever problem was troubling the life of any particular individual.

Once again, this insight into the reality of American politics today may not be pleasing to many conservative Republicans, who believe in limited government and subscribe to the Aristotelian concept that happiness can be achieved only through individual effort, by striving to realize one’s innate capabilities through productive work and moral discipline; that happiness cannot be provided by the government, no matter how firmly many Americans want to believe it can be.

But that doesn’t change the facts. As Arnold demonstrated, politicians today can get by with little or no plan for producing general economic prosperity, but they can’t get by without recognizing and accepting personal responsibility for the prosperity and happiness of each and every voter. In short, its compassion, stupid.

A third observation I would make about the California election is that it once again confirmed something Steve and I have been pointing out for many years now, namely that Bill Clinton single handedly destroyed the credibility of the radical feminist movement when he directly challenged the girls from NOW to criticize his boorish behavior with Paula, Monica, Juanita, Kathleen, and numerous other women, and they flinched. What a guy!

It should be noted, however, that while Arnold was able to surmount the weak feminist challenge related to his own groping problem, thanks to Bill’s pioneering efforts, this was not a proud moment for anyone involved. This is especially true for conservatives, who would be wise to protect their own credibility by giving no additional ground on their disdain for such behavior.

And finally, the fourth observation I would like to make about the California race is that it demonstrated once again the enormous importance of acting ability to modern day politicians.

Now this is not a criticism of Arnold the actor. It is simply a recognition that politics today is played on a big screen, in real time, and in living color, and those individuals who are well versed in the performing arts have a considerable edge over other mortals in this arena.

As with my first three observations, this one is not earth shaking. Indeed, there isn’t a person involved in politics today who isn’t acutely aware that one of the most crucial factors in winning an election today is the candidate’s ability to convince voters that he or she has certain qualities that the polls indicate that those voters wish to see in their elected officials.

It isn't enough that a candidate actually has these qualities; that friends say that he or she is funny, sincere, honest, smart, warm hearted, an excellent parent, or even sexy. A winning candidate must be able to convey on a tiny television screen that he or she has these traits, if these are the traits voters wish to see in their leaders.

A perfect example of the problem this presents was the desperate attempt by Al Gore team's to portray him as an "alpha-male," which they apparently thought was crucial to his success. They tried earth tones. They tried physically aggressive behavior against Bush in the debates. They sent Tipper out to give racy hints as to his skills as a lover. They staged a passionate, tongue-sucking kiss at the convention. And it didn't work. For all anyone knows, Al may actually be an "alpha-male," *par excellence*. But he could never convincingly act like one.

But, do you know what? Arnold could do it in a heartbeat. And it isn't because he is big. Al is big, too. Ronald Reagan could have done it also. As could any reasonably good dinner-theatre actor. And if you think this its easy, go to a dinner theatre audition some time and try to convincingly deliver the following Brando line from "On the Waterfront," without someone asking you if you'd mind building sets or taking tickets at the door. "I could'a been a contender. I could'a had class and been somebody. Real class. Instead of a bum, let's face it, which is what I am. It was you, Charlie."

This is not new to politics, of course. As the great playwright Arthur Miller noted in his wonderful little book entitled *On Politics and the Art of Acting*, "the mystery of the leader-as-performer is as ancient as civilization." But, he adds, "in our time television has created a quantitative change in its nature."

Miller notes that he can't prove that this persistent contact with acting and actors is of any importance. But, he says, "it seems to me that when one is surrounded by such a roiling mass of consciously contrived performances it gets harder and harder for a lot of people to locate reality anymore."

And then he asks the question, which I must say I pondered each time I saw Arnold on the political stage, "Who are we really voting for: the self-possessed character who projects dignity, exemplary morals and forthright courage enough to lead us in war or depression, or is he simply good at characterizing a counterfeit with the help of professional coaching, executive tailoring, and that array of technological pretense which the grooming of the president can now employ? Are we allowed anymore to know what is going on not in the candidate's facial expression and his choice of suit but in his head?"

Californians will find out the answer to this question soon enough. And the rest of us will get a chance to ponder this question once again next November.

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