

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

“No matter where you go, there you are.”

-- Buckaroo Bonzai, in “The Adventures of
Buckaroo Bonzai Across the Eighth Dimension.”

THE AGE OF GOVERNMENT. Last week, in an article entitled “Belling the Cat,” I was critical of a proposal outlined by President Bush in a speech to the National Endowment for Democracy for a “massive and difficult” effort to launch a “world democratic movement,” concentrated in the early stages on democratizing the Middle East.

I focused on this neo-Wilsonian aspect of Bush’s talk, which the White House had billed as one of the “most important foreign policy speeches the president will deliver in his first term,” because I have developed a vigorous antipathy over the past couple decades to foreign policy initiatives that are, to borrow a phrase from the brilliant sociologist Paul Nisbit, “framed in dangerous grandiose concepts,” and which my friend, the brilliant political thinker Claes Ryn has described as attempts at the “collective, political redemption of mankind.”

In fact, part of the reason I was comfortable voting for President Bush three years ago was his insistence that the Clinton administration was too wedded to the concept of “nation building.” Then-candidate Bush put it this way during the second presidential debate on Oct. 11, 2000.

“I’m not so sure the role of the United States is to go around the world and say this is the way it’s got to be . . . And maybe it’s just our difference in government, the way we view government. I mean, I want to empower people. I don’t – you know, I want to help people help themselves, not have government tell people what to do. I just don’t think it’s the role of the United States to walk into a country and say, ‘We do it this way, so should you.’ . . . I think the United States must be humble and must be proud and confident of our values, but humble in how we treat nations that are figuring out how to chart their own course.”

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This week, I would like to return to that November 6 speech, only this time to offer a few thoughts on Bush's assertion that the world is experiencing a "global wave of democracy;" that the on-going "progress of liberty is a powerful trend;" that another "stage of the world democratic movement" is in the offing; and finally, that we are living in the "age of liberty."

Now I have no problem with the President of the United States being upbeat and optimistic. God help us all, if he, or any future president, ever throws in the towel. Also, there is no question that Bush is correct when he says that "the advance of freedom leads to peace," and that people all over the world today are yearning for such freedom.

Nevertheless, I think he was being naïve when he claimed that the "great democratic movement," which he said began in the mid-1970s and gathered steam with the fall of the Berlin Wall in 1989, has gained momentum in recent years. In fact, not only do I think that this movement has slowed considerably in the past decade, but I believe a case can be made that in many large and important nations around the world it has actually taken a significant detour toward something quite different from freedom and democracy, as those terms are generally understood.

In country after country, the evident trend appears to be toward some form of governmental order that is quite new to the world of political science. To be sure, it is not socialism, communism, fascism, or any of the other "isms" that dominated the political discussions of the 20th century, although it contains elements of each of them. But by the same token, freedom and democracy are not the principal identifying characteristics of this new form of government.

To see the truth in this, the President need look no further than Russia, the Mount Vesuvius of the modern "global democratic movement" that so excites him. Certainly Russians have considerably more freedom today than they had before communism collapsed. They cast ballots for their political leaders; enjoy a system of *de jure*, if not always *de facto*, property rights; reap economic benefits from a nascent structure of entrepreneurial capitalism; have access to news and information from around the world; and can travel virtually anywhere with few restrictions.

But as I noted several weeks ago in a piece entitled "Putin's World," these and other newly established rights and privileges are quite clearly limited by an unwritten code of conduct that was not democratically established, but has been devised and is enforced by Russian President Vladimir Putin and a gang of former KGB thugs who surround him. And if the real definition of democracy is, as Karl Popper once suggested, not how leaders are chosen but whether bad leaders can be ousted peacefully through democratic means, then Russia is far from qualifying as a true democracy, since it is growing increasingly obvious that anyone who threatens Putin's position of power is very likely to find himself or herself behind bars, if not dead.

It is not yet entirely clear what course Putin has charted for Russia in the 21st century. Certainly he is a proponent of what might be called by the anomalous name of "state-sponsored entrepreneurial capitalism," of foreign investment in his country, of liberalized global trade, and of a circumscribed form of individual liberty. But there are also strong indications from his recent actions that police state tactics are of growing importance in the control and management of these liberalizing policies; that state bureaucracies are preferred over the private sector as management instruments for large, national enterprises; and that he doesn't stay awake nights dreaming of a free and democratic Russia.

Bush did not mention in his speech this unfortunate circumstance in Russia. But he did make a point of noting that China “now has a sliver, a fragment of liberty,” and he gingerly suggested that this might be a portent of even better things to come. He could be correct, and I sincerely hope that he is. But as is the case with Russia, I very much doubt that China’s current leaders, as well as any of their successors for years to come, are likely to subject their positions of overwhelming political power to the uncertainty of Democratic elections.

And as for freedom, I think it is clear that the new found “freedoms” that the Chinese people have come to enjoy in the past two decades are guaranteed not by the rule of law, as is the case in nations where the government serves the people, but by the whims of those who control the government, which the Chinese people are expected to serve.

In my opinion, what the world is witnessing at this moment is an attempt by the leaders of both of these large nations to make some concessions to the concepts of liberty and democracy without actually having to accept either. Having witnessed first hand the shortcomings of a “planned society,” they recognize the truth in the claim that President Bush made in his November 6 speech, that “over time, free nations grow stronger and dictatorships grow weaker.” And they also most probably would grudgingly acknowledge, in private at least, that Bush was correct when he claimed that the “prosperity, and social vitality and technological progress of a people are directly determined by the extent of their liberty.”

But my guess is that Putin and Hu Jintao are even more certain of one other truth that Bush didn’t mention, and that is that if the extent of the liberty of the Russian and Chinese people were ever expanded to the maximum, they, Putin and Hu, would find themselves looking for work, most probably as cab drivers in New York City. So, as I said earlier, each man is attempting to strike a balance, to offer a modicum of liberty in exchange for an acceptable, rather than optimal level of “prosperity, and social vitality and technological progress.”

Now there was a time when I would have said such a balance could not be sustained even if briefly achieved; that once given a whiff of freedom, people will eventually demand the whole package, voting booths and all, as some of the young Chinese did at Tiananmen Square in 1989 before being slaughtered under the direction of Hu himself. Bush implied that he still believes this, when he said in his speech that “eventually, men and woman who are allowed to control their own wealth will insist on controlling their own lives and their own country.”

I no longer do. In fact, I think that President Bush was entirely out of touch with what is going on in the world when he maintained that we are living in the “age of liberty.” I think instead that we are living in the early stages of a new “age of government;” of heavily bureaucratized, omnipotent, omniscient, only-nominally-democratic, organically corrupt, and benevolent-to-those-who-bow-to-its-authority-and-brutal-to-those-who-don’t kind of government. As such, I think that the governments being formulated by Putin and Hu are probably more in sync with the trends in the world today than with George Bush’s idealized view of an “age of liberty.”

I would add here, that this new “age of government” is not exclusive to those nations that are emerging from communist rule. Certainly, no thinking person could fail to see that the majority of Europeans today have developed a clear preference for an omnipotent, super-bureaucratized

government that is only remotely tied to them via a weak electoral process, and which routinely tramples on freedoms they once considered to be among their most prized possessions.

And no matter how beautifully Bush describes his dream for a democratic Middle East, the fact is that if the so-called “pro-Western” governments there are going to survive in the difficult years that lie ahead, they are almost certainly going to have to become more authoritative, not less so.

Finally, of all people, George W. Bush should be the first to recognize that the citizens of his own country have given greatly of their liberties in recent years, and are likely to be giving up even more in years to come, directly as a consequence of such legislative initiatives as the Patriot Act, and indirectly via the frighteningly strong growth in the size and power of the federal establishment during the past several decades, up to and including Bush’s own tenure in office. And while Americans still choose their governmental officials in free and open elections, it is increasingly clear that most of the functions of government are under the control of a vast, horde of federal bureaucrats, whose ranks increase on a daily basis.

Now it may sound here as though I am simply trying to engage President Bush’s speechwriters in a meaningless academic argument. But the distinction I am drawing is, I believe, an important one. For the world described by Bush, in which there is an on going, worldwide trend toward true freedom and true democracy, is a vastly different world than the one I see developing.

I see a world where individuals are increasingly being regarded by governments as expendable cogs in a machine designed to serve the specific needs and wishes of a small group of “leaders” whose democratic credentials are remote at best; who have no regard for the moral concept that individuals are important as individuals; whose goals bear little relationship to the needs or desires of the citizens they purport to represent; who are driven by materialistic greed rather than what Max Weber once described as “the spirit of capitalism;” and who are supported by vast, unassailable and omnipotent bureaucratic machines that crush competition and initiative.

In short, unlike Bush, I see a world moving inexorably in the direction that Max Weber, in 1921, said it would move. Here’s a short insight into Weber’s vision as stated in the *Oxford Companion To Politics of the World*:

“He [Weber] demonstrated that the socialist ideal of a society without domination was utopian, and predicted that the replacement of the capitalist entrepreneur by the state administrator would create a monolithic power structure as oppressive as that of ancient Egypt and as economically stagnant as that of late imperial Rome.”

This happy prediction is supplemented by following.

“In Weber's view, the key concern about bureaucracy was not that it be replaced but that it be checked, on the one hand, within a framework of mutually limiting power structures and, on the other, by ensuring that bureaucratic organizations were themselves subordinate to the control of individual leaders selected on the basis of nonbureaucratic principles and acting under such principles.

To which I say, with more than a hint of sarcasm, good luck!

THE COLLAPSE OF THE TWO PARTY SYSTEM? Now, I know that Mark and I have written a great deal lately about the troubles facing the Democratic Party. But we bring the subject up again this week because we are collectively coming to the conclusion that unless something very big happens very soon to completely change the direction of U.S. politics, Americans could be witnessing the wholesale dissolution of the political party that has utterly dominated the U.S. political scene for the better part of the last century. And if we are correct about this, then the troubles confronting the Party of Roosevelt today could comprise the biggest political story since Roosevelt, aided by the Great Depression and World War II, catapulted the Democratic Party to national dominance seven decades ago.

Now I am not predicting that no Democrat will again be president. In fact, not only do I consider it possible that Bush could be beaten next November, but it is quite likely that down-ticket Democratic candidates will remain generally competitive for some time. Just this weekend, in fact, Kathleen Blanco defeated erstwhile GOP superstar-in-waiting Bobby Jindal to become Governor-elect of Louisiana. Nevertheless, it appears less and less likely that the Democratic Party, at least as it is currently constituted, will ever again be the nation's majority party.

Needless to say, this is not a widely held view, especially among Democrats. In fact, a week-and-a-half ago, while I was penning my piece "Democrats Never Have A Good Day," in the aftermath of the recent off-year elections, other less conservatively inclined political commentators were busy putting a more positive Democratic spin on those same results.

One such offering came from *The Washington Post's* ultra liberal E.J. Dionne, who conceded that the GOP's gubernatorial victories in Kentucky and Mississippi marked a day on which some "Democratic dreams collapsed," but insisted, nevertheless, that the national results actually proved that things weren't really as bad as the headlines suggested.

In reality, Dionne wrote, the results showed that the nation was more evenly and more bitterly divided than ever, and unlikely to become less so in the near future. In support of his contention, he cited the Democratic takeover of the New Jersey Assembly, the re-election of Philadelphia's mayor John Street, and a recent Pew Research Center study on the political, social, and religious attitudes of Americans, both nationwide and broken down by region and state. Claiming that "the [Pew] study's overall findings pointed to an evenly divided and politically polarized country," Dionne concluded that the real lesson of the 2003 election "is that regional divisions that showed signs of disappearing in the 1990s are reasserting themselves."

Now, setting aside Dionne's peculiar finding of solace in the re-election of a man whose campaign took off only after it was discovered that his office had been bugged as part of an FBI probe into allegedly criminal wrongdoing, it appears to me that Dionne is stretching quite a bit to find optimism in the election results. Yes, he is right that Republicans won in the South, and Democrats won in the Northeast, reaffirming recent regional voting trends. But taking control of a state assembly that was already narrowly divided and the re-election of an ethically suspect mayor are hardly major electoral victories, much less evidence of a national trend.

Moreover, the Pew study is a strange document for Dionne to have cited, for if anything, it confirms exactly the opposite of that which he suggests. Like so much other evidence, anecdotal

and statistical, the Pew study, somewhat misleadingly entitled “The Political Landscape 2004: Evenly Divided and Increasingly Polarized,” actually shows Democrats to be in serious trouble.

For starters, the study shows pretty dramatic, yet unsurprising changes in national partisan affiliation over the last couple of years. It should astound no one that for virtually the entire 20th century, the Democratic Party was the expressed preference of most voters. Except for a brief period in the 1980’s and again in 1995, after the Gingrich Revolution, the Democrats have, since the Great Depression, been the choice of the majority of Americans, and more often than not the overwhelmingly choice. The Pew researchers put it thusly.

For most of the period between the late 1930s through the beginning of the 21st century, the Democratic party held an advantage often sizable over the Republicans in party identification.

The Democratic lead in party identification was modest through the 1940s but grew dramatically in the late 1950s and early 1960s. The Democratic advantage narrowed in the mid-1960s, but remained substantial.

In the late 1970s, fallout from the Watergate scandal again boosted the Democrats while depressing Republican support.

In 1977, more than half of the public (51%) identified themselves as Democrats, compared with barely one-in-five who called themselves Republicans (21%).

Despite the brief GOP surges, by the late ‘90s, Democrats had reestablished their majority. Indeed, the Pew data show that on average, between 1997 and 2000, American voters expressed a preference for the Democratic Party 33% to 27%.

Since September 11, 2001, though, that advantage has virtually disappeared, leaving Democrats and Republicans in a statistical dead heat, or what Pew calls “a virtual tie for the allegiance of the public,” at 31% (D) to 30% (R).

And though one might be inclined to think that this virtual parity with Republicans is the worst of it, things actually get much uglier for Democrats when the numbers are broken down by age, sex, race, income level, religion, and geography. As the folks at Pew put it, “Republican gains have come across the board, both geographically and demographically . . . There have been increases in Republican party affiliation in nearly every major voting bloc, except among African-Americans.”

Indeed, Republicans gained on Democrats in all age categories; gained among both men and women; picked up significant support among both white voters and Hispanic voters (+6 and +8, respectively), and lost only one point among black voters. Additionally, the GOP gained support in all income categories, picking up four points apiece among the poorest voters and middle income voters, thereby suggesting that the Democrats’ class warfare strategy on tax policy has been something less than an overwhelming success.

The Pew report's section on religion also confirms a couple of points that Mark and I have made repeatedly over the last several months, namely that Catholic and Jewish voters, two of the Democratic Party's most longstanding and loyal constituencies, have found greater affinity for the GOP over the last couple of years, in large part because of the Democrats' continued affiliation with extremist elements that could arguably be called both anti-Catholic and anti-Semitic. While Jewish voters still overwhelmingly favor Democrats, since September 11, they've shifted five points in the direction of the GOP. Catholic voters, in turn, have shifted in even greater numbers (8%), *and now favor the Republican Party (32%-30%)*.

And while Democrats and the mainstream media have suggested that last week's GOP-lead marathon session to highlight the filibustering of Bush judicial nominees was ineffective and a complete waste of time, I suspect that some voters were paying attention; and given that three of the filibustered judges are Catholics, who have been blackballed simply for believing what their Church teaches, I believe that it's entirely possible, if not likely, that this narrow GOP lead among Catholic voters will increase between now and election day 2004 and will continue to increase indefinitely.

Finally, the Pew data show one more trend, one which has to be considered exceptionally disturbing for Democrats. While the aforementioned E.J. Dionne is technically correct in his assertion that the GOP regions of the country are generally getting more Republican and Democratic regions are generally getting more Democratic, this is of little statistical significance, as neither the intensity nor the distribution of these moves are uniform. In fact, Republican gains are hardly limited to so-called Republican regions and are, in fact, prevalent in both Republican states and Democratic states. Dionne's buoyant interpretation notwithstanding, the red states are indeed getting redder, but the blue states are getting redder as well.

According to Pew, 37 states plus the District of Columbia showed increased preference for Republicans, leaving only 13 favoring Democrats more heavily. Across the board, Republicans gained far more ground in far more states and, in so doing, made it appear far more likely that they will have a distinct advantage in the electoral college next November, everything else being equal, which it will not be. The highlights of the state-by-state breakdown of the data were summarized last week by *National Review's* Byron York, who wrote:

In Minnesota...Democrats used to enjoy a 31-26 advantage in party identification. Now, it's 31-28 in favor of Republicans. In 2000, Bush lost the state by about 58,000 votes out of 2.4 million cast. Next time around, with more Republicans, he might do better.

In Michigan, Democrats used to enjoy a 33-26 advantage. Now it's 31-29 in favor of Republicans. In 2000, Bush lost the state by about 217,000 votes out of 4.2 million cast.

In Iowa, Democrats used to enjoy a 32-27 advantage. Now, it's 34-27 in favor of the Republicans. In 2000, Bush lost the state by about 4,000 votes out of 1.3 million cast.

In Wisconsin, Democrats used to enjoy a 33-29 advantage. Now, it's 30-29 in favor of the Republicans. In 2000, Bush lost by about 6,000 votes out of 2.6 million cast.

Those are the states that have turned over. In some other states that Bush lost narrowly, Democrats maintain their edge — just less so.

For example, in New Mexico, Democrats used to enjoy a 40-30 advantage. Now, it's 39-35. In 2000, Bush lost by just 366 votes.

And in the most important swing state of all in 2000, Florida, Democrats used to enjoy a 38-33 advantage. Now, it's 37-36 in favor of Republicans. That means Bush might be able to build on his 537-vote landslide.

For Democratic partisans, the real problem in all of this is that things are probably actually worse than these numbers indicate. After all, Democrats have been incrementally losing their stranglehold on power for the better part of a quarter century, and this despite the fact that they continued to be the preferred party of the majority of voters. So now, as it appears that they are about to lose even this small comfort, things could get very problematic for them.

As the Pew report points out, even “the current division in party affiliation among the public,” in which Democratic identifiers technically still lead Republican identifiers by one point, “could provide the GOP with a slight electoral advantage.” As it turns out, despite the millions of dollars that the Democratic Party and affiliated pressure groups have spent on get-out-the-vote efforts “Republicans traditionally turn out to vote in higher numbers than do Democrats.”

Now, the likely result of all of this, in my opinion, is that in the short term, the temptation for Democratic leaders will be to find votes wherever they can and by whatever means possible. In the longer term, though, such a strategy would almost certainly prove to be the final nail in the proverbial coffin.

A good example of how troubled times can bring on even more troubling times came to the fore recently when it was publicly revealed that some Democrats are elated that billionaire hedge-fund guru George Soros is going to help relieve the money shortage faced by the Democratic Party in the wake of the recent campaign finance reform legislation.

Soros has already donated \$30 million of his own money to help defeat George W. Bush, bankrolling both a campaign organization (“America Coming Together”) and new liberal think-tank (the “Center for American Progress”). And while it is understandable that the Democrats would be keenly interested in Soros' money and his enraged dedication to knock off Bush, whom he, in all his brilliant originality, compares to Hitler, such an affiliation is just another example of the party's refusal to recognize the truth of the old proverb about lying down with dogs and waking up with fleas. Last year, for example, *The Washington Post* said the following about the Democrats' new bagman:

In some parts of the world, Soros, 72, is a mistrusted figure. The Hungarian immigrant made a fortune on Wall Street, and in 1992 was dubbed the ‘man who broke the Bank of England’ after engaging in a series of speculative transactions that helped devalue the pound . . .

He has been accused of triggering the Asian economic crisis that began in 1997. Last year he was convicted of insider trading in France and fined \$ 2.2 million, a ruling he dismissed as ‘a queer decision’ and promised to appeal.

With regard to this latter charge, *The New York Times* wrote that he was accused of:

[B]uying stakes in four formerly state-owned companies in France, including one of the country’s leading banks, Societe Generale, for his Quantum Endowment Fund in 1988 based on confidential information. The stakes were worth a total of about \$50 million at the time.

Two other defendants in the case . . . were acquitted. At a hearing [in November 2002], prosecutors recommended fines for all three men, and suggested the \$2.3 million figure or Mr. Soros as a minimum penalty.

And to make matters worse, Soros has a strong tendency to say things that are deeply offensive to many potential Democratic voters. In fact, according to our friend Chris Ruddy’s great news operation, Newsmax.com (which also drew our attention the above quotes), former Clinton White House counsel Lanny Davis recently called upon his one-time boss, Sen. Hillary Clinton, to denounce Soros publicly for accusing President Bush and Israeli Prime Minister Sharon of contributing to a resurgence in global anti-Semitism.

In short, evidence seems to be mounting that the Democratic Party is in serious danger of locking in permanent minority status. Or, as Republican National Committee Chairman Ed Gillespie recently put it in a memo to GOP party leaders, “as the Democrat party gets smaller, it becomes more liberal, elitist, and angry, and as it becomes more liberal, elitist, and angry, it gets smaller.”

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