

# 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

“The Republicans want to criminalize the right of women to choose, take us back to the days of back alleys, gag doctors and deny families the right to plan and be aware of their choices – we Democrats want to protect the constitutional right of privacy and make clear that at the center of this struggle is our commitment to have a Supreme Court that will protect the equal rights, the civil rights, and the right to choose in this nation.”

--Senator John Kerry, Keynote Speech to Massachusetts Democratic Issues Convention, Jun 7, 2003.

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“The inviolability of the person which is a reflection of the absolute inviolability of God, finds its primary and fundamental expression in the inviolability of human life. Above all, the common outcry, which is justly made on behalf of human rights – for example, the right to health, to home, to work, to family, to culture – is false and illusory if the right to life, the most basic and fundamental right and the condition of all other personal rights, is not defended with maximum determination”

--Pope John Paul II, Post-synodal Apostolic Exhortation “Christifideles Laici,”  
“The Vocation and Mission of the Lay Faithful in the Church and in the World,”  
December 30, 1988.

**THE ELECTABLE JOHN KERRY?** As things stand right now, it looks as if John Kerry will win tomorrow’s New Hampshire primary and thus become the undisputed frontrunner for the Democratic presidential nomination. But as I have learned recently, and as Mark learned lo so many years ago, attempting to understand the Democratic mind and hence to predict what Democratic voters will do are arts at which conservative Republicans are not necessarily gifted. And with Howard Dean and Wesley Clark making up some of the gap between themselves and Kerry over the weekend, and with John Edwards and even Joseph Lieberman picking up a few additional points, it appears that the vote may be tighter than was expected late last week.

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In any case, if Kerry does win, becoming the odds-on favorite, he'll owe his dramatic turnaround to one key attribute; one which apparently holds considerable sway among Democratic primary voters this year and which said voters appear to believe Kerry possesses, "electability."

Dean may have given life and energy to the anti-war crowd, but most voters now appear to agree that he is too, well, nuts ever to be elected President. Clark, in turn, is too green and too supercilious, and Edwards is too unknown and artificial. But while Kerry lacks Dean's dynamism and, in fact, appears more than a touch lethargic, he is, at the very least, "electable," or so the argument goes.

As evidence of Kerry's electability, his supporters will, no doubt, point to the *Newsweek* poll published just this past weekend, in which the junior Senator from Massachusetts bests President Bush 49%-46% in a hypothetical match-up. Left for dead by nearly everyone, including yours truly, just a couple of short weeks ago, Kerry has re-emerged and appears to be drawing strength almost exclusively from the idea that he alone among the Democratic hopefuls can defeat the Bush-Rove axis on November 2. But can he?

As Kerry's rather remarkable phoenix act demonstrates, in politics almost nothing can be taken as rock-solidly guaranteed. That said, it is hard to see how John Kerry could beat George W. Bush, even if the rest of the Democratic field were to give up right now, halt their attacks, and allow him to stop burning through precious and limited campaign funds. Which they won't.

You see, Kerry, like Michael Dukakis before him, is a Massachusetts liberal and all that that implies. Indeed, Kerry was Dukakis's Lieutenant Governor and will surely be tarred with the same brush that was used on his onetime boss. Sure, Kerry may look like a reasonable moderate compared to the rest of the Democratic field (Joe Lieberman accepted), but that's something akin to being called the world's tallest midget.

Every year, the liberal Americans for Democratic Action (ADA) and conservative American Conservative Union (ACU) publish rankings of every member of the House and Senate, assigning each a score (0-100) based on his or her votes on several key issues. Kerry's ADA lifetime score is a pretty hefty 93, the exact same as arch-liberal Vermonter Patrick Leahy's and **five points higher** than that of his colleague from Massachusetts and liberal icon Ted Kennedy. Kerry's lifetime score from the ACU is a 6, again the same as Leahy's.

The last Democratic presidential candidate, Al Gore, was considered by many Southerners to be too liberal; and he got swept in the South, despite hailing from Tennessee. Yet Gore's lifetime score from ADA is 66, and his lifetime average score from ACU is 13, not counting 1992, in which he, as the Vice Presidential nominee, missed several key votes and was given a score of 0. In any case, both of Gore's scores are notably more "conservative" than Kerry's lifetime tallies.

Additionally, Kerry has earned a reputation for taking his cues on legislation from his liberal patron, the aforementioned Ted Kennedy. *National Review's* Byron York put it thusly in an article published late last week:

In a larger examination of all Senate votes, *CQ* [*Congressional Quarterly*] found that Kerry and Kennedy have compiled remarkably similar voting records . . .

*CQ* found that in 2003, Kerry voted with Kennedy 93 percent of the time on roll-call votes in which both men were present. While that might seem like a lot, it was, historically, a rather low number for Kerry; who voted with Kennedy 100 percent of the time on key votes in 2001, 1999, 1998, 1993, 1992, 1989, 1988, 1987, 1986, and 1985, according to a Republican analysis of *CQ*'s designated key votes from those years.

All of this is to say that should Kerry win the Democratic nomination, he will almost certainly be painted as a typical Northeastern liberal by the Bush team, and rightly so. In fact, *The New Republic*'s Michael Grunwald has already nicely laid out the case that the Bush administration would make against Kerry. In last week's cover story, fittingly enough entitled "Bring it On? Is Kerry Really the Most Electable Democrat?" Grunwald wrote:

In all likelihood, they would hammer Kerry for his opposition to mandatory minimum sentences for dealers who sell drugs to children and for voting against the death penalty for terrorists. They would mock his efforts to provide cash benefits to drug addicts and alcoholics, and his onetime opposition to a modest work requirement for welfare recipients. They would trash him for supporting more than half a trillion dollars in tax increases – including hikes in gas taxes and Social Security taxes on ordinary Americans – while accepting free housing and other goodies for himself from friendly influence-peddlers. They would even point out that, when Kerry served as lieutenant governor under one Michael S. Dukakis, Massachusetts famously furloughed more than 500 murderers and sex offenders under a program Kerry later defended as tough.

As if all of this were not enough to raise doubts about Kerry's recently publicized "electability," the Senator has one more problem that may make his election difficult, a problem which to the best of my knowledge has not been discussed anywhere other than in these pages, and which could be a significant unanticipated factor in any potential Bush-Kerry match-up. You see, John Kerry is Catholic.

Now, I know that conventional wisdom would consider this to be mildly positive. Fear and apprehension about peculiar "Papists" is no longer the issue that it was as recently as 40 years ago, when another Massachusetts Catholic ran for the White House. And a Catholic candidate could theoretically stem the exodus of Catholic voters from their traditional home in the Democratic Party. But, I for one, don't buy it.

Kerry is not, after all, a *conventional* Catholic. He is a "Pro-Choice" Catholic, and proudly so. And that is precisely his problem.

On at least two occasions over the last year, I have written about the shift in sentiment among Catholic voters away from Democrats and to Republicans. And in both pieces, I noted that the politics of abortion played a crucial role in that shift.

In the first article, I focused on the newfound assertiveness of America's Bishops in enforcing a directive from the Vatican to pressure Catholic politicians to behave in accordance with Church

teachings on the sanctity of life. In the other, I described how Senate Democrats, including John Kerry, had compounded their party's problems by denying devout Catholic jurists a role in public life because of their religious beliefs, particularly as they pertain to abortion.

Should he win the Democratic nomination, John Kerry's candidacy will almost certainly bring these issues to forefront for many Catholic voters, and not, I suspect, to the benefit of either the Senator or his party.

Already, several Bishops across the nation have begun earnestly to enforce a ban on actively Pro-Choice Catholics from receiving Communion. New Orleans Archbishop Alfred Hughes and LaCrosse, Wisconsin Bishop Raymond Burke are two who have made headlines over the last few weeks for urging all Catholics to, in the words of Bishop Burke, "promote the culture of life in politics." And just last week, on the 31<sup>st</sup> anniversary of Roe v. Wade, Kerry's own Bishop, the newly installed Archbishop of Boston Sean O'Malley, added his voice to the discussion, reiterating Hughes' and Burke's admonitions to Catholic politicians.

For years, maybe decades, the Archdiocese of Boston has been considered by many to be overly enamored with and overly indulgent of its favorite sons, the Kennedys and, to a lesser extent, Senator Kerry. Both former Congressman Joseph Kennedy and his uncle, the aforementioned senior Senator from Massachusetts, were granted dubious annulments by the diocese of Boston, despite better than three decades of marriage and a handful of children between them.

And even Kerry apparently sought an annulment from the once-lenient diocese, much to the chagrin of his ex-wife Julia Thorne, who called diocesan "ecclesiastical intervention" on her ex's part "hypocritical, anti-family, and dishonest."

But the Kennedy-indulging days are gone, and Archbishop O'Malley appears to take seriously his responsibility to "promote the culture of life," the beliefs of politically connected Bostonian Catholics notwithstanding. After last week's "March for Life" here in Washington, O'Malley stated that "politicians should know that if they're not voting correctly on these life issues that they shouldn't dare come to communion." Moreover, he suggested that responsibility for politically advancing the Church's beliefs on life rests not just with Catholic politicians, but with Catholic voters as well. The problem, O'Malley indicated, "is not only politicians, but those who vote for them."

Now, there is no way to tell if O'Malley will keep a high profile during the upcoming general election. And even if he maintains a high profile, there is no way to know what, if any, impact that will have on Catholic voters and the choices they make on November 2. But if John Kerry is the Democratic nominee, O'Malley and his fellow bishops could indeed play a pivotal role.

Already, Southerners, a once loyal Democratic constituency, have abandoned the party, in large part because of its overly liberal bent. Practicing Catholics, another erstwhile Democratic constituency, have also been moving away from the party over the last several election cycles. In John Kerry, the Democrats have found a candidate who will continue, or perhaps even exacerbate, both trends. Saner than Dean? Sure. But Electable? I doubt it. Sanity in today's Democratic Party is, after all, a relative term.

**SOME THOUGHTS ON FISCAL DEFICITS AND THE WORLD.** As I have mentioned in these pages before, I began expressing my concern about America's fiscal deficits in the first article I penned after joining Prudential Securities just over 20 years ago in the summer of 1983. Since that time, I have written scores of articles on the subject, always reflecting pessimism on the prospects that Congress would ever solve the problem by enacting significant reductions in spending.

Over the years however, I have slowly changed the focus of my concern about this circumstance. I now worry less about the economic consequences of large deficit spending than I do about the social and cultural changes that inevitably occur when the federal government assumes responsibility not just for the general well being of the nation but for the individual happiness and prosperity of each of its citizens.

This attitude of mine is rooted in the knowledge that while there are a variety of economic mechanisms at work to impose fiscal discipline on a profligate government, there are no such similarly effective, automatically triggered checks on the cultural and societal rot that inevitably occurs when a steady proliferation of government programs destroys individual initiative as well as the private organizations and institutions that help to assure a wholesome society.

I do not mean to say that I have become oblivious to the economic consequences of profligate government. I have, however, come to understand that forecasting the exact nature of these consequences is much more complex than simply comparing the nation to a family that overspends, as Senator John McCain did the other night during an interview with Fox News. The United States, after all, has a machine that makes dollars, which most families don't.

The falling dollar is already sending a message to investors in American bonds that the coupon no longer has the purchasing power that it once had. And it is reasonable to assume that my old friend Ed Yardeni's "bond vigilantes" will eventually enter the scene with a vengeance and reduce the face value of the bonds themselves.

Thus, the United States will have financed scores of expensive pork projects in communities across the nation, as well as a grand military adventure in Iraq, and its citizens will have enjoyed generous federal disbursements for many happy years, while those who helped finance these luxurious times for America will end up with truckloads of devalued paper.

Indeed, while this thought is probably as naïve as McCain's family analogy, I think one could make a good argument that if the United States can borrow a seemingly endless amount of money from folks like the "red Chinese" at historically low interest rates, and pay them back someday in dollars, which can be made by the U.S. Printing Office at a very low cost, then perhaps it isn't borrowing enough. Instead of buying each citizen a chicken for every pot, maybe it should buy beaucoup pots for everyone as well.

Of course, this gravy train will eventually break down, when the suckers wise up and rising interest rates make it no longer a viable economic proposition. And it is reasonable to assume that when this happens, there could be some very serious, even tragic economic dislocations, possibly involving a terribly costly worldwide recession.

One consequence of this would be that Americans might have to tolerate a lower standard of living for a while. Baby boomers might be forced to delay and modify their retirement plans. And those individuals who failed to “put a little aside” in recognition of the fact that they were living well on borrowed money would be hurt worse than those that were more prudent. This would provide a valuable lesson to young Americans who no longer enjoy the benefits of an educational system that teaches fables such as the grasshopper and the ant, but concentrates instead on instructing them about the best technique for enjoying “safe sex.”

Now I don't mean to be blasé about the hardships that a worldwide recession would cause. But I am not qualified to forecast one anyway, so it really doesn't matter. Indeed, it may well be true, as some people say, that the deficits are not large enough to cause a problem, given the enormous size and strength of the American economy. This would seem to be the message that the bond vigilantes are sending at the present time.

Or, when and if the deficits do get out of hand, it is possible that a combination of a falling dollar and rising interest rates will force Washington to curtail spending in time to avoid a crisis, in which case the system will have worked. Or the Europeans could lower their interest rates, the dollar could firm up in response, continued gains in productivity worldwide could keep inflation under control, and everything would be copasetic for a very long time. What do I know?

As I said earlier, my principal concern about President Bush's spending spree is not essentially economic, but reflects my belief that the growth and power that the federal establishment is assuming as a result of his policies will further destroy the uniqueness of the American experiment, condemning the nation to the kind of socialist quagmire that is slowly strangling European society.

This brings me to a related question that I would like to address briefly. Namely, which nations would be hurt the most should America's deficit spending lead to dramatically higher interest rates, rising inflation, and a worldwide recession? As I say, this may not happen. But it is a question that might be worth considering anyway, just for fun.

Now the obvious answer is that the hardest hit would be those nations where economic troubles have been the most severe. And those that have been enjoying healthy economies would be the least likely to suffer serious long-term damage. Thus, since Japan's economy has been quite shaky for a long time, one would think that it would be hurt badly by a worldwide recession. On the other hand, China's economy is widely regarded as “booming” at the present, so one might assume that it would have considerable leeway on the downside before the situation became dangerous. After all, China makes a lot of stuff that many Americans and citizens of other nations will continue to need, good times or no.

Yet, it seems to me that this analysis lacks something. For example, while Japan's economy is weak, its society is strong. The Japanese people are generally quite happy with their form of government, if not always overjoyed with their individual leaders. They share a collective sense of national purpose and patriotism. Thus, should a recession occur, they could be expected to tighten their belts, work harder, and wait peacefully and patiently for better times. Their savings would be reasonably safe; their governmental programs, including health care, could be expected to function well enough; and their individual sense of security would remain strong.

On the other hand, while the Chinese economy might do “reasonably well” if a recession should occur, one could be forgiven for wondering whether “reasonably well” would be good enough to prevent the Chinese society from being thrown into absolute turmoil by even the slightest economic downturn.

Unlike the Japanese, the Chinese people are not solidly united in a collective sense of national purpose. I don’t know this for a fact, but my guess is that a great majority of Chinese citizens don’t much care for the repressive government under which they live, and therefore have no patriotic attachment to it or to its mission.

Indeed, a substantial portion of Chinese might be expected to react to even a small increase in unemployment by violent displays of public discontent, which could prompt the “Butcher of Beijing” to reenact the public slaughter that earned him his nickname, along with his current position of leadership in the government. The nation’s savings banks, which are already in trouble, could fail; ongoing projects to make much-needed repairs of the infrastructure could grind to a halt, further clouding the employment picture; the government itself could roil with internal squabbling; and foreign investment could dry up.

The European Union is a less obvious example of a “nation” that might be able to perform reasonably well economically during a worldwide recession but which could, nevertheless, suffer severely debilitating social problems in such an environment.

When most observers reflect on the long-term viability of the European Union, they tend to concentrate their analysis on the economic issues. But the fact is that the success or failure of the EU depends much more on the social and cultural aspects of the experiment than it does on economic factors.

Or to put this another way, if the European Union fails it will not be because the economic part of the plan was unwise or unworkable. It will be because the Europeans were unable to form a collective sense of national purpose that would bind them together during difficult times. In fact, the principle nations in the alliance are already squabbling like guinea hens at a chicken hawk convention, and the economic times over there are about as good as they are going to get.

The interesting part of this problem, which seems to get little or no recognition, is that the principle architects of the EU appear to be dedicated to the old socialist myth that national pride is, like religion, an undesirable characteristic that the state should discourage.

Their socialist predecessors tried to replace both religion and nationalism with an emotional feeling of class-consciousness. In fact, during the days immediately preceding World War I many of the early socialists, including Lenin, were so certain that this concept was catching on with the proletariat that they thought another European war could not happen, since German, French, and other European working class men would, out of a feeling of class solidarity, refuse to fight each other, but would instead rise up together to smite their political leaders.

This was, of course, nonsense, as was demonstrated during the famous “August Madness,” when workers all over Europe signed up with great enthusiasm, even joy, to fight their fellow “oppressed” working class neighbors on behalf of national pride.

The current socialist leaders, who run the EU, have quite clearly also decided that religion and patriotism are antithetical to their grand design. But they seem to have no interest in aggressively promoting a substitute for these two most powerful motivating institutions in the history of mankind, apparently believing that they will simply fade away as relics of a difficult former period.

My guess is that this decision to disassociate the government in Brussels from all moral and patriotic attachments will eventually lead to the dissolution of the EU, when the time comes, as it surely will, when strong moral fiber and national solidarity are necessary to get the union through a difficult period.

In support of this argument, I will close with the following thoughts from Alasdair McIntyre’s marvelous book *After Virtue*. They might someday serve as a fitting epitaph for such experiments in socialist and authoritarian nation building as the EU and the current Chinese government.

In any society where government does not express or represent the moral community of the citizens, but is instead a set of institutional arrangements for imposing a bureaucratized unity on a society which lacks genuine moral consensus, the nature of political obligation becomes systematically unclear. Patriotism is or was a virtue founded on attachment primarily to a political and moral community and only secondarily to the government of that community; but it is characteristically exercised in discharging responsibility to and in such government. When however the relationship of government to the moral community is put in question both by the changed nature of government and the lack of moral consensus in the society, it becomes difficult any longer to have any clear, simple and teachable conception of patriotism. Loyalty to my country, to my community – which remains unalterably a central virtue – becomes detached from obedience to the government which happens to rule one.

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