

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

“It is true that liberty is precious – so precious that it must be rationed.”

Vladimir Ilyich Lenin, as quoted by Sidney and Beatrice Webb in *Soviet Communism: A New Civilization?*

SOME THOUGHTS ON “MANAGED DEMOCRACY.” In the final years of the Cold War, it was widely understood that the greatest threat to the dictators in Russia, China, and Eastern Europe was that global transparency and high-tech telecommunications had made it no longer possible for them to keep their citizens from being aware of the personal freedom and material wealth that their free world neighbors were enjoying. In fact, a common observation at the time was that the best way to bring down the Soviet Union would be to fly over and drop millions of Sears catalogues.

I recalled this last week when contemplating what I have decided is one of the most fascinating new developments in political science since 19th century European socialists, communists, and anarchists took advantage of the chaos caused by the French Revolution and the Napoleonic Wars to create what amounted to an entirely new governmental system based on the feverish delusions of men like Rousseau and Marx.

I am referring to on-going efforts by the leaders of Russia and China to formulate a brand new governmental model for their nations; one that attempts to provide sufficient personal freedom and economic growth to keep a majority of their citizens contented in the intensely materialistic world of today, but which still vests absolute power in the police state, relies on intimidation and terror to keep order, and shuns the messiness of honest elections.

Until recently, it was a given among economists and foreign policy experts of all stripes that such a model simply would not work. The fundamental ingredients for economic prosperity in the next century, they maintained, were individual freedom, the rule of law, inviolable property rights, and a free press, all of which, they argued, are anathema to the authoritarian state. As a result, their analyses of the future for both Russia and China seemed always to revolve around not whether the “transition to democracy” would occur but how and when.

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Some thought this transition would be long and bloody, marked by many brutal attempts to return to totalitarian rule followed each time by grass roots revolts and strikes. Others thought that the process would be short and relatively peaceful. But in the wake of the Gorbachev reforms and the opening up of China to Western commerce, almost everyone seemed to agree that both nations would eventually be home to free societies and democratic governments. After all, the reasoning went, one needn't agree with Francis Fukuyama's entire "end of history" thesis to recognize that he was correct when he noted that the forces at work in the modern world are driving even culturally disparate societies toward the capitalist, liberal democratic model.

More recently, however, it has become apparent to anyone paying attention that while most of the old East European nations have successfully made the transformation from communist states to liberal, capitalistic democracies, neither Russia nor China is likely to complete this journey in the foreseeable future. Oddly enough, the best evidence of this is the amusing effort on the part of many foreign policy gurus to cover up the nature of this failure with a mixture of excuses and euphemisms. Some routinely describe the ever-present examples of brutal authoritarianism by both the Russian and Chinese governments as either a "necessary step" in the difficult process to democratize a former communist state, or as insignificant variations on the democratic model.

For example, in the most recent issue of *The National Interest*, Executive Editor Nikolas K. Gvosdev, who is also a Senior Fellow for Strategic Studies at The Nixon Center, kicks around such ridiculous phrases in an article about Russia entitled "The Sources of Russian Conduct," as "state directed capitalism," "no-go zones between business and politics," "tinkering with electoral procedures," and "reining in oligarch-controlled media outlets." He argues that these "modifications" do not represent "regression from an idyllic liberal democracy" but "consolidation of the managed pluralistic system."

Now these are all very nice euphemisms, but they can't mask the fact that the form of government that is developing within Russia, called "managed pluralism" by Gvosdev and "managed democracy" by President Putin, is a far cry from what Fukuyama called "capitalist liberal democracy." For starters, "tinkering" with elections is hardly a "modification" of the democratic model, especially if this tinkering is evidence, as I believe it is, that Russia's leaders have no intention of ever subjecting their rule to the whims of the canaille via honest elections.

I think it would be much more accurate to describe this "tinkering," along with the other "modifications in idyllic liberal democracy" described by Gvosdev, as essential elements in a new hybrid form of government, which both Russian and Chinese leaders hope will combine the economic glories of capitalism with the material and sensual comforts, unquestioned power, job security, and wealth that well run dictatorships normally provide to their leadership elite.

Of course, this new government model is still in the formative stages. But certain key elements are beginning to become obvious. For example, in both Russia and China there is considerable personal freedom for individuals who refrain from criticizing the absolute authority of the central government. There are also ample rewards available for successful entrepreneurship, as long as these entrepreneurs do not, as Gvosdev put it, enter the "no-go zone" between business and politics. Private property rights are also "guaranteed," although this particular "right" is, as Gvosdev explains, "balanced by the duty of the business community to work with the state to promote the common good," where "common good" is defined by the state.

And finally, as is demonstrated daily in both Russia and China, these new social and economic “freedoms” come not as “self-evident” rights, scribed as such in legal documents, but as “carrots” from a government that is quick to wield the “stick” of autocratic declarations, as well as outright terror and intimidation, if the carrot is not properly appreciated.

Some observers might argue that there is nothing new here, that the words “fascist” or “totalitarian” will suffice to describe these governments. But this ignores the genuine attempt on the part of the leaders of both Russia and China to welcome foreign companies into their countries as a means of providing jobs, capital, and an increase in the material well being of their citizens, and to encourage their own citizens to invest aggressively in new business enterprises, accumulate savings, and enjoy the fruits of their labor via travel and shopping. Fascist governments made no pretense of honoring any form of individual freedom or rights, while totalitarian ones, as the word implies, seek to control all aspects of the lives of their citizens.

This is not to say, of course, that the Russian and Chinese governments do not have substantial totalitarian characteristics, both practically and philosophically. The recent election in Russia, for example, was influenced by much more than “tinkering.” By any measure, it was an outright fraud, controlled from the beginning by the state run media, marked by intimidation of opposition candidates, and overseen by the gang of former KGB thugs that surround Putin, many of whom proudly refer to themselves as *chekists*, a reference to one of the most ruthless and murderous terror organizations in the annals of human history (see article in the October 6, 2003 issue of this newsletter entitled “Putin’s World.”).

In addition, of course, the Putin government has over the past year or so demonstrated, via the imprisonment of several of the nation’s most prominent businessmen and attacks on media tycoon Vladimir Gusinsky, which forced him out of the country, that members of the business community, both domestic and foreign, could find it exceedingly dangerous to venture into the “no-go zone” between business and politics.

The Chinese leadership seems to make a greater effort than Putin to appear open to reforms, but as a practical matter, they are even less tolerant than the Russians of political opposition, and every bit as capable of striking acts of brutality. Recently, they extended a crackdown on organized religion, tightened controls on newspapers and magazines, launched a hard-line propaganda campaign against democracy advocates in Hong Kong, and sharply increased censorship of news and debate on the Internet. Finally, it is worth noting that the Chinese would not even consider elections, even the Russian kind where the outcome is predetermined.

It is also worth noting that all the while these and many even more repressive acts are taking place in both countries, their leaders speak glowingly of their dedication to the process of reform, their abhorrence of corruption, and their respect for human rights, the rule of law, democracy, and free markets. One is reminded of the following observation made by Hanna Arendt in her classic study, *The Origins of Totalitarianism*.

Propaganda, in other words, is one, and possibly the most important, instrument of totalitarianism for dealing with the non-totalitarian world; terrorism, on the contrary, is the very essence of its form of government.

Only time will tell, but in closing I would note that I have long had strong doubts about whether capitalism can thrive for very long under a government with deeply embedded totalitarian characteristics. There are a variety of reasons for my skepticism on this point, but the most compelling is my belief that a nation ruled by a government that outlaws free speech, a free press, and competing political parties becomes, in the end, a veritable petri dish for corruption, which is highly inefficient and destructive of capital.

In the meantime, while we wait to see whether I am correct, we can contemplate the following crucial questions. Are the leaders and fabricators of this experimental new hybrid form of government nothing more than smoother, more urbane members of a long line of murderous thugs, who trace their origin to that fateful 3rd day of April 1917 when Lenin, one of the most vicious of their ideological predecessors, arrived at Finland Station to launch the Russian revolution? Or are they the first in a new, modern day species of autocrats, who have discovered the long sought, highly elusive holy grail of socialism, namely how to produce the sweet rewards of democracy and free market capitalism while keeping the “invisible hand” tied in red tape and bathed in blood?

THE DEMOCRATS’ CONTINUING SLIDE INTO MADNESS. President Bush has come under severe attack by his political enemies over the last several months, and over the past couple of weeks in particular. And while his opponents, notably presumptive Democratic nominee John Kerry, would, rather dishonestly, suggest that the most important “issue” in the current campaign is the economy, it is clear that the primary objective of the offensive is, in fact, to diminish the President’s leadership in the war on terror and the battle in that war that took a detour through Baghdad. The lionization of Richard Clarke and the increasingly partisan tenor of the 9/11 Commission are part and parcel of this effort to secure political advantage by discrediting the President’s performance both before and since the attacks of September 11.

Many of the president’s supporters and allies have, in turn, complained that this effort to undermine a wartime Commander-in-chief is not only dangerous, but unprecedented as well. Politics, they argue, has rightly always ended at the water’s edge. And while they may be correct in sentiment, they are wrong in fact. President Bush is hardly the first Commander-in-chief to have his credibility undercut by political opponents charging dereliction of duty. As columnist/historian Richard Brookheiser noted last week:

For years after Pearl Harbor, the right asked (and answered its own question): Had F.D.R. dropped the ball? Charles Beard, the liberal historian turned isolationist, made it an article of faith. Thomas Dewey accused Roosevelt of unpreparedness in 1944 when Dewey was the last Republican Presidential candidate to run against him. The sober form of the Republican case was that the American military was not up to snuff in December 1941, even though the Second World War had been going on for over two years. The harsher form was that the United States had intelligence of Japan’s intentions on the eve of Pearl Harbor and hadn’t acted on it. The paranoid form was that the White House had deliberately not acted on intelligence, knowing that a successful surprise attack would bring America into the war. (The Republican case against Roosevelt, then, was both bellicose and pacific: He ought to have done more, and he wanted to do too much.)

But while the criticism of President Bush is certainly not unprecedented in nature, it may well be in degree. The Republicans who attacked FDR were grasping at straws because they had been locked out of the White House for better than a decade and wanted back in. The Democrats who attack President Bush today are similarly grasping at straws, but for more desperate reasons. Indeed, given the levels of anger, hostility, and downright rage that Bush inspires in Democrats, it is hardly a stretch to suggest that if they don't manage to unseat him in November, the resultant destructive mania could reduce the party to permanent minority status.

And it is not just the American Democratic Party that is facing such an unpromising future. Though the political left would have us believe that the results of the Spanish election portend a rebirth of socialism, the truth is a little more complex. Yes, the parties of the left may be resurgent electorally, but their ideology is increasingly corrupted, in large part by their reaction to the great social disruption engendered by President Bush's War on Terror – or, in other words, by fear, by irrationality, by knee-jerk reactionism, and most visibly by anti-Semitism. I am generally loathe to make this comparison, in large part because I tire so quickly of the fact that the same comparison is made habitually and unthinkingly by the left about the right, but the left in Europe is beginning in many ways to resemble the fascists of the last century. And their American counterparts are only marginally late to the same game.

As Mark and I noted several years ago, the “Third Way” economics hailed by the modern left, which aspires to creating a middle road between capitalism and socialism, is a fascist creation, both in substance and in name. Recently, the founder and chief architect of this contemporary Third Way movement, London School of Economics Director Anthony Giddens, who is a mentor to Tony Blair and, to a lesser extent Bill Clinton, further muddied the waters with regard to his ideological preferences by couching his criticism of President Bush in terms of the dreaded “neoconservatives.” who are directing the Bush foreign policy and thereby running the world. According to Jim Geraghty, a reporter with States News Service in Washington and commentator on London's ITN News, Giddens attended a reception at 10 Downing Street in February, where he “spoke about the need for social democrats to defeat neoconservatism, and declared, ‘We need to get George Bush out of the White House.’”

On the continent, the dramatically increased incidence of anti-Semitism since September 11 and the start of the War on Terror has been well documented. In France, for example, the number of anti-Semitic attacks increased more than six-fold from 2001 to 2002. According to the *London Telegraph*: there were “193 violent attacks on synagogues, Jewish schools, kosher shops, cemeteries and rabbis in France in 2002 - up from 32 in 2001.”

Needless to say, the assassination of Ahmed Yassin by the IDF, has done nothing to quell this escalating anti-Semitic sentiment within the Eurozone, prompting more official denunciations of the aggressive and hostile “Zionist’ entity. And to make matters worse, EU leaders have decided that the best way to deal with this problem is to lie about it.

A recently released study on the rise in anti-Semitic incidents by the EU's “racism and xenophobia monitoring centre” concludes in its summary, which was fed to media outlets, that “the wave of anti-Jewish persecution over the last two years stemmed from neo-Nazi or other racist groups.” Specifically, the summary notes, “The largest group of the perpetrators of anti-Semitic activities appears to be young, disaffected white Europeans.”

According to *The Telegraph*, though, the actual conclusions of the full report and of the report's authors are much different than those contained in the EU's summary and headline. The *Telegraph* reports:

The headline findings contradict the body of the report. This says most of the . . . attacks . . . were "ascribed to youth from neighbourhoods sensitive to the Israeli-Palestinian conflict, principally of North African descent.

"The percentage attributable to the extreme Right was only nine per cent in 2002," it said.

The report on Belgium said most of the fire-bomb and machine-gun attacks on Jewish targets were the result of a spillover from the Palestinian intifada.

More disturbingly, the EU's summary also glosses over the rise of the anti-Semitic left. According to the report's primary author, Victor Weitzel, the political left is currently a far more likely source of anti-Semitism than the traditional far right groups. Again, in the words of *The Telegraph*:

Mr Weitzel's 48-page section - compiled with a Polish academic, Magdalena Sroda - is the fruit of months of interviews with Jewish leaders across Europe. While far-Right and traditional "Christian" forms of anti-Semitism still exist, the report homes in on a new form of "anti-Zionist Left" prejudice.

This demonises Israel and subtly leaks into prejudice against all Jews. The study describes Belgium as a country where anti-Semitism has become almost fashionable among the Left-leaning intelligentsia.

Back home, the left is less homogenous in composition and therefore less homogenous in its espousal of radical responses to the disruptions created by the War on Terror. Nevertheless, the extreme and, in often, irrational hostility to President Bush has permitted anti-Semitic elements to become more and more mainstream, even within the Democratic establishment.

Longtime activist and Democratic supporter actor Tim Robbins, for example, has written a play that recently opened off Broadway and which is intended to "zing" President Bush. Instead, "Embedded" actually takes Robbins into the fever-swamps of radical anti-Semitism that are the new home of much of the anti-Bush crowd.

On its merits, "Embedded" is borderline anti-Semitic, blaming as it does the entire war effort on that modern Jewish "fiend," philosopher Leo Strauss. *The Wall Street Journal's* drama critic, Terry Teachout, recently summarized Robbins' interpretation of the nefarious Strauss thusly:

For those who know more about "Mamma Mia" than Machiavelli, Strauss was a political philosopher whose students and admirers include a number of Bush administration officials, most notably Deputy Defense Secretary Paul Wolfowitz. Strauss' complex political views are not easily reduced to speeches in a play, but Mr.

Robbins has done his best by making one of his characters, a fellow named Pearly White and thus presumably modeled on Richard Perle (that being Mr. Robbins' idea of cutting wit), spout the following lines: "Moral virtue has no application to the really intelligent man, the philosopher. In the words of Leo Strauss: 'Moral virtue only exists in popular opinion where it serves the purpose of controlling the unintelligent majority.'" Hence the Strauss-inspired Gulf War, which Mr. Robbins believes was fought not to topple a bloodthirsty monster but to anesthetize the ignorant masses and thereby ensure the re-election of George W. Bush and all those other nasty Republicans.

As if this weren't bad enough, Teachout continues by noting that Robbins' "colorful" interpretation is, in fact, built on lie, a lie that takes the actor-activist into the very heart of American left-wing anti-Semitism. Teachout recounts how he questioned whether Robbins' quote from Strauss was actually Straussian and decided to do a little checking. What he found would be disturbing if it hadn't been so utterly predictable. To wit:

The source of Mr. Robbins' alleged Strauss "quote," I discovered, was an article called "The Secret Kingdom of Leo Strauss." The author, Tony Papert, turned out to be paraphrasing in his own words the opinions of Thomas Pangle, a *student* of Strauss, which Mr. Papert had gleaned at second hand from a book by a third party, a Strauss-hating Canadian academic named Shadia Drury. "Pangle had implied," Mr. Papert wrote, "that for Socrates (i.e., for Strauss), moral virtue had no application to the really intelligent man, the philosopher. Moral virtue only existed in popular opinion, where it served the purpose of controlling the unintelligent majority."

Oh, yes, one more thing: Tony Papert's article originally appeared in the April 18, 2003, issue of *Executive Intelligence Review*, a magazine published by none other than Lyndon H. LaRouche, Jr., that well-known crackpot and purveyor of anti-Semitic conspiracy theories.

Let's review: (1) Leo Strauss never said what Tim Robbins quoted him as having said; (2) Thomas Pangle didn't say it, either; (3) Tony Papert, a LaRouchie, said it; and (4) Mr. Robbins lifted Mr. Papert's quote from a LaRouchie magazine and dropped it into his play, deliberately passing it off as an authentic Straussian utterance.

Not fair to attribute to the Democratic Party the madness of one of its supporters, no matter how visible, you say? Fair enough. Then how about Ted Kennedy, the man who is about as close to the embodiment of the party as is possible to get; the brother of one of the party's most revered 20th century leaders; a Senator of thirty-plus years; a former presidential candidate; and a friend, confidant, and mentor to his fellow Bay Stater, presumptive Presidential nominee John Kerry? Kennedy has, of course, been a rather vocal and visible critic of the Bush administration's war plans for a long time; but recently, that criticism has taken on a new form.

Over the past few months, Kennedy has, apparently, become a big fan of a woman named Karen Kwiatkowski, whose criticism of the administration he has quoted more than once, most notably in his much-discussed address to the Council on Foreign Relations on March 5. Kwiatkowski, as Kennedy noted, is a retired career intelligence officer for the Air Force who has been highly critical of the Bush administration's motives and justifications for the Iraq war and whose

exposes on the administration have been called “The New Pentagon Papers,” by Salon.com, the archetypal center-left “Webzine.” But Kwiatkowski is also a frequent contributor to lewrockwell.com, a radically anti-war libertarian web site; she has been linked by some critics to Lyndon LaRouche, though she denies such a connection; and she has written, among other things that the Bush foreign policy is controlled by “neoconservative warmongers,” that the Pentagon is seeking to construct a “greater Zion” in the Middle East, and that a “Zionist political cult that has lassoed the [Pentagon’s] E-Ring.”

And lest you think Kennedy is an exception among “mainstream” Democrats in picking such impeccable sources, he is not. Last October, West Virginia Senator Jay Rockefeller, the ranking member on the Senate Intelligence Committee sent a letter to Undersecretary of Defense Douglas Feith, suggesting, in essence, that Feith had been part of a Zionist conspiracy that duped the Senator into supporting the liberation of Iraq.

According to the *New York Sun*, in the section of his letter titled “Coordination with the Israeli Government,” Rockefeller asked Feith, “Have you or anyone in OSD received, in writing or orally, any terrorist-related assessments or intelligence from Prime Minister Sharon’s office or other elements of the Israeli government?” The question, the *Sun* reports, was preceded by a citation from an article appearing in the July 7 issue of *The Nation* magazine, which “indicated that elements of your [Feith’s] staff have been coordinating their terrorism assessments with a ‘rump unit established last year in the office of Prime Minister Ariel Sharon of Israel.’”

Now, as OpinionJournal.com’s James Taranto noted, *The Nation* “is a far-left magazine that is often virulently hostile to the Jewish state.” Moreover, the author of the piece in *The Nation* is a longtime conspiracy theorist who, among other things, once wrote a conspiracy-laden book about the Iranian Revolution that was reportedly commissioned by . . . wait for it . . . Lyndon LaRouche.

If you’re beginning to sense a pattern here, you’re not alone. No, not everyone affiliated with the Democratic Party is also affiliated with the virulently anti-Semitic LaRouche. But enough erstwhile mainstream Democrats are connected closely enough with such radical and irresponsible elements as LaRouche, that one can be forgiven for wondering what is happening to the Party. Indeed, if one takes this bizarre anti-Semitic reactionism and combines it with the Democrats’ recently renewed affinity for protectionism, then the Party would appear to be the perfect home for former GOPer Pat Buchanan.

Does this mean the Democratic Party is on the verge of morphing into a full-blown neo-fascist movement? Of course not. But clearly the party, like its leftist cousins in Europe, is going to have to get a handle on its irrational hatred of George W. Bush or run the risk of ceasing to exist in its current form.

Already, the vaunted Roosevelt Coalition that comprised the party for the better part of a decade has begun to crack under the weight of the flirtation with the forces of political absurdity. Evidence continues to mount, for example, that Jewish voters, long the most dedicated of Democratic constituents, are fleeing to the GOP. And given some of the sentiments espoused by party stalwarts, it’s not hard to see why.

President Bush has driven the collective Democratic establishment to the precipice of madness, and he has not even served one full term. If, as we expect, he wins in November, then the political left will have four more years to stew in its resentment. This may well be too much for the leftists of Europe. Whether the American left can handle it remains to be seen. Put me down as skeptical.

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