

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

Death be not proud, though some have called thee
Mighty and dreadful, for thou art not so,
For those whom thou think'st thou dost overthrow,
Die not, poor death, nor yet canst thou kill me.
From rest and sleep, which but thy pictures be,
Much pleasure, then from thee, much more must flow,
And soonest our best men with thee do go,
Rest of their bones, and soul's delivery.
Thou art slave to Fate, Chance, kings, and desperate men,
And dost with poison, war, and sickness dwell,
And poppy, or charms can make us sleep as well,
And better than thy stroke; why swell'st thou then?
One short sleep past, we wake eternally,
And death shall be no more; death, thou shalt die.

--John Donne (1572 - 1631)

HOW RONALD REAGAN WON THE COLD WAR. Like many Americans, I have spent a great deal of time during the past two days reading and watching a series of wonderful tributes to President Reagan, as well as enjoying many heartwarming anecdotes from his former friends and colleagues about him as a person and as a president.

One of the things that has surprised me while doing this has been the generally respectful, even complimentary manner that the liberal media has dealt with him and his legacy. While CNN, the *Washington Post* and the three major networks have not been as effusive in their praise of his accomplishments and character as the conservative news outlets, they have been uniformly free from the kind of snide and underhanded comments and observations that these outlets routinely threw President Reagan's way during his two presidential terms. The *New York Times* was an exception, of course, but this was to be expected given its increasingly narrow audience.

Some of this relatively kind treatment reflects simple courtesy and good business sense. But I suspect that it also indicates a sincere change in attitude toward President Reagan among some of

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his old critics in the liberal community, and this is not only heartwarming to those of us who revere both the man and the president, but good news for the nation, because it means that Reagan's legacy of hope and his strong belief in the uniqueness of America's place in the world has grown stronger since he left the White House and is likely to grow stronger still in the future

Having said that, I must now offer the critical observation that a surprising number of individuals, particularly among President Reagan's newly found sympathizers on the left, still seem to be quite ignorant of the breadth of Reagan's intellect, as well as his deep personal involvement in the events for which they now give him some credit.

Inevitably, each one seems to end up attributing Reagan's successes to his having had several "core beliefs" and to his great communications skills. But they seem blissfully unaware of the fact that these "core beliefs" were not serendipitously relevant to the times, but were the direct result of a remarkable understanding of the nature of the economic, geopolitical, and social problems that the nation was facing, and that it wasn't Reagan's communication skills that account for his success in selling his programs as much as it was the clarity and innate wisdom of the plans he was selling. Moreover, few seem to realize how deeply he was involved in establishing, fine-tuning, and marketing the policies that made his presidency so successful.

Space does not permit me to provide an in depth defense of this assertion, but I would refer readers to the recently released CD ROMs containing 2,800 pages of Ronald Reagan's presidential papers, which include scores of instances in which the President himself added hand written notes and observations along the margins of draft speeches, national security memorandums, proposed correspondences to world leaders, and policy papers on a wide range of matters, all of which indicate his great strategic vision and his knowledge of the details of the programs that "changed the world we live in."

I would also call attention to some oft-overlooked details concerning Reagan's involvement in winning the Cold War. Time and again during the past two days, commentators have rightly credited the Cold War victory to Reagan. They correctly note that he was the first to recognize that the Communist system in Russia was failing and to say so publicly. To put this in perspective, in 1981 when Reagan told Notre Dame graduates that the West should dismiss Communism "as some bizarre chapter in human history whose last pages are even now being written," Strobe Talbott, a foreign policy dilettante and later a pooh bah in the Clinton State Department, wrote in *Time Magazine* that he personally agreed with "other administration officials, especially professional diplomats and intelligence analysts with long experience in Soviet affairs [who] . . . expressed confidence that the Soviets recognized such theorizing for what it was: idiosyncratic, extremist, and very much confined to the fringes of government."

This was also when the left-wing economic guru, John Galbraith, was saying the following: "That the Soviet system has made great material progress in recent years . . . is evident both from the statistics and from the general urban scene . . . One sees it in the appearance of solid well-being of the people on the streets . . . Partly the Russian system succeeds because, in contrast with the Western industrial economies, it makes full use of its manpower."

But none of the observers during the past two days, to my knowledge at least, seem to fully understand that not only did President Reagan recognize this fundamental truth, which was then

invisible to most of America's Russian "experts," but he actively and aggressively helped bring about his own prophecy via a scheme that was far more elaborate, extensive and aggressive than simply calling for Gorbachev to "tear down this wall," and building up America's military.

I provided some details of this plan in the second article I wrote after founding The Political Forum in early April 2002. The following are some paragraphs from that piece, offered here as a tribute to Ronald Reagan's genius. It is worth noting that a friend of mine was involved in the process of developing this strategy, which ultimately resulted in The Wall being torn down. He remembers that not only was President Reagan intimately involved in the details, but he also was the driving force behind this great and glorious project.

The blueprint for the program can be found in three "secret," but now declassified National Security Decision Directives (NSDDs). Among other things, these directives set in motion an extensive program of support for the Solidarity movement in Poland and the resistance movement in Afghanistan; a strike at the heart of the Soviet economy by limiting Western purchases of natural gas from the Soviets and, with Saudi Arabian help, a reduction in the price of crude oil, the USSR's largest export commodity; limitations on Soviet access to Western high-tech goods, including gas and oil exploration technology; and an intense U.S. military buildup that severely strained Soviet defense resources.

The first of these NSDDs, Number 32, was signed in March 1982. It declared that among America's top "global objectives" during President Reagan's administration would be the following:

✍ "To contain and reverse the expansion of Soviet control and military presence throughout the world . . ."

✍ "To foster restraint . . . in Soviet military spending . . . by forcing the USSR to bear the brunt of its economic shortcomings, and to encourage long-term liberalization and nationalist tendencies within the Soviet Union and allied countries."

This NSDD was followed by another, Number 66, in November of that year. It discussed how America's allies had been brought into the effort by agreeing to a number of coordinated responses. These included:

✍ An agreement not to "commit to any incremental deliveries of Soviet gas beyond the amounts contracted for from the first strand of the Siberian pipeline . . ."

✍ "A quick agreement that allied security interests require controls on [the sale to the USSR of] advanced technology and equipment . . . including equipment in the oil and gas sector . . ."

✍ An agreement "substantially raising interests rates to the USSR to achieve further restraints on officially-backed credits such as higher down payments, shortened maturities and an established framework to monitor this process . . ."

And finally, in January 1983, came *the big one*, NSDD Number 75, which, I believe provided the blueprint for the eventual fall of the U.S.S.R. The following are a few excerpts from this comprehensive and fascinating outline of “U.S. policy toward the Soviet Union.”

✍ “The U.S. must convey clearly to Moscow that unacceptable behavior will incur costs that would outweigh any gains.”

✍ The U.S. must “promote . . . the process of change in the Soviet Union toward a more pluralistic political and economic system in which the power of the privileged ruling elite is gradually reduced. The U.S. recognizes that Soviet aggressiveness has deep roots in the internal system, and that relations with the USSR should therefore take into account whether or not they help to strengthen this system and its capacity to engage in aggression.”

✍ “U.S. policy on economic relations with the USSR must serve strategic and foreign policy goals as well as economic interests. In this context, U.S. objectives are:

- Above all to ensure that East-West economic relations do not facilitate the Soviet military buildup . . .

- To avoid subsidizing the Soviet economy or unduly easing the burden of Soviet resource allocation decisions, so as not to dilute pressures for structural change in the Soviet system.

- To seek to minimize the potential for Soviet exercise of reverse leverage on Western Countries based on trade, energy, supply, and financial relationships.”

✍ “U.S. policy must have an ideological thrust which clearly affirms the superiority of U.S. and Western values of individual dignity and freedom, a free press, free trade unions, free enterprise, and political democracy over the repressive features of Soviet Communism . . . The U.S. should expose at all available fora the double standards employed by the Soviet Union in dealing with difficulties within its own domain and the outside (“capitalist”) world (e.g., treatment of labor, policies toward ethnic minorities, use of chemical weapons, etc.) . . .”

✍ “The U.S. should insist that Moscow address the full range of U.S. concerns about Soviet internal behavior and human rights violations, and should continue to resist Soviet efforts to return to a U.S.-Soviet agenda focused primarily on arms control. U.S.-Soviet diplomatic contacts on regional issues can serve U.S. interests if they are used to keep pressure on Moscow for responsible behavior. Such contacts can also be useful in driving home to Moscow that the costs of irresponsibility are high”

And finally,

“While allied support of U.S. overall strategy is essential, the U.S. may on occasion be forced to act to protect vital interests without Allied support and even in the face of allied opposition.”

RONALD REAGAN: A LEGACY OF HOPE. Watching the political-chatter post-mortem for President Reagan on Saturday night, I witnessed something amazingly dumb, something so dumb in fact, that it caused me to change the course and tenor of the article I was writing at the time. It was this.

In his discussion of the likely political ramifications of President Reagan's death, CNN political analyst Bill Schneider actually suggested that Reagan's passing presents a serious challenge for Republicans, who may be tempted to exploit it for partisan gain, which, in turn, would create a severe backlash against the party, similar in nature and effect to that which followed the Democratic "pep rally" that was the funeral of Senator Paul Wellstone in 2002.

Now, given what Mark and I do for a living, I can empathize with Schneider's instinct to try to explain the immediate political significance of a major event such as the death of a great president. But in his stretch to make this tragedy relevant to the campaign, Schneider grossly misinterpreted the situation, deeply underestimated the importance of the late 40th President, made obvious his and the political class' contempt for the current president, and showed himself to be a partisan fool.

Indeed, if there is any political warning to be found in the passing of President Reagan, it is not to his Republican heirs, but to those like Schneider, the rest of the press corps, and the vast majority of Democratic office holders, who have yet to come to grips with the appeal of Reagan and with the temperament that is most conducive to political success in this nation.

I don't mean to pick on Schneider, who is just your average run-of-the-mill center-left journalist trying to justify his expectation that George W. Bush will lose this November. But drawing a comparison between the Wellstone funeral and anything that might happen in the aftermath of President Reagan's death is simply absurd.

First, there are the following obvious discrepancies: Wellstone was a little-known Senator who was not merely politically active, but was in the midst of a re-election campaign. Reagan, on the other hand, is quite possibly the best-known American in the world; is arguably the most famous Republican since Lincoln; is beloved and respected by millions of Americans and others worldwide; and has been out of politics for 16 years, and out of the public eye for a decade.

No offense to the late Senator Wellstone, but there is simply no comparison between him and Reagan in terms of their meaning to America, and so there is likely going to be no comparison between the two in terms of the nation's reaction to their respective deaths. Taking place as it did in the midst of a battle for control of the Senate, Wellstone's death was seen by most people as a strictly political news story. Reagan's death, in contrast, transcends politics and will likely be viewed by most as an apolitical *American* news story.

Second, whether Schneider recalls it or not, what was most offensive about the Wellstone incident was not that his heirs (both familial and political) invoked his name, his values, and his legacy in their quest to retain his seat. That was hardly unprecedented, and it was certainly neither unexpected nor terribly distasteful. What was so appallingly unseemly about that invocation was that it took place at the Senator's public memorial service, hardly the place for such otherwise innocuous politicking.

The same thing will clearly not take place this week at President Reagan's memorial services. His will be a state funeral, with all of the decorum that implies. And I dare say that anyone who would even think about using such a somber occasion to blatantly score political points would not only be alone in doing so, but would be immediately demonized for his or her unforgivable breach of etiquette. If Bill Schneider is worried that Republicans will start whooping and hollering on Thursday the way Minnesota Democrats did at Wellstone's service, I feel pretty confident in putting his mind at ease. It's not gonna' happen, Bill.

Now, as for Schneider's belief that somehow President Reagan's death holds a cautionary tale for Republicans, I don't think it would be possible for someone who bills himself as a "political analyst" to more completely "misanalyze" any political figure's legacy. If there is anything to be learned from Reagan it is that the modern Democratic Party's entire demeanor contrasts sharply with those characteristics that Americans admire and love most in their politicians.

Yes, Reagan will be remembered as the father of modern American conservatism, as the "Great Communicator," as a tax cutter, as the enemy of big government, and as the most unrelenting and ultimately successful of all Cold Warriors. But his true legacy, in my opinion and, judging by the commentary Saturday night, that of many of his friends and adversaries, is his relentless and unswerving optimism and faith in this great nation. As even Democratic Presidential hopeful John Kerry noted over the weekend: "Ronald Reagan's love of country was infectious . . . Today in the face of new challenges, his example reminds us that we must move forward with optimism and resolve. He was our oldest president, but he made America young again."

So if there is any relevant political warning to be found in President Reagan's death it is that Americans like – nay love – optimists, particularly when things look their bleakest. It is easy now to forget just how screwed up everything was before Reagan, along with Margaret Thatcher and Pope John Paul II, burst onto the global stage to bring hope back into the world. Almost through the sheer optimism of his personality alone, Reagan changed the nation and helped change the world. By the time the Reagan Presidency was half over, the "malaise" of the 1970s was long forgotten, and it was truly "morning in America again."

Today, of course, the world is a pretty nasty place once again, perhaps not as nasty as in 1979, but nasty enough. And at the risk of oversimplifying the upcoming election, given the nastiness of the world, it is a virtual certainty that the candidate who does the best job of reassuring Americans that everything will be alright will also be the candidate who wins on November 2.

Personally, I think the comparisons of President Bush to President Reagan are, at times, a little strained. But there is little question that this President Bush shares his predecessor's faith in the nation and his belief that things will work out in the end. And this is what, more than anything else, distinguishes him most from his opponent. Kerry, for his part is, doing a rather impressive job of overcoming his generally dour personality to feign optimism, but he carries much personal and partisan baggage in this effort to sound a hopeful note.

Lord knows, Mark and I have written more than our share of articles over the last eighteen months or so trying to explain what makes the current constitution of the Democratic Party so unappealing. And while we've come up with some pretty decent explanations and will,

undoubtedly, feel compelled to come up with others, I think it is safe to say that the fundamental problem with the Democratic Party is that it is, at its heart, deeply pessimistic.

If Reagan was the epitome of hope and faith in America, then the average post-Vietnam Democrat is precisely the opposite. Indeed, the “blame America first” label so often attached to the party over the last thirty years is a direct reflection of Democrats’ palpable pessimism about the future of the nation and their steadfast denial of the American exceptionalism that Reagan both personified and expressed so eloquently.

All of this is not to say that to be a good American or a successful politician one need buy into the Reagan ideology one hundred percent, or similarly to accept George W. Bush’s optimistic expectations for American influence in such troubled places as the Middle East. But it is, I think, telling that the singular truly successful national-level Democratic politician in the post-Vietnam era was the one who eschewed his party’s negativity and opted for a more hopeful vision of the future. And while one might reasonably argue that “The Man from Hope” was not so enamored with America as he was with himself, there is no question that Bill Clinton believed that every day could be better than the one before. Fleetwood Mac’s “Don’t Stop Thinking About Tomorrow” was indeed a fitting theme song for Clinton’s ’92 campaign.

But in this way, as in so many others, Clinton was the exceptional Democrat. Ironically enough, I think John Kerry may understand that Clinton had it right and that the vast majority of his party has it wrong. As I noted above, Kerry appears, at least for now, to be trying his best to sound optimistic. Unfortunately for him, I suspect his conversion comes too late, and that too many American voters will see that there is, indeed, an inverse relationship between the Democrats’ fortunes and those of the nation. As the economy improves, Democrats grow glum; and as Iraq gets bloodier, Democrats’ grow more hopeful.

So while Bill Schneider is apparently worried that Republicans are too stupid and too tactless to keep from turning President Reagan’s death into a sophomoric pep rally, his concern should be for the Democrats. For while Reagan reminded us all of what is good about this country, the Democratic Party as a whole insists on reminding us of what is bad. And though there is unarguably some value in such self-reflection, American voters rarely reward those who reflect too loudly and vigorously.

From the staff of the Political Forum and their families: May God Bless You, Ronald Reagan. The world and all that dwell therein owe you a great debt of gratitude.