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THEY SAID IT

And so he steeled his heart-ah, well-a-day-
Aiding a war for one false woman's sake,
His child to slay,
And with her spilt blood make
An offering, to speed the ships upon their way!

Lusting for war, the bloody arbiters
Closed heart and ears, and would nor hear nor heed
The girl-voice plead,
Pity me, Father! nor her prayers,
Nor tender, virgin years.
So, when the chant of sacrifice was done,
Her father bade the youthful priestly train
Raise her, like some poor kid, above the altar-stone,
From where amid her robes she lay
Sunk all in swoon away-
Bade them, as with the bit that mutely tames the steed,
Her fair lips' speech refrain,
Lest she should speak a curse on Atreus' home and seed,

Aeschylus, *The Oresteia, Agamemnon*, 458 B.C.

THE GREATEST SHOW ON EARTH.

The global circus has so many “center rings” today that it is truly beyond the capability of a mere mortal to appreciate all of the spectacular performances that are taking place at once.

In one circle, the angry, aging, drunk, and sick Russian bear is roaring, straining at its chain. In another the Chinese dragon is breathing fire, preening, gloating over its wealth, while warily eyeing a cancerous growth on its backside. In another ring, Uncle Sam sits on a raised dais labeled “Sole Remaining Super Power,” surrounded by all the trappings of pomp, authoritatively issuing an endless stream of orders, decrees, rulings, proclamations, military instructions, blessings, and admonitions, while tens of thousands of fools dance around him, paying no attention to what he says, laughing and fighting among themselves like children.

In still another, Mahmoud Ahmadinejad labors in his laboratory, like Mary Shelley's Dr. Frankenstein, building a monster. The ghost of Oppenheimer whispers in one ear, “when you see something that is technically sweet, you go ahead and do it,” while the ghost of Muhammad whispers in the other, “the Jews will hide behind the rock and tree, and the rock and tree will say: oh servant of Allah, oh Muslim this is a Jew behind me, come and kill him!”

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In other rings, an Israeli General stands in a circle of fire that is growing increasingly smaller, his expression is unafraid but intense, his index finger is pressed against a small button on the table before him. In another, starving Africans mill around, surrounded by cans of food that they are unable to open. In still another, fanatical Muslims stand in a great circle madly shooting their Kalashnikovs rifles at an incorporeal figure labeled “Modernity” in the middle of the ring, slaughtering only each other.

In the sawdust, under a tent so big that no one can see from one end to the other, no matter how high in the bleachers he or she sits, scores of such rings offer an endless variety of entertainment. Resembling the Olympic symbol, all the rings are connected, and the performers occasionally move from one to the other. Above it all is a giant, blinking neon sign proclaiming “The Greatest Show On Earth. Continuous performance. No Intermissions.”

How does one take in such a show, absorb it, make sense of it? A lot depends on what particular viewing pleasure one wishes to gain at any given time. As with Breugel’s “Children’s Games” or “The Dutch Proverbs,” each scene can be inspected separately. Or, one can sometimes gain a greater appreciation of the production by standing back and viewing it in its entirety, as with Seurat’s “Bridge at Courbevoie.”

One thing to keep in mind while watching this great circus is that it never features a new act. Every one is a repeat, having been performed over and over, many thousands of times since *homo erectus* got caught up in the Saharan pump and migrated out of Africa into Europe some two million years ago. New variations and combinations are introduced on a daily basis, along with new costumes and different actors. Sometimes the size of the rings and the scope of the activity will increase or decrease. But the acts themselves are always the same, eternal.

Some 3,200 years ago, the Greeks waged war against the Trojans over a woman, over honor, and simply because it is in the nature of men to go to war. All of the scenes in our circus today are replays of scenes

from the lead-up to that ancient war, from the war itself, and from its immediate aftermath. Men kill and are killed. Achilles is a spoiled brat. Hector is brave. Odysseus is crafty. The lesser Atlas rapes Cassandra. Penelope is faithful. Clytemnestra is not. Orestes and Electra revenge their father’s death. The Greeks are cruel in victory. The Gods are fickle. Heccaba revenges her son’s death. Aeneas escapes and founds a city. It’s all there, in Homer, Aeschylus, Sophocles, Euripides, Virgil, et al. Different actors, different twists, but the same stories, over and over and over.

This is a difficult concept for some Americans to grasp, particularly those of a liberal political persuasion. This inability often leads them to disappointment and even despair when viewing life’s circus. They want, nay they expect, the outcomes of the various scene to change, to be better, more humane, more satisfying.

They understand Agamemnon’s dilemma at having to choose between his commitment to his brother and to the honor of his race and the life of his beautiful daughter, Iphigeneia. But that was then, several thousand years ago. Mankind has “progressed” since then. Hasn’t it? Mankind is “enlightened” today. The story could be different today, should be different, indeed, would be different if only men would wake up, see the light.

Today, an enlightened Agamemnon should feel no need to take his country to war. Today, honor, as it was once understood in those backward, feudal and agrarian societies, is obsolete, inappropriate, foolish, repugnant even. Neither the “honor” of the House of Atreus nor the “honor” of Helen, are worth a fig to the “enlightened.” After all, it was only about sex. Nor is there any need for men today to pay attention to the demands of a mere God. Today, we know that man created God in his own image, not the other way around. Moreover, wars are no longer necessary. They are signs of failed diplomacy. “Real men” don’t go to war today. They talk. Nor would Ajax rape Cassandra in today’s world. The U.N. “Blue Caps” would do it for him.

Moral choices need not cause such conflict today. Morality today is relative, negotiable. Conflict is not just unnecessary, it is unnatural. It is caused by a combination of human error, nasty religious notions, and bad government. Rousseau said so. Didn't he? Didn't he explain that vice and error are not innate in mankind but introduced from without, caused mostly by bad institutions. Certainly, he did.

Moreover, this brilliant insight of Rousseau's was confirmed by the great economist, Karl Marx, the left's answer to Adam Smith, who maintained that history is progressing inevitably toward the time when "scientific socialism" will bring about a "worker's paradise" in which each man will be free from the "human self-estrangement" brought on by the concept of private property and will return to "himself as a social being." So, let's get on with it. Stop this madness. As the popular 1960s trio, Peter, Paul and Mary, plaintively asked in one of the great antiwar song of those days, "When will we ever learn?"

The answer to this question is, of course, "never." We will never learn, if by "learning" one means that mankind will change its nature. Oddly enough, it was none other than Voltaire, an icon of the left, who made this point most succinctly and understandably. He did this in the following famous exchange between Candide and Martin.

"Do you think," said Candide, that men have always massacred each other, as they do today? Have they always been liars, cheats, traitors, brigands, weak, flighty, cowardly, envious, gluttonous, drunken, grasping, and vicious, bloody, backbiting, debauched, fanatical, hypocritical and silly?"

"Do you think," said Martin, "that sparrow-hawks have always eaten the pigeons they came across?"

"Yes, of course," said Candide.

"Well," said Martin, "if sparrow-hawks have always possessed the same nature, why should you expect men to change theirs?"

George Bernard Shaw addressed the issue this way.

If man is good and his institutions bad, how did the corruption and oppression under which he groans ever arise?

Now, lest you become fearful that we are about to embark on a metaphysical discussion of Nietzsche's "eternal recurrence" or of the Augustinian dichotomy between profane and sacred history, we are not. We are simply advising against expecting too much from the efforts of today's "enlightened" liberals to alter the direction and the outcome of the various scenes that are transpiring today in the center rings of "Greatest Show on Earth." In fact, we would note that of all the acts that are going on in all the rings in this great circus today, the one that features the efforts of man to change the nature of man is probably the saddest example of folly on the entire stage.

The Russian bear, the Chinese dragon, the Iranian "scientist," the beleaguered Israeli, the befuddled American, the primitives who struggle to survive in a world that is changing too rapidly for them to keep up, and the bands of cold blooded, youthful killers are historic prototypes. They have performed in the various rings in one role or another since the circus opened. They follow ancient scripts that are yellowed from age, marked in the margins with words describing a variety of powerful emotions – love, hate, greed, fear, honor, pride -- each of which plays an important function in making the little human animal what he is, what he always has been, and what he always will be.

Enjoy the circus, but don't expect it to change. Indeed, keep in mind that the circus is, like a passion play or an excellent presentation of Hamlet, enjoyable because it doesn't change. Godspeed.

RANGEL. THE SHOWDOWN CONTINUES.

Last week, we noted that Charlie Rangel, the Democratic Chairman of the House Ways and Means Committee, was about to unveil his latest version of tax reform, built principally around the idea of eliminating the Alternative Minimum Tax (AMT). We warned that Rangel's proposal, which he calls the "mother of all tax reforms," would be very interesting, designed to stoke the class-warfare fires, to punish the rich, and most importantly, to reward favored – and generous – constituencies. Given this, we said that we expected that Rangel's bill would make for excellent, and long-running, political drama, deliberately crafted to maintain the spectacle of tax reform and to milk its fund-raising potential until after the 2009 election.

Needless to say, Rangel did not disappoint.

For starters, Rangel did not beat around the bush when it came to warning potential winners and losers that they still have time to improve or to worsen the effect of this bill on their respective bottom lines. When he released his proposal last week, "old Chollie" openly admitted that there is no hope for this bill to be passed this year and little hope for next year. He thusly notified potential "donors" that they have at least until the end of this election cycle and perhaps well into the next one to impress upon the Chairman and his committee the importance of their particular concerns about the proposed reform. It will be some time, of course, before we know if Rangel will pull "the Full Rosty" and make the reforms he proposes conditional and in need of further, later review. But given the potential fund-raising boon that "tax reform" represents, we'd hardly be surprised.

Rangel also did not disappoint those who expected him to aggressively employ the Democrats' customary tax arguments, most of which involve the proposition that good tax policy soaks "the rich." It remains to be seen whether this will turn out to be good politics, but a great many Republicans believe it will be a loser, as it has proven to be each time it has been employed for almost three decades now.

Jim McCrery, the ranking Republican member on the Ways and Means Committee, immediately claimed that Rangel's proposed surcharge on income, coupled with the expiration of the Bush marginal tax rate cuts, would lift the top marginal rate to roughly 44%, sixth highest in the industrialized world. Kevin Hassett, a senior fellow and the director of economic policy studies at the American Enterprise Institute, suggested that McCrery was actually *underestimating* the impact of the hike, noting that "after adjusting for state and local income taxes, [the highest marginal rate] would be about 13 percentage points higher than the average of U.S. trading partners in the Organization for Economic Cooperation and Development. And it would give the U.S. the fourth-highest combined top marginal tax rate in the OECD, behind only Denmark, Sweden and France."

To put this in perspective, Jim Pethokoukis, the assistant managing editor for the Money & Business section at *U.S. News & World Report*, wrote that Rangel's bill would not only reverse the Bush tax cuts that Democrats hate so much, but would also effectively reverse the *Reagan* tax cuts. He put it this way:

President Reagan's tax cuts in the 1980s lowered the top marginal income tax rate from 70 percent down, eventually, to 28 percent. By itself, Rangel's plan would more or less reverse the Bush tax cuts of 2001 and 2003 by tacking on a 4.6 percent surtax on higher incomes as well as phasing out the number of itemized deductions taxpayers can take. (Capital gains taxes go up, too.) What's more, the bill does nothing to keep the Bush tax cuts themselves, which are due to expire at the end of 2010. Finally, you have Democratic proposals to deal with Social Security solvency by eliminating the income cap on payroll taxes. Add that all together and what you get . . . is an effective top marginal rate of right around 70 percent. That's right where it was during the Jimmy Carter years.

Soak the rich, indeed.

In our estimation, though, the most interesting aspect of Rangel's proposal is not the effect that it would have on the top rates, but the effect it would have on the other tax brackets, principally the lowest and the second-highest brackets. Consider, if you will, the following provisions of the bill, summarized by the Harvard economics professor Greg Mankiw based on an analysis conducted by the Tax Policy Center:

The bottom three-fourths of households, those making less than \$75,000 a year, are not much affected. They each would receive a tax cut of about \$100 per year.

The next 24 percent, those making between \$75,000 and \$500,000, would receive much more substantial tax cuts. Those in the \$200,000 to \$500,000 range, who are in the 96 to 99 percentile of the income distribution, would get a tax cut of about \$3,600 per year.

The top 1 percent, those making over \$500,000, would pay substantially more in taxes. Those making more than \$1 million would see their tax bill rise by an average of more than \$100,000.

What this means, as Mankiw continues, is that “the plan increases the progressivity of the tax code by redistributing income from the very rich (e.g., CEOs, hedge fund managers, superstar athletes and actors) to the upper middle class (e.g., doctors, lawyers, congressmen).”

Now, the reason that this is interesting is that it strongly reinforces something else that we wrote in last week's newsletter. In the lead piece last week, the one in which we argued that conservatism is likely to experience hard times in the near to long term, we noted that one of the reasons that we expect this to be the case is the pending retirement of the Baby Boomers. Specifically, we wrote:

If one can figure out what the Baby Boomers want, then one can also anticipate that government will follow. Boomers are, in

general, politically active. They are, at the very least, voters, and a massive bloc of them at that. And they are also on the verge of retirement. Indeed, the “first” Baby Boomer (Kathleen Casey-Kirschling, born just after midnight January 1, 1946) filed for Social Security benefits just last week.

And as retirees, Boomers' priorities are likely to change. They are, in general, more likely to be concerned with the “safety net” than with unrestrained liberty. They are more likely to be concerned with protecting and maintaining the status quo than with the potential risks of free trade, reduced regulation, and the like. They are less likely to get worked up over increased taxes, or to support broad tax cut proposals. They are, in short, less likely to support conservative economic positions.

What we didn't discuss was what might take place in the interim, in the years between now and the point at which the bulk of the Boomers actually retire. Fortunately, Charlie Rangel has just filled in the blanks for us. Think about it for just a minute. Mankiw and The Tax Policy Center note that “Those in the \$200,000 to \$500,000 range, who are in the 96 to 99 percentile of the income distribution, would get a tax cut of about \$3,600 per year.” And though we aren't foolish (or statistically challenged) enough to suggest that all Baby Boomers fall into this income category, we will hazard to guess that most of those who earn between \$200,000 and \$500,000 a year are Boomers. Mankiw/TPC also note that anyone making between \$75,000 and \$500,000 will receive “more substantial tax cuts.” Again, we'd be willing to bet that most of the “upper middle class” earners who fall into this income category are Baby Boomers.

The bottom line is that while Boomers will begin retiring over the next decade, in the meantime, they are in their peak earning years. And the Rangel tax plan not only acknowledges this fact, but seeks to leverage it to the benefit of his party. The old days of “tax the rich to feed the poor” are long behind us. Today, even the old-line, hard-core, socialist-leaning

liberals understand that the poor are generally well enough fed and, more to the point, don't vote. Those who do vote, by contrast, are upper middle class Baby Boomers.

It is true that the "soak the rich" elements of the Democratic tax policy remain in tact. But it would be difficult and, frankly, incorrect to label the Rangel plan a consequence of "class warfare." It is, more accurately, based on generational concerns, with the Baby Boomers comprising the most-favored generation.

Interestingly, tax policy is not the only field on which this generational war is being fought. Indeed, policies favoring average Baby Boomers over both "the poor" and "the super rich" have become standard fare among the Democrats.

Take, for example, the recent tussle over the expansion of the SCHIP program, a program originally designed to provide low cost health insurance for the children of "working families." Though the Democrats tried valiantly to frame the debate as "mean Republicans vs. poor kids," the fact of the matter is that the class warfare angle was almost completely absent from the real bill. Republican objections to the expansion of SCHIP was never about the actual dollar-cost of the bill (which was minimal in the grand scheme of things), but about the continued distortion of the private health care market that an expansion would bring and, more to the point, about the further growth of middle class entitlements.

The Democrats are not stupid. (Crazy at times, perhaps, but not stupid.) They can read demographic and income numbers too. And over the last few years, they have come to the conclusion that income matters less and demography matters more. Baby Boomers are, by and large, middle class and upper middle class, which means that Democrats' policy positions have increasingly favored those classes. Middle class entitlements are what the Democrats are all about these days. And Charlie Rangel's tax proposal is part and parcel of this circumstance.

To date, none of the Democratic presidential wannabes has discussed tax policy in any detail. We suspect they will, though, before long. And those who are smart will latch on to Rangel's plan, which, though economically disastrous, would deliver the goods for the Baby Boomers. Certainly, Mrs. Clinton is likely smart enough to know that she would have a tough time doing better than a bill that would increase overall taxes immensely but would provide substantial tax cuts for those constituencies most likely to vote.

Soak the rich? Yes. But feed the poor? No chance. They can feed themselves. Besides, why would one bother with the poor when it's the middle class and upper middle class who comprise the largest voting bloc in American history?

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