

**Mark L. Melcher** Publisher  
melcher@thepoliticalforum.com

**Stephen R. Soukup** Editor  
soukup@thepoliticalforum.com

## THEY SAID IT

By the order of Probus, a great quantity of large trees, torn up by the roots, were transplanted into the midst of the circus. The spacious and shady forest was immediately filled with a thousand ostriches, a thousand stags, a thousand fallow-deer, and a thousand wild boars; and all this variety of game was abandoned to the riotous impetuosity of the multitude. The tragedy of the succeeding day consisted in the massacre of an hundred lions, an equal number of lionesses, two hundred leopards, and three hundred bears....

The hunting or exhibition of wild beasts was conducted with a magnificence suitable to a people who styled themselves the masters of the world; nor was the edifice appropriated to that entertainment less expensive of Roman greatness. Posterity admires, and will long admire, the awful remains of the amphitheatre of Titus who so well deserved the epithet of Colossal. It was a building of an elliptic figure, five hundred and sixty-four feet in length, and four hundred and sixty-seven in breadth, founded on fourscore arches, and rising, with four successive orders of architecture, to the height of one hundred and forty feet. The outside of the edifice was encrusted with marble and decorated with statues. The slopes of the vast concave, which formed the inside, were filled and surrounded with sixty or eighty rows of seats, of marble likewise, covered with cushions, and capable of receiving with ease above fourscore thousand spectators....Nothing was omitted which, in any respect, could be subservient to the convenience and pleasure of the spectators....In the decoration of these scenes the Roman emperors displayed their wealth and liberality; and we read on various occasions that the whole furniture of the amphitheatre consisted either of silver, or of gold, or of amber...the nets designed as a defence against the wild beasts were of gold wire; that the porticoes were gilded; and that the belt or circle which divided the several ranks of spectators from each other was studded with a precious mosaic of beautiful stones.

Edward Gibbon, *The History of the Decline and Fall of The Roman Empire*, Volume I, 1776.

## FOR THE GOOD TIMES.

Forget “bubbles.” The real estate bubble. The stock market bubble. Or any other kind of bubble. It’s not about bubbles. It’s about baubles. Trinkets and baubles, to borrow a phrase from Adam Smith. The housing “crisis,” the fiscal deficit, the trade deficit, the Fed’s 24-7 printing spree, political confusion in Washington,

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Subscriptions are available by contacting:

The Political Forum LLC 8563 Senedo Road, Mt. Jackson, Virginia 22842  
Phone 540.477.9762 Fax 540.477.3359 melcher@thepoliticalforum.com www.thepoliticalforum.com

China's emergence as a commercial power, Europe's slow death, militant Islam's revolt against the West, the war for oil. It's about baubles. Trinkets and baubles.

America is the land of great abundance. Hunger is not a problem. Obesity is. Corn is burned as fuel. Jobs are plentiful for those who wish to work. Foreigners pour into the country for jobs that "Americans don't want to do." At the height of its power and wealth, Rome spent grandly on entertainment for the hoi polloi. Gibbon was clearly awestruck by the extravagance, as were his readers in the 18<sup>th</sup> and 19<sup>th</sup> centuries. But it was small potatoes compared to what Americans spend today on Internet pornography alone. Never in the history of mankind have so many had so much in such excess of their basic needs for food, clothing, and shelter. So they buy baubles, trinkets and baubles and I-Pods and I-Phones and hi-def televisions and hi-tech video games and houses they can't afford and all kinds of other stuff, and more stuff. And Congress and the White House join in, like drunken sailors, as the saying goes. Everyday is Christmas. And the Fed prints the money to keep it going. And life is good.

Rebecca Gomez, the smart, articulate, and beautiful young lady who co-hosts a fun and informative show called "Happy Hour," filmed at the Waldorf Astoria's Bull and Bear bar at 5:00 P.M. on Fox's new Business Network, recently coined the phrase, "Save the Consumer...save the world." It was a play on the line "Save the Cheerleader...save the world." from the popular NBC TV series "Heroes." It's a good line. Indeed, it's better than good. As economic wisdom goes, it ranks right up there with Keynes' "In the long run, we will all be dead."

It is true, as Ms. Gomez notes, Americans must keep buying and the Fed must keep printing enough money to allow them to do so, or the world dies. As least the world as she views it from her bar stool in a place where oysters are \$3 a piece and a Bloody Mary costs \$14.50. Hey buddy can you spare a dime?

Now, far be it from us to criticize this world of plenty. Baubles and trinkets are nice. They are the legacy that today's Americans reap from the blood, sweat, and

tears of their ancestors, who performed the hard work of building a great and prosperous nation so that their children and their children's children could, in their words, have a "better life than I did." So be it.

It is worth keeping in mind, however, that there is danger in legacies of such abundance. A good financial advisor would tell a beneficiary of such a legacy to treat it with care, to marshal one's values against the temptations of riches, to practice prudence. Very few nations in the history of the world have found themselves in a prolonged state of superabundance. But those that have, have found it to be a rose with thorns. The public becomes loath to sacrifice current pleasures for future rewards. Plenty becomes not enough. More is demanded. The borrowing starts. Lord Keynes' counsel to save when times are good and borrow when times are bad is viewed as old hat, passé. Tomorrow is sacrificed for today. Debts pile up. Promises pile up. The search for more expands beyond the borders. Abundance creates jealousy and attracts the attention of brigands and thieves. Political leaders become complicit in the folly. Corruption spreads. People become weak. The nation becomes weak. No sacrifice is small enough to be endured. Power shifts from the consumer to the provider, from the addict to the dealer.

According to Adam Smith, this was the process by which the feudal lords in the Middle Ages surrendered their power. Rather than using their surpluses during good times to expand their base of tenants and retinue of defenders, they used these surpluses to purchase "trinkets and baubles" from the "merchants and artificers" in town and thus "to gratify their most childish vanity."

Eventually, Smith noted, "the great proprietors were no longer capable of interrupting the regular execution of justice or of disturbing the peace of the country. Having sold their birthright, not like Esau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty, for trinkets and baubles, fitter to be the playthings of children than the serious pursuits of men, they became as insignificant as any substantial burgher or tradesman in a city."

We should say here that we have referenced this passage from *Wealth of Nations* once before, in December 1991, in an article entitled “Does A Sick U.S. Congress Serve The World’s ‘Greater Happiness?’” The last paragraph of that piece, written 16 years ago, will serve as the penultimate paragraph this week. It reads as follows:

Now Smith, who had little respect for feudal society, felt that “public happiness” was served by the fall of the lords and the rise of the industrialists, and most people today would agree. But if we Americans are today’s feudal lords, with an eye toward “trinkets and baubles” at the expense of investment, and the newly industrialized nations, with their high rate of capital investment and ambitious entrepreneurs are today’s equivalent of Smith’s industrialists, then the concept of “greater happiness” takes on an entirely new meaning.

As does the phrase, “Save the consumer...save the world.”

## **BIG GOVERNMENT WON.**

It’s hard to believe, but very soon the Iowa Caucuses will begin, marking the official opening of the 2008 presidential election race. It is also hard to believe, but it is nevertheless true, that the collective political pundit class in this country has yet to figure out the political dynamics at work in this campaign.

Now, we know that the mainstream press and big-shot political analysts demonstrated their lack of imagination, independence, and insight the last time around, when they declared in virtual lockstep that the race was “John Kerry’s to lose.” But still, we expected a little more thought and insight this time than we have seen thus far.

What seemed a few months ago to be a mildly intriguing yet predictable race that would, inevitably, come down to New Yorker vs. a transplant New

Yorker, has suddenly become a fascinating and volatile race that may well end up pitting an unexpected and inexperienced candidate against an even less expected and even less experienced candidate. Or maybe it won’t. Who knows? What is fascinating, though, is that this campaign, which seemed just a few weeks ago to be rather dull and unenlightening, has instead become an intensely vivid exhibition of the post-Cold War political realignment that we have been anticipating and writing about for the better part of a decade now.

Nearly all of the media – the mainstream press, the traditional conservative press (i.e. *National Review*, *The Weekly Standard*, etc.), and the “new media” web sites and blogs – have identified the unanticipated rise of former Arkansas Governor Mike Huckabee as one of the most important political stories of this election cycle. Most of these observers also understand, at least superficially, the importance of religion to the Huckabee narrative. And some, notably the folks over at *National Review*, have even done an excellent job of pointing out that for all his religiosity, folksiness, and social traditionalism, Huckabee is anything but a “conservative,” as the term has come to be defined over the past half century.

But still the broader dynamic at work here appears to have been missed or, at the very least, to have gone uncommented upon by anyone. The general theme of most analyses of the campaign and of Huckabee’s role in it has tended to center on his overt appeal to religion and, by extension, on his attacks on what he clearly sees as the “apostasy” of one of his chief rivals, Mitt Romney. Typical of this type of analysis was the piece penned last week by the former speechwriter for Presidents Reagan and George H.W. Bush, Peggy Noonan, who noted the following:

The Republican race looks – at the moment – to be determined primarily by one thing, the question of religious faith. In my lifetime faith has been a significant issue in presidential politics, but not the sole determinative one. Is that changing? If it is, it is not progress....

Christian conservatives have been rising, most recently, for 30 years in national politics, since they helped elect Jimmy Carter. They care about the religious faith of their leaders, and their interest is legitimate. Faith is a shaping force. Lincoln got grilled on it. But there is a sense in Iowa now that faith has been heightened as a determining factor in how to vote, that such things as executive ability, professional history, temperament, character, political philosophy and professed stands are secondary, tertiary.

Now with all due respect to Ms. Noonan she, and the rest of mainstream press for that matter, appear to have the dynamic here exactly inverted. The Huckabee phenomenon is not about religion at all. It is, simply, about politics.

As Ms. Noonan herself notes, religion has been an important part of the presidential political debate for some time. She traces the emergence of modern day religious voters to the election of Jimmy Carter. Others, most notably Fr. Richard John Neuhaus, trace the rise of the today's religious voter to the Southern Baptist Convention's decision to oppose the legalization of abortion.

We tend to agree with Fr. Neuhaus that abortion played the critical role here, but we are more than willing to concede that other factors clearly contributed to the rightward migration of the religiously inclined. Whatever the specific causes, though, it is clear that the factions that have dominated the Democratic Party since Vietnam, i.e., the "New" left and the "New New" left, are openly and unashamedly hostile to religion, and this hostility has clearly had a significant effect on the political culture in this country. Note that it's not just that the Democratic Party has embraced policies that gainsay traditional Judeo-Christian principles; it's that the party's elites have been deliberately contemptuous of religion and of those who practice it devoutly.

Many of those who comprise the so-called "Religious Right," Southern evangelicals and Pentacostals, and ethnic Catholics, were traditionally Democratic stalwarts. But the modern Democratic Party's overt "fidesphobia" ("fear of faith," to resurrect a term we coined some years ago) was simply too much for them to bear. They, like Ronald Reagan, felt that the Democratic Party, with its embrace of the post-modern moral structure and all that that entailed, simply abandoned them. And since the GOP at least maintained a respect for traditional morality, the party seemed to offer a nice fit.

And for many years it was a nice, though imperfect, fit. Generally speaking, traditional morality and conservative politics are comfortably compatible. And for two decades, the policy debate largely bore that out. But the two are not always at ease. In other words, though the tension between the religious right and the libertarian right has always existed, it has also always been secondary to the tension between the two and the post-modern, libertine, statist left. At least until now.

In many ways, Mike Huckabee is the logical successor to George W. Bush and his big-government, "compassionate" conservatism. In many more, very important ways, Huckabee is the successor to Ms. Noonan's Jimmy Carter. Huckabee, like Carter, is an Evangelical who speaks directly to other Evangelicals as one of their own. And unlike most Republicans who have courted the Religious Right, Huckabee offers more than just religious conformity (what the media likes to call "pandering"). Like Carter, he offers economic and governmental conformity as well.

Contrary to what Ms. Noonan and the rest of the mainstream press have been telling us, Huckabee appeals to the Religious Right not because he is religious, but because he is, essentially, a liberal. He is an economic populist, a believer in the importance of harnessing the power of government to "do good," a man who fervently accepts the role of the state and seeks to use the state to impose his vision of "the good society."

George Bush at least feigned reverence for the precepts of Reagan-ite conservatism. Huckabee feels no such compunction. And though it would be unfair and overly simplistic to call all of the denizens of the “Religious Right” economic liberals, a great many are, or at least are statists in the sense that they believe passionately in the power of the state to do good. Huckabee appeals to these voters specifically because he is the first politician since Carter who shares their beliefs about government and economics but does not consider them stupid and backward for believing in God. Indeed, it is quite possible that Huckabee, like many of his supporters, is a Republican only because of the Democrats’ fidesphobia.

That this is the case should hardly come as a surprise, particularly to those of you who are long-time readers. We have been making the case for nearly ten years now that the old political paradigms are invalid; specifically that the old tension between “big government” and “small government” no longer exists; that in the battle of big government vs. small government, big government won. In the run-up to the 2000 election, we reemphasized this point repeatedly, calling the Bush-Gore match-up a clash between the “New Liberals” (the Republicans) and the “New Reactionaries” (the Democrats). The Republican Party as a whole neither stands for smaller, less intrusive government nor is capable of making convincing arguments in favor of those virtues. That Huckabee should know this or at least sense it innately is hardly shocking. Eventually someone was bound to figure it out.

The interesting thing about Huckabee and the fact that he has stumbled upon this dirty little secret about the so-called conservative movement is that he is not the only one to sense the shift in paradigms. Ever since the 2004 election, when “values voters” made the difference for Bush, the Democrats have been actively courting religious conservatives. For most Democrats, particularly those who made their bones in the opening days of the culture wars, the gap between themselves and the Religious Right is simply too vast to bridge. Hillary the feminist, in other words, will *never* win over the Evangelicals. But others might, and indeed may be well on their way to doing so already.

When political commentators like Andrew Sullivan and conservative newspapers like *The Washington Times* note the generational clash between Hillary and Barack Obama and likewise comment on Obama’s related ability to transcend partisanship, they are, we believe, underlining the same phenomenon as that which drives Huckabee’s candidacy. Unlike Hillary, Obama is not stained by the fidesphobia of his party’s ruling elite. And his professions of faith therefore sound less scripted and undoubtedly resonate more with religious voters. We’d make the argument that though they may differ on a handful of specific points, Obama and Huckabee are, in many ways, running the same campaign, a campaign that highlights religious beliefs and emphasizes the state’s role in evangelizing those beliefs. We believe that the handful of polls showing Obama’s inter-party appeal, particularly among Iowa’s religious voters, bear us out on this point.

Now, there are those who would argue that the other great unexpected story of this presidential campaign tends to negate our interpretation of the political dynamics at work in the GOP. The phenomenal success of libertarian Republican Ron Paul, who just this weekend set a single-day fund-raising record, is seen by some observers as a hopeful sign for the GOP and as an indication that the party has not entirely lost touch with its small-government roots. The party can’t be too bad off if a guy like Paul is still hanging around and, more to the point, raising gobs of cash.

Would that it were true. Unfortunately, Paul’s success is, we believe, attributable to two factors, one of which confirms our broader point.

For starters, Ron Paul has had a great deal of success simply because he is the only Republican in the race who is opposed to the war in Iraq and is unafraid to say so. Many Republicans feel that the war was foolish adventurism on Bush’s part. And many want to express their disapproval for the war and for the Wilsonian interventionism that undergirds it, but want to do so without siding with the anti-American “anti-warriors” on the left. When Chuck Hagel mercifully declined to run, Paul became by default the candidate of the anti-interventionist right.

Second, and more relevantly, Ron Paul has had such phenomenal success specifically because he is the only Republican candidate who is willing to embrace the values of small government. Last week, *The Wall Street Journal's* Kimberly Strassel, wrote a nice piece about the Ron Paul phenomenon and about Paul's embrace of traditional economic conservatism, arguing that his success held lessons for the other GOP candidates and lamenting the fact that he hadn't been able to "pressure the front-runners toward his positions." We agree with her that there is a lesson to be learned, but we doubt it's the one she thinks it is.

You see, the reason that Paul hasn't been able to pressure the front-runners is because there is simply no broad constituency for his ideas, fundraising success notwithstanding. Just as Paul has won plaudits for being the only anti-war Republican, so has he earned support and donations for being the only anti-big-government Republican. While the mainstream media may not know this, the Republican coalition is remarkably heterogeneous, and even a great many of the Religious-Right-leaning Evangelicals favor smaller, less-intrusive government. And Paul's the only guy out there who is similarly inclined. He's it. Period.

If there were anything to be gained politically by embracing/pandering to the small-government devotees, you can rest assured that somebody else would be doing so. In short, if the market existed for a viable small-government candidate, one of the front-runners would fill that niche. But it doesn't exist. And as we've noted many times in these pages, the folks who run the Republican Party today are neither motivated enough nor well enough versed in the conservative canon to create such a market. Or as we put it ten years ago: big government won.

We should note that there is still a long, long way to go before November 2008. And conditions may change considerably before this whole mess is decided. That said, the two great phenomena of the pre-primary season, Mike Huckabee and Ron Paul, should further depress the conservative Remnant. Whether Huckabee wins the nomination or not (and we're inclined to believe that he will not), the fact that he has even entered the top tier of GOP candidates confirms our decade-old hypothesis that the paradigms have changed and that the sorting out of the new paradigms will be both incredibly fascinating and more than a little painful.

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