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THEY SAID IT

The fox knows many things, but the hedgehog knows one big thing.

--Archilochus, fragment of poem, 7th Century, B.C.

Princeton professor Marvin Bressler pointed out the power of the hedgehog during one of our long conversations: "You want to know what separates those who make the biggest impact from all the others who are just as smart? They're hedgehogs." Freud and the unconscious, Darwin and natural selection, Marx and class struggle, Einstein and relativity, Adam Smith and division of labor—they were all hedgehogs. They took a complex world and simplified it.

--Conversation between Jim Collins and Marvin Bressler, October 2000.

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THE AUDACITY OF THE POPE.

Short of a pope dying or a new one being elected, it is not often that the Vatican makes real and consequential global news. But that was precisely the case over the last two weekends. Indeed, we would argue that the news out of Rome each of the last two Saturdays was by far the most important, though least noticed, news of the week.

This past weekend, the Vatican newspaper *L'Osservatore Romano* reported that Catholics are now outnumbered globally by Muslims. According to Monsignor Vittorio Formenti, the man responsible for compiling the Vatican's 2008 demographics yearbook, "For the first time in history, we are no longer at the top: the Muslims have overtaken us." As of 2006, the world's 1.13 billion Catholics represent 17.4% of the planet's total population, while its 1.3 billion Muslims check in at 19.2%.

The previous weekend, Pope Benedict XVI took the remarkable step of publicly and audaciously baptizing and confirming a onetime Muslim, the Egyptian-born Italian journalist Magdi Cristiano Allam. Only a few days after being singled out for Muslim reprobation by Osama bin Laden himself, Pope Benedict appeared to be angling to become the second pope in a row to be shot by a Muslim extremist, using the Easter Vigil Mass to bestow the Catholic sacraments upon Allam, the man once considered the face of "moderate Islam" in Italy.

All of this comes against the backdrop of Pope Benedict's impending trip to the United States, during which he will address the United Nations. Most mainstream observers believe that the Pope will use the occasion to continue his call for peace in Iraq, which they believe means that, by extension, he will criticize the Bush administration and make the President look bad in front of a global audience. But as usual, these "informed" observers are completely missing the point.

As papal scholar George Weigel has noted, Pope Benedict's own position on Iraq is not the same as the position held by some of his bureaucratic charges and thus is not the highly critical position the global left presumes it is. As Weigel put it yesterday morning:

In my own conversations with senior Vatican officials over the past 18 months, I have been struck by the fact that the debates of 2002-2003 are over. That there was serious disagreement between the U.S. government and the Holy See prior to the invasion of Iraq is, and was, obvious. Today, however, the page has been turned, and...the people who make the decisions tell me, as they have told the Bush administration, that a precipitous U.S. withdrawal from Iraq would be a disaster for both Iraq and the entire Middle East.

Pope Benedict will likely urge President Bush to demand that the Iraqi government be more assertive in defending the Christian minority population of Iraq; but that means more and stronger American involvement in the evolving politics of Iraq, not the end of an "occupation." As for a papal "denunciation" at the U.N., [author Michael Sean] Winters and his friends among Catholic Democrats are likely to be disappointed....

More important, Pope Benedict is actually on Bush's side when it comes to the war. OK, so we don't mean Iraq specifically. And we don't mean to say that the Pope is in favor of pre-emptive military action. Nor do we mean that he sat down with President Bush and arrived at some sort of formal understanding and statement of common purpose. But still, Pope Benedict is on Bush's side in that he is in favor of defeating radical Islam and preserving Western civilization. That, by any reasonable and objective measure is the reason why the Vatican can be called an ally in the war on terror. And it is also, by the way, the reason why the two stories from the last two weekends are such big, big news.

Three years ago, as Pope John Paul II lie dying in his Vatican apartment, we wrote that the selection of his successor might be the most important long-term decision in the battle to stave off defeat at the hands of the Islamists, more important perhaps than even the selection of George Bush's successor.

John Paul II, as has been well documented, not the least by us, played a crucial role in bringing about the collapse of Soviet Communism. He had help, of course, most notably from President Ronald Reagan and British Prime Minister Margaret Thatcher. But the Pope was the lynchpin; he was, after all, the only one of the three whom the Soviets feared so greatly that they tried to arrange his assassination. As a Pole, as a relentless and eloquent defender of anti-socialist liberty, and as a moral beacon for Christendom, John Paul II played a crucial role in undermining the moral and practical cases for communism.

And as we argued back in 2005, his successor would have the opportunity to play the same role in the much more nebulous but also much more religiously tinged war against radical Islam. Other Popes (e.g. Urban II, Gregory VIII, and Innocent III) had battled Islam before, and we understood full well that the successor to John Paul II would be compelled to do so again, though this time less martially. As we put it in "Heroes, Present and Future," dated February 28, 2005, just over a month before Pope John Paul II's

passing: “the current pope’s courageous and mission-expanding pontificate provides his successor with the opportunity to ‘accept the heroic’ as well and thereby to advance the well-being not just of the Catholic Church but of humanity at large.”

In that piece, we quoted the aforementioned George Weigel, who in addition to being Pope John Paul II’s biographer is also a Senior Fellow and past President of the Ethics and Public Policy Center. Weigel argued, quite persuasively, that the man who would succeed John Paul II would have three monumental tasks before him, two of which are relevant here. The first would be to address “the virtual collapse of Christianity in its historical heartland – Western Europe.” And the second would be to outline and coordinate “the Church’s response to the multi-faceted challenge posed by the rise of militant Islam.”

Building on Weigel’s thoughts, we added that among other things the next Pope’s job would be to continue the work of St. Thomas Aquinas by convincing the world’s leaders that “religion and modernity need not be mutually exclusive.” This, we argued, would have the interesting effect of bringing the practical mission of the Church in line with the abstract rhetoric of the Bush administration. As we and others have argued, Bush’s undertaking, for all its imperfections, has always been an exercise in “Thomist” foreign policy, in that his expressed goal has always been the expansion of “natural rights” as they were expressed by the Founding Fathers and derived from the ideas stated first and most authoritatively by Aquinas. In this sense, the United States and the Church are natural allies in this struggle, in word if not in action.

Given all of this, we can’t help but believe that the world should consider itself very fortunate that the College of Cardinals selected then-Cardinal Joseph Ratzinger to succeed John Paul II. Pope Benedict has never shrunk from the challenges that face him and has eagerly taken to the tasks enumerated by Weigel. Though few would acknowledge his effect on the struggle against radical Islam, there can, in our estimation, be little question that Pope Benedict XVI has been one of the staunchest and most critical

defenders of the West, by virtue of being the joyful and willing earthly leader of the most critical and foundational institution in “the West.”

Pope Benedict most ably demonstrated this love for his Church and for the civilization the Church helped spawn in his Autumn 2006 address at Regensburg, in which he purportedly insulted Islam, but more accurately detailed the influence on the Church and its teachings of Hellenistic philosophy and the reconciliation between revelation and that philosophy and between faith and reason. As we noted at the time, in giving that address, the Pope’s intentions were twofold: “First, he sought to counter the modern/post-modern notion that religion and reason are incompatible. And second, he sought to offer Islam an example of how reason and religion might be reconciled.” In short then, he set about to address the two crucial questions that we and Weigel had noted even before his ascension to the papacy.

It is hardly a coincidence, in our opinion, that Regensburg served as the proverbial last straw in Magdi Allam’s conversion process, or as Allam himself described it, “undoubtedly the most extraordinary and important encounter in my decision to convert.” Allam has long fought for and defended the concept of religious freedom; he fought for many years to “moderate” Islam and to instill in his fellow Muslims the very concepts of reason and the preclusion of violence in God’s name preached by Benedict at Regensburg. But his efforts had met with little success, and he was therefore more than ready to abandon the faith of his ancestors and embrace the religious tradition described by Pope Benedict.

“I was forced to see,” Allam wrote in a letter to his newspaper, “that, beyond the contingency of the phenomenon of Islamic extremism and terrorism that has appeared on a global level, the root of evil is inherent in an Islam that is physiologically violent and historically conflictive.” And upon his conversion, he continued, he “discovered for the first time the face of the true and only God, who is the God of faith and reason.”

Spengler, the pseudonymous columnist for *The Asia Times*, wrote last week that the reason that Pope Benedict was willing to baptize and confirm Allam so publicly and, to be frank, so brazenly, was because he intended his actions to be a symbolic shot across the bow of the Islamic world. “One does not fight a religion with guns,” Spengler wrote, “at least not only with guns, but with love....” He continued:

The Church has lacked both the will to evangelize Muslims as well as the missionaries to undertake the task. Benedict XVI, the former Joseph Cardinal Ratzinger, has thought about the conversion of the Muslims for years . . . Where will the Pope find the sandals on the ground in this new religious war? From the ranks of the Muslims themselves, evidently.

We would hardly go as far as Spengler. In fact, we think that he is, perhaps, projecting onto Pope Benedict his own beliefs about the potential benefit of evangelizing Islamic populations. Nonetheless, we agree wholeheartedly that none of this is an accident, but rather part of the Pope’s broader strategy to fight for the proverbial soul of Europe.

Recall that Weigel suggested that the successor to John Paul would find it necessary not merely to address radical Islam, but to deal with “the virtual collapse of Christianity in its historical heartland” as well. And that is precisely what Pope Benedict is doing. He is reminding Europe and indeed the entire Western world that all of the things it holds dear – its liberty, its rights, its glorification of the individual – are not merely gifts from God, but gifts that found their first expression and their realization in the Church and specifically in the Church’s reconciliation between revelation and philosophy, between faith and reason.

In both the address at Regensburg and the public conversion of Allam, Pope Benedict made the argument to his fellow Europeans that the Church is anything but the superstitious, backward institution they have been led by their intellectuals to believe.

It is, rather, the very font of reason and divine knowledge. In the release of the demographic numbers regarding the surge in global Islamic acceptance, the Pope made the argument to his fellow Europeans that time is running short and that the preservation of the natural rights with which all men are endowed by their creator will require prompt attention both to the spread of alien and intemperate beliefs and to the spread of lethargy, despair, and nihilism.

In the statement he made upon the release this past weekend of the demographic and religion numbers, Monsignor Vittorio Formenti noted that the number of Catholics in the world is fairly stable, but Islam is gaining ground because of much higher birth rates. Pope Benedict almost certainly understands that this is a direct consequence of the indolence and purposelessness that have engulfed Europe for the better part of a century.

By now, we all know about Europe’s demographic death-spiral. Just last week, for example, it emerged that Great Britain’s marriage rates have collapsed, falling to the lowest levels since the government started keeping track, more than 150 years ago. All of this is part and parcel of a caustic, vicious cycle: Europeans and the left in general doubt the modernity, the rationality, and the relevance of Christianity; this spawns despondency, emptiness, and subsequent demographic self-immolation; and this in turn facilitates the spread and the relative intensification of radicalized religious intolerance and violence.

In the piece we published immediately after Pope Benedict’s Regensburg address, we suggested that the Pontiff himself had opened up a second, more discreet front in the war against radical Islam. The public conversion of Magdi Allam and the Vatican’s attentiveness to the shift in denominational predominance serve to confirm this supposition.

Pope Benedict XVI appears quite clearly to understand that his principle job as the Vicar of Christ is to convince the post-modern, secular West that faith and reason are not mutually exclusive, but are, in

fact, mutually reinforcing. That is the message from the Vatican this Easter season. And it is a message that is of great importance to each of us individually as children of God, and yes, to the global financial markets. It is also of tremendous news value, even if almost no one in the mainstream news business noticed.

PAULSON'S FOLLY.

Now we are aware that we know less about the quirks, quagmires, quandaries, quibbles, and quiddities of the federal government's regulation of the financial industry than most of the reporters, pundits, and "experts" who have written and said so much in the past few days about Henry Paulson's proposal to, as the *Wall Street Journal* put it, "remodel the patchwork system of U.S. financial regulation" and "make the Fed a supercop in charge of keeping the financial system stable." But like Archilochus's hedgehog, we know one thing that, as far as we can tell, the foxes that know so much about so many things seem to have missed.

Everyone apparently agrees that Paulson's proposal will take a very long time to work its way through Congress and become the law of the land. Everyone apparently agrees that the final version of this new law will be quite different from the one proposed by Mr. Paulson. And critics of the plan all apparently agree with the gist of Marty Feldstein's observation that no group of bureaucrats is smart enough to do a better job of "supervising the very complex derivative products of the banks and of the rest of the financial system" than the institutions themselves, which pay "very high salaries" and have "their own survival at risk." We ourselves are somewhat dubious about this particular observation, not because we have great faith in the intelligence and skill of bureaucrats, but because we have so little in the highly paid clowns who got us into this mess in the first place.

In any case, we hedgehogs, who have spent many decades watching the regulators and regulated interact in Washington, know one thing that these foxes seem not to have figured out yet. That is that these two groups and their congressional intermediaries have

been sleeping together for so long that if this proposal becomes law, they won't even know they are in a new bed. The word "familiarity" doesn't even begin to describe the relationship between these two groups. Like an old married couple, they've been intimate for so long that one knows if the other has a headache or is too tired to play without even asking.

This is, of course, not the first time we have called attention to this unholy and unhealthy relationship in these pages. A word search of old stories reveals that we broached the subject at least as far back as January 1992 in an article entitled "Corporate America: Faustus or Faust?" To wit:

As both Faustus and Faust found, the short-term rewards of a pact with Mephistopheles are significant. Among other things, depending upon the whim and the clout of their Congressional benefactors, corporate America receives specific tax breaks; protection from foreign competition; direct federal subsidies; government programs that vastly increase the size of certain markets; below market interest rates; exemptions from certain laws or regulations; rights to benefit commercially from government financed R&D; and purchase of government assets at fire-sale prices.

In addition, through their friends in Congress, the large corporations are able to undermine the competitive strength of their chief domestic rivals, namely the nation's small businesses. What better way to bankrupt the small business community than to acquiesce in, and sometimes even promote, the passage of government programs with which only the very largest companies can contend?...

The drive behind the growing unholy alliance between government and Washington is clear. The end is not.

One certainty is a continued blurring of the distinction between business and government and a growth in expensive partnerships on grand federal schemes to address problems in the areas of health care, day care, poverty, education and drug abuse.

How far this trend will go and how much corporate America eventually will give up is anyone's guess. The question is, to continue my earlier analogy, will it be Faustus or Faust? In Marlow's *The Tragical History of Doctor Faustus*, the protagonist surrenders his soul to hell. The soul of Goethe's Faust, on the other hand, is in the end saved, borne away by angels. I don't see any angels in this story. But anything is possible. In the meantime, it is important to remember that both Faustus and Faust made bad deals, just as big business is making today....

We mentioned this phenomenon again as follows in an article entitled "The New Political Paradigm," published in September 1997.

The reality is that a powerful new paradigm has emerged onto the American political scene . . . Simply stated, this new paradigm, which is as dynamic, fascinating, and certainly as important to the future course of society as the old labor-capital one, involves the tension between the authority of government bureaucrats, and their allies in some of the nation's most important boardrooms, and the classic American concept of individual freedom....

The scope and raw power of the tens of thousands of nameless, faceless bureaucrats in this nation is almost beyond comprehension . . . Helping with this task, are millions of big-company, private sector bureaucrats, whose bosses have learned that fortunes can be made

if government bureaucrats can be "helped" to make and enforce decisions that favor them over their competitors; who are blind to the lesson learned by so many Frenchman during "the terror," that those who help place the heads of others on the block soon find their own there.

Operating between these private and public sector bureaucrats and their bosses are tens of thousands of lawyers, who live on the system like blood sucking leaches in a swamp full of sows, operating in a special environment, designed by them, of "legal bribery" and "honest graft."

Oh yes, the bankers and the bureaucrats and the congressional intermediaries will fight fiercely among themselves over the Paulson initiative throughout the next few years, like Tazmanian Devils in their mating ritual as described in various places on the Internet -- "snarling, spitting, spine-chilling screeches, horrific oral displays and jawsome bragging." But in the end, all of the participants will enjoy themselves immensely at the expense of the younger, smaller financial services competitors who are not yet big enough to join in the mating fun between big government and big business.

When watching the ways in which the big financial giants will talk Congress into a downy and comfortable new layer of regulation, it will be useful to reflect on one of the best known of the old Uncle Remus stories by Joel Chandler Harris, which were once well known across America but which have been relegated to a place under the counter by the thought police who enforce the rules of political correctness. The following is an excerpt from a story called "The Wonderful Tar Baby Story," which is beloved by hedgehogs everywhere.

Then Brer Rabbit started talking mighty humble.

"I don't care what you do with me, Brer Fox, says he, "Just so you don't fling me in that

briar patch. Roast me, Brer Fox, says he, “But don’t fling me in that briar patch.”

“It’s so much trouble to kindle a fire,” says Brer Fox, says he, “that I expect I’d better hang you,” says he.

“Hang me just as high as you please, Brer Fox, says Brer Rabbit, says he, “but for the Lord’s sake, don’t fling me in that briar patch,” says he.

“I don’t have any string, “says Brer Fox, says he, “Now I expect I had better drown you,” says he.

“Drown me just as deep as you please, Brer Fox,” says Brer Rabbit, says he, “But please do not fling me in that briar patch,” says he.

“There’s no water near here,” says Brer Fox, says he, “And now I reckon I’d better skin you,” says he.

“Skin me Brer Fox,” says he. “Snatch out my eyeballs, tear out my ears by the roots,” says he, “But please, Brer Fox, don’t fling me in that briar patch,” says he.

Of course, Brer Fox wanted to get Brer Rabbit as bad as he could, so he caught him by the behind legs and slung him right in the middle of the briar patch. There was a considerable flutter when Brer Rabbit struck the bushes, and Brer Fox hung around to see what was going to happen.

By and by he heard someone call his name and ‘way up on the hill he saw Brer Rabbit sitting cross-legged on a chinquapin log combing the tar pitch out of his hair with a chip. Then Brer Fox knew he had been tricked.

Brer Rabbit hollered out, “Born and bred in the briar patch. I was born and bred in the briar patch!” And with that he skipped out just as lively as a cricket in the embers of a fire.

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