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## THEY SAID IT

We socialists were, I think, profoundly wrong to ignore the depth and generality of the drive toward property, and therefore exchange of property, in man. Walt Whitman was profoundly wrong when he said in his famous hymn of praise to the animals: "Not one is demented with the mania of owning things." Ownership is not a mania, but a robust instinct extending far and wide in the animal kingdom. Even the birds stake out with their songs an area that belongs to them, attacking fiercely any intruder upon it. Less lyrical beasts serve notice by depositing distinctive odors on the boundaries of their domain. People who keep watch dogs can hardly deny the range and ferocity of the proprietary instinct. It was fully developed even among the nomads with their tents of different sizes. For settled and civilized man, there can never be a paradise, I fear, or even a sane and peaceful habitat, where this deep wish is unsatisfied. It has been neglected in utopias because their authors were guided rather by the Christian evangel of sainthood than by a study of the needs of average men.

Max Eastman, *Reflections on The Failure Of Socialism*," 1955.

## WHAT'S IN A NAME?

So what, pray tell, is Barack Obama? His fans call him a "progressive reformer," which is the euphemism *de jour* for liberal. Most conservative pundits and politicians seem to prefer the word "socialist," largely, we believe, because it is simple, convenient, and readily understood by most Americans. While we have often used that term ourselves when discussing Obama and his agenda, it has a disconcerting Humpty Dumpty tendency to mean whatever the speaker chooses it to mean, there being many types of socialism both in theory and in practice. Thus, we hear people who for all appearances seem both educated and rational saying things like, "this country could use a little socialism," which is akin to hearing a medical doctor say, "perhaps a little potassium cyanide will make him feel better."

For this reason, as we have explained numerous times in these pages, we prefer to use the term "statist" to describe Barack's governing philosophy. Merriam Webster describes this as a system in which economic controls and planning are concentrated in the hands of a highly centralized government, often extending to government ownership of industry. The libertarian website [www.theadvocates.org](http://www.theadvocates.org), notes that Statists support far less individual liberty than any other political ideology, tend to distrust the free market, advocate centralized planning of the economy, including high taxes, strict regulation of business, and even government ownership or control of major industries, and downplay the importance of civil liberties. In short, the website notes, "statists consistently doubt that economic liberty and individual freedom are necessary, practical, or workable in today's world."

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These definitions are fine, but they ignore the principal difference between socialism and statism, i.e., that the “means of production” are not nationalized under statist governments but are enticed into an unnatural relationship with government by other means, which include being sweet talked with flowery promises of the competitive advantages available to those who “play the game in Washington” and to being coerced into it by threats and actual assaults by government via its tax and/or regulatory powers. In any case, as with “partnering” with the Mafia, these corporations find that, once into the relationship, there is no way out. Hence, last week we saw J.P. Morgan CEO James Dimon (“jokingly,” according to the *Washington Post*) offering Turbo-Tax Ted Geithner a check for the \$25 billion to get out from under TARP and being politely told that Barack would decide if and when the government’s partnership with J. P. Morgan would be over.

Needless to say, to anyone familiar with governmental organization, this type of “partnership” between an all-powerful state and the business community brings to mind the term “fascism.” But, in fairness to Obama, his tepid patriotism and seeming disdain for American exceptionalism is tailored more to the Marxist slogan “workers of the world unite” than to the kind of nationalistic fervor that is a defining characteristic of fascism.

Now, one could argue that a discussion such as this is a meaningless exercise in semantics; that, to paraphrase the Bard, an evil ideology by any other name would smell as odiferous. Or, to cite a less literary trope, if it walks like a duck, quacks like a duck, and looks like a duck, it’s a duck.

But language is important. It is the *sine qua non* of political discourse. Moreover, it is the left wing political propagandists’ tool of choice. George Orwell was one of the first moderns to notice and comment on this in one of the most important but least appreciated of his essays of the post-World War II period. In “Politics and the English Language,” he argued that “slovenliness in our language makes it easier for us to have foolish thoughts.” A few years

later, in his classic novel *1984*, in which he introduced terms such as “newspeak” and the “ministry of truth,” he deftly illustrated how the barons of what he called “oligarchical collectivism” would manipulate the meaning of words to further their agenda. Hence, today, we hear Barack describe massive, unprecedented deficit spending as an “investment in the future,” and greater dependency on government as “freedom from want.”

So, where are we going with this? Well, this week we thought we would offer and discuss an alternative term for describing Barack’s governing ideology. We don’t expect this word to gain widespread usage. But we bring it up because the coiner of this word offers a fascinating and insightful explanation of its origins, which, we think, provides some interesting insights into the forces driving the Obama agenda.

The word is “redistributionism.” It comes from a series of lectures given by French political scientist, Bertrand de Jouvenel in 1949, which were republished in 1989 by Liberty Press in a wonderful volume entitled *The Ethics of Redistribution*. If this sounds familiar to you, dear reader, you are gifted with a good memory, because much of what follows was lifted from a golden-oldie of ours, published 15 years ago and entitled “Tired Of ‘Soak The Rich’? Try ‘Utopian Redistributionism.’”

The gist of de Jouvenel’s thesis, when applied to Barack, is that the nation’s new president is not selling socialism. Or, to be more specific, he is not selling archaic, 19th century, economic pish posh that has lost virtually all credibility in the Western world, except with a small group of permanently confused European “leaders,” and a handful of perplexed U.S. academics, who would be flipping burgers if it were not for tenure.

He is selling redistributionism, which de Jouvenel maintains, is different from socialism. The latter, he says is the suppression of private property in an attempt at communal moral solidarity and is thus incompatible with modern society and can be realized, if at all, only in monasteries, where material goods are

spurned, or in communities that are small, simple, and even primitive. On the other hand, redistributionism is based on the relatively new twin beliefs that government should be centrally involved in the relief of poverty, and that economic inequality is itself unjust or evil.

These beliefs, he says, have led inexorably to the view that government is responsible for ensuring rising popular living standards and that government should provide a subsistence floor beneath which no one may fall. De Jouvenel claims that redistributionism is not a linear descendent from socialism, but finds its origins in Lloyd George's budget for 1909-10, which, by introducing progressive taxation, "abandoned the idea that for taxation purposes, equality implies proportionality." As we have noted numerous times in these pages, the United States followed Lloyd George's lead shortly thereafter with the passage in 1913 of the 16th Amendment, which eliminated the Constitutional guarantee against disproportional taxation.

At heart, de Jouvenel says, redistributionism is based on the notion that "The richer would feel their loss less than the poorer would appreciate their gain; or even more roughly: A certain loss of income would mean less to the richer than the consequent gain would mean to the poorer."

Recalling one of Friedrich Hayek's most important theses, de Jouvenel notes that redistributionism is based on the mistaken belief that government bureaucrats know "how to achieve the maximum sum of individual satisfactions capable of being drawn from a given flow of production, which must always be assumed to be unaffected."

Redistributionism, de Jouvenel claims, moves society toward the medieval situation, *nul homme sans seigneur*, or the "flight of individuals into the protection of lords or chapters." He notes that this period "came to an end when the individual again found it to his advantage to set forth on his own." The end result of redistributionism, he says, is an enormous strengthening of the state. Here we'll let Baron de Jouvenel speak for himself.

The State sets up as trustee for the lower-income group and doles out services and benefits. In order to avoid the creation of a "protected class," a discrimination fatal to political equality, the tendency has been to extend the benefits and services upward to all members of society, to cheapen food and rents for the rich as well as the poor, to assist the well-to-do in illness equally with the needy.

The more one considers the matter, the clearer it becomes that redistribution is in effect far less a redistribution of free income from the richer to the poorer, as imagined, than a redistribution of power from the individual to the State.

Insofar as the State amputates higher incomes, it must assume their savings and investment functions, and we come to the centralization of investment. Insofar, as the amputated higher incomes fail to sustain certain social activities, the state must step in, subsidize these activities, and preside over them.

This results in a transfer of power from individuals to officials, who tend to constitute a new ruling class . . . This leads the observer to wonder how far the demand for equality is directed against inequality itself and is thus a fundamental demand, and how far it is directed against a certain set of "unequals" and is thus an unconscious move in a change of élites.

We cannot do justice in such a short article to de Jouvenel's full thoughts on this important subject. But Oxford scholar John Gray did a wonderful job of compressing some of his more important points in the introduction to the Liberty Press presentation. So we'll offer a few short, but disturbing quotes from Gray.

A subsistence minimum cannot be derived solely, or even primarily, from taxation of the rich. Such resources must be extracted from the middle classes, who are also the

beneficiaries of income-transfer schemes . . . [de Jouvenel] further notes that a policy of redistribution is bound to discriminate against minorities, since it will inevitably favor the preferences and interests of the majority--a fact remarked upon also by Hayek.

The regime of high taxation inseparable from the redistributionist state has the further undesirable consequences of diminishing the sphere of free services in which people engage in convivial relations without the expectation of payment--and thereby corroding the culture of civility that sustains liberal civilization.

The modern welfare state is not defensible by reference to any coherent set of principles or purposes. It has not significantly alleviated poverty but has instead substantially institutionalized it. This is the upshot of pathbreaking studies such as Charles Murray's *Losing Ground*. A generation of welfare policy has inflicted on its clients such disincentives and moral hazards as to leave their last state worse than their first . . . If any social group benefits it is likely to be the middle class majority rather than the poor.

The institution of the family is disprivileged under any redistributionist regime: "To such views, families are disturbing; for within a family occur transfers that upset the favored distribution."

One way out of the semantic confusion discussed above is to note that all such "isms" are variations of utopianism. Simply defined, utopianism is the idea that man can create a perfect social order, if he tinkers around enough with government. Whatever form it takes, utopianism is pernicious. Some people argue that this is so because it is at heart totalitarianist, others because it is founded on a false, secular premise, that humankind can perfect itself.

Utopianism constantly redefines and repackages itself. Thus, Obama and his fellow liberals can, if they choose, publicly denounce socialism while endorsing most if not all of its characteristics. This is reminiscent of many leftist academics in Europe and the United States who insisted throughout the cold war that the failure of communism to enrich the lives of citizens either spiritually or economically in Eastern Europe and the Soviet Union was not evidence of intrinsic problems with communism *per se*, but with the failure of those societies to properly implement it.

Part of the reason we underestimated Barack during much of the recent presidential race was that it was difficult for us to believe that a plurality of the American public would buy his redistributionism. But, of course, we were mistaken. We should have realized that this Obama version of utopianism, is enormously appealing in the United States today, especially to those people who have been brought up to believe that happiness is a "right," largely unrelated to individual responsibility, and that the primary role of government is to guarantee this right.

As someone who enjoys history, we should have realized that capitalism and the prosperity that it fosters inevitably leads to popular support for some form of utopianism, always fine-tuned for the times. In his remarkable little book, *Reflections On The Failure Of Socialism* (noted above in the "They Said It" section), Max Eastman explains this process as follows, paraphrasing the Norwegian writer Trygve Hoff, a founder of the Mont Pelerin Society, who was jailed by the Nazis during the occupation.

But free trade and the industrial revolution soon raised the general wealth so high that idealists began to worry about the living conditions of the poor. Those living conditions were not, in the general average, worse than they had been. The change was in the attitude of civic-minded people toward them. It is not too much to say, as the canny Norwegian, Trygve Hoff does, that a social conscience was born of this great rise in

wealth production. The first sensible step toward bettering the general condition of the poor would obviously have been to increase still more the production of wealth. Then if the pangs of the social conscience had kept pace with this increase all might have been well. What these pangs did was to run way ahead of the increase in wealth. People were attacking the businessman and demanding a better distribution of profits long before such distribution would have made any appreciable difference in the general conditions of the poor. As wealth production increased, this state of pained conscience among liberals –themselves businessmen often enough – increased much faster. So fast that their zeal for liberty was gradually replaced by a zeal for a more equal distribution of wealth.

And this “zeal for a more equal distribution of wealth” brings us back to the question with which we opened, namely: “What, pray tell, is Barack Obama?” To which we can now answer, just another confused and dangerous nut in a long line of confused and dangerous nuts.

## **OF BLACK SWANS AND DRUG LORDS.**

Two years ago, the longtime derivatives trader, risk analyst, market commentator, essayist, and author Nassim Nicholas Taleb published one of the biggest and best-selling nonfiction books of the last decade, *The Black Swan: The Impact of the Highly Improbable*. Taleb’s basic argument, in the book and in several articles since, is that history – and its movement – is marked and defined by exceptional events; events that no one foresaw or could have foreseen and which caught the world and its inhabitants unaware and unprepared. He put it this way:

Before the discovery of Australia, people in the old world were convinced that all swans were white, an unassailable belief as it seemed completely confirmed by empirical evidence. The sighting

of the first black swan might have been an interesting surprise for a few ornithologists (and others extremely concerned with the coloring of birds), but that is not where the significance of the story lies. It illustrates a severe limitation to our learning from observations or experience and the fragility of our knowledge. One single observation can invalidate a general statement derived from millennia of confirmatory sightings of millions of white swans. All you need is one single (and, I am told, quite ugly) black bird.

I push one step beyond this philosophical-logical question into an empirical reality, and one that has obsessed me since childhood. What we call here a Black Swan (and capitalize it) is an event with the following three attributes.

First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable.

I stop and summarize the triplet: rarity, extreme impact, and retrospective (though not prospective) predictability. A small number of Black Swans explain almost everything in our world, from the success of ideas and religions, to the dynamics of historical events, to elements of our own personal lives. Ever since we left the Pleistocene, some ten millennia ago, the effect of these Black Swans has been increasing. It started accelerating during the industrial

revolution, as the world started getting more complicated, while ordinary events, the ones we study and discuss and try to predict from reading the newspapers, have become increasingly inconsequential.

Like a lot of people, we liked Taleb's book, and we think that his theory of the Black Swan is intriguing, to say the very least. Moreover, since his book spent 17 weeks on *The New York Times* best seller list, we should be delicate in any critiques. After all, it's not like two old Washington hacks who have yet to find a publisher that will return their phone calls should be too hard on the guy. Still, we have one rather significant quibble with some of what he has written. In the first chapter of his book, for example, Taleb writes:

Just imagine how little your understanding of the world on the eve of the events of 1914 would have helped you guess what was to happen next. (Don't cheat by using the explanations drilled into your cranium by your dull high school teacher). How about the rise of Hitler and the subsequent war? How about the precipitous demise of the Soviet bloc? How about the rise of Islamic fundamentalism? How about the spread of the Internet? How about the market crash of 1987 (and the more unexpected recovery)? Fads, epidemics, fashion, ideas, the emergence of art genres and schools. All follow these Black Swan dynamics. Literally, just about everything of significance around you might qualify.

With all due respect to Taleb, it's just not true that none of these things were predictable. Indeed, some were actually predicted, and others could have been. The internet, for example, was fairly accurately predicted as long as four decades ago, and was foreseen, in a very real sense, by dozens of people, including, of course, the technological pioneers who made it a reality, men like Vinton Cerf.

Ronald Reagan, for one, accurately predicted the demise of the Soviet Union and, along with his national security team, actually based his foreign policy on the idea of actively pursuing that end. And for those of you who might want a little partisan diversity, as long as five years before Reagan's election, the late Daniel Patrick Moynihan was predicting the Soviet Union's collapse in lectures and speeches, and in 1984, five years before the fall of the Berlin Wall, he declared "the Soviet idea is spent. History is moving away from it at astounding speed."

As for the "rise of Islamic fundamentalism" and the associated risk of global terrorist organizations, all you longtime readers will note that this is one of the horses we flogged aggressively and repeatedly, for years before 9/11. And while we'd certainly like to pat ourselves on the back for our prescience, the fact of the matter is that we borrowed heavily in our discussions of terrorism from friends and acquaintances in and out of government who were tasked with studying the problem – which is to say that the "predictions" of Islam-fueled global terrorism existed long before we started writing about the issue nearly fifteen years ago.

The fact of the matter is that a great many of these "low probability, high impact" events have been foreseen. It's just that they were foreseen by those whose voices were too soft or too remote to be heard; or by those who were ridiculed as "nuts" and possibly even terminated from their jobs as analysts at big shot Wall Street operations because their "work product was incompatible with the views of the firm."

In a way, we guess, this is Taleb's point, that even when these Black Swan events are identified, they are dismissed because they don't fit the standard and accepted models of risk management and are rightly, though dismissively, understood for what they are, outliers. A select few with the imagination or the sagacity to listen to the erstwhile "nuts" may have some semblance of forewarning. But the culture as a whole will not hear and will never even contemplate the possibility – because traditional models of risk simply dismiss outliers.

But then, we're preaching to the choir here, aren't we? If you weren't interested in low probability, high risk events and the potential effect that those risks could have on risk environments, then you likely would have found something else to read on Monday evenings, wouldn't you?

In any case, we've been thinking a great deal about the "highly improbable" of late, particularly as we read the news from south of the Rio Grande – or, in some cases, from north of it as well.

For those of you who have been living in a cave, it turns out that one of the two closest neighbors and trading partners of the United States is, in fact, a failed state, a nation in name only, now governed, if that is the right word, by a handful of brutal drug cartels. The "official" position of the Obama administration is that Mexico is not a failed state and is not in danger of becoming one. Yet both the conditions on the ground and the federal government's own behavior tend to belie that assessment.

On February 20<sup>th</sup>, the State Department issued a travel warning for Americans visiting Mexico, noting that the level of violence has increased considerably. Shortly thereafter, State coordinated efforts with universities to warn spring breaking college students about the risks of traveling south of the border. And then, just last week, First Observer, "a trucking security program funded by a Department of Homeland Security grant," issued an alert for truckers operating *in the United States*, but near the Mexican border, warning that "violence amongst Mexican drug cartels in the border states, on both sides of the U.S.-Mexican border, has exponentially increased in the past year." According to the *Washington Times*, "Sterline Payne, a spokeswoman for the Transportation Security Administration, said that the agency agreed with [First Observer's] assessment."

This is hardly shocking, though. As *The Telegraph* of London reported last week:

Law enforcement agencies in American cities close to the border with Mexico – including San Diego in California,

and El Paso in Texas – are "gearing up" for street confrontations with the drug gangs, which are armed with rockets and grenades and have brought death and chaos south of the border.

The confidence of the cartel chiefs has increased so much that they are moving to affluent neighbourhoods in America to kidnap Mexican businessmen and smuggle them across the border to be ransomed, a private security consultant told *The Daily Telegraph*.

Van Bethea, the operations director for the Steele Foundation, an American private security company that has protected foreign businessmen in Mexico as well as Iraq, said the two countries were now comparable in terms of the potential danger.

"Quite frankly, in Mexico you can't be armed enough," said Mr Bethea. "The dynamic of this combat is approaching the early days of the Iraq war. The cartels' men are well trained, disciplined and are armed with the latest weaponry, including armour-piercing bullets, rocket-launchers and grenades."

His claims were backed by Congressmen in Washington . . . .

Think that's pretty awful? Well, you're right. Only it gets worse. The following was also published late last week by *The Washington Times*:

Hezbollah is using the same southern narcotics routes that Mexican drug kingpins do to smuggle drugs and people into the United States, reaping money to finance its operations and threatening U.S. national security, current and former U.S. law enforcement, defense and counterterrorism officials say.

The Iran-backed Lebanese group has long been involved in narcotics and human trafficking in South America's tri-border region of Paraguay, Argentina and Brazil. Increasingly, however, it is relying on Mexican narcotics syndicates that control access to transit routes into the U.S.

Hezbollah relies on "the same criminal weapons smugglers, document traffickers and transportation experts as the drug cartels," said Michael Braun, who just retired as assistant administrator and chief of operations at the U.S. Drug Enforcement Administration (DEA).

"They work together," said Mr. Braun. "They rely on the same shadow facilitators. One way or another, they are all connected.

"They'll leverage those relationships to their benefit, to smuggle contraband and humans into the U.S.; in fact, they already are [smuggling]."

His comments were confirmed by six U.S. officials, including law enforcement, defense and counterterrorism specialists. They spoke on the condition that they not be named because of the sensitivity of the topic . . . .

Another U.S. counterterrorism official confirmed that the U.S. is watching closely the links between Hezbollah and drug cartels and said it is "not a good picture."

A senior U.S. defense official, who spoke on the condition of anonymity because of ongoing operations in Latin America, warned that al Qaeda also could use trafficking routes to infiltrate operatives into the U.S.

Now, truth be told, there is really no way of knowing how "impactful" the collapse of Mexico into drug-fueled anarchy will be, though we strongly suspect that the impact will be substantial. After all, as the above piece suggests, this is part of a broader global problem, a problem that has its roots in corruption and the large sums of cash generated by this corruption – which, in turn, can be used to further the corruption and to expand the chaos it induces.

What we do know for sure, though, is that if the Mexican breakdown is a prelude to further madness, further violence, or the expansion of corruption, then the powers that be – the purveyors of the "conventional wisdom," if you will – will insist that the nations of the world were blindsided by the whole mess, that they could never have seen it coming. Mexico's ruin and the related devastation will be just another in a long and increasingly frequent Black Swans.

But not to everyone. You see, dear readers, just over a decade ago, a handful of highly respected organizations published articles and studies detailing the potential for serious damage to Mexico and to the global community from the drug cartels, from the money they generate, and from the corruption they induce. To the authors and researcher involved in these reports and studies, none of what is happening today will be even the remotest bit surprising.

This first bit comes from the 1998 annual report from the Paris-based "Geopolitical Observatory of Drugs," which describes itself as the only truly independent organization that monitors the worldwide narcotics trade.

Several major countries, like Russia (and many former Soviet Republics), Turkey, Mexico, etc., are now at the center of an increasingly conspicuous alliance between organized criminal structures and high levels of the state itself. In Japan, organized crime (yakuza) is behind 30% of the bad debt which has provoked the current financial crisis. In

less developed countries, particularly on the African continent, the privatization of state-owned companies is now the main vehicle for recycling drug money thanks to corruption. In this way a new and distorted “development” model is emerging which, while enriching the elite classes, also encourages chaos. This “criminalization of politics” is beginning to act as a brake on development as mafia activities produce much larger and especially quicker profits than legitimate activities do.

When legitimate businesses survive, it is often as “fronts” for criminal activities. In many countries of the South, the same operators frequently control, or even monopolize, the most lucrative activities whether formal or informal, legal or illegal. Legitimate and criminal interests have become so intertwined in some parts of the world that the frontier between the two has become purely theoretical. The result is that whole sectors of the legitimate economy and millions of jobs depend on the continuation of illegal dealings, including the most lucrative of all, drug trafficking....

*The crash of the Mexican economy in 1995 (and again in 1998) and similar problems experienced in Russia and Japan since late summer 1998 probably constitute the first major financial crises in the history of contemporary society, whose principal catalyst is a mafia-like management of the economy. [emphasis added] The problems are no longer of a quantitative nature, such as the percentage of profits stemming from criminal activities (and more specifically from drug trafficking) and redistributed within state institutions or laundered through the economy....*

This next quote comes from a 1997 report from the U.S. State Department’s Bureau for International Narcotics and Law Enforcement Affairs:

Inordinate wealth gives the large trafficking organizations an almost unlimited capacity to corrupt. In many ways, they are a less obvious threat to democratic government than many insurgent movements. Guerrilla armies or terrorist organizations openly seek to topple and replace governments through overt violence. The drug syndicates only want to manipulate governments to their advantage and guarantee themselves a secure operating environment. They do so by co-opting key officials. A real fear of democratic leaders should be that one day the drug trade might take de facto control of a country by putting a majority of elected officials, including the president, directly or indirectly, on its payroll. Though it has yet to happen, there have been some disquieting near-misses.

And lastly, the following points (summarized here as bullet points) were all contained in a 1994 *Wall Street Journal* editorial titled “The Peso, Drugs and Justice”:

- One Mario Ruiz Massieu “managed to stash \$8 million-\$10 million in Houston bank accounts, apparently during the nine-month period when he was head of the Attorney General’s anti-drug unit.”
- That Mr. Massieu “amid signs he was in bed with the drug cartels, played a crucial part in collapsing the peso and destabilizing Mexico.”
- That one Guillermo Gonzalez Calderoni “was a former commander of an elite Mexican federal anti-drug squad, and on a measly federal salary apparently had accumulated assets worth millions, or hundreds of millions.”
- That the Journal believes “it would help a lot if Mr. Zedillo and Mr. Lozano

could make clear they understand their true enemies are the drug lords.”

■ And that “three of the lawyers named in a Miami indictment earlier this month for illegal acts representing the Calio cartel had earlier in their careers been drug prosecutors for the U.S. Justice Department.”

Taken together, the above pieces (and others like them, which we don’t have the room to quote here) paint a clear picture of the problems facing Mexico (and other countries) and the likelihood that the drug cartels would lead Mexico into chaos and collapse.

But where in the world could anyone have seen such insights “taken together” and collected in one convenient space to provide an idea of the full scope of the problems that could emerge from the drug trade and the corruption endemic therein? Funny you should ask.

As it turns out, all of the quotes are reproduced, which is to say that they were used before, in pieces written by none other than your two humble correspondents. The first two quotes come from a piece entitled “Globalization Lends Corruption Lighter Wings to Fly,” and published on March 10, 1999; while the third comes from a June 12, 1995 article called “Democracy and Capitalism Can Always Use a Little Support.”

The problem here is that if we (and others) were right about Mexico, then this is just the tip of the proverbial iceberg, which is to say that there is much

more corruption and chaos to follow. We’d love to sit around and congratulate ourselves, but again, that wasn’t the point of this piece. The point was to make the case that global corruption, fueled by the drug cartels and extending into the terrorism business, is a major risk to the nation and to the global community. Mexico’s cartel wars may be the first sign of this corruption, but they will hardly be the last. And anyone who tells you that such things can’t be foreseen is just plain wrong.

As we put it in the aforementioned June 1995 piece:

Corruption can be highly contagious, and it may well be that the most dangerous enemy to U.S. society in the 21st century, replacing the communist threat of the last half of the 20th century, will be the proliferation of deeply corrupted capitalistic democracies around the world in an era of greater and greater worldwide economic integration.

Like the aging beehive that lost the will to defend itself against the insidious wax moth in Kipling’s remarkable short story *The Mother Hive*, the United States could find itself in deep trouble if the “eternal vigilance” about which Jefferson spoke wanes. (“Wax moth only succeed when weak bees let them in . . . that never happens till the stock’s weakened.”)

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