

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

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

## THEY SAID IT

Never, never, never believe any war will be smooth and easy, or that anyone who embarks on the strange voyage can measure the tides and hurricanes he will encounter. The statesman who yields to war fever must realize that once the signal is given, he is no longer the master of policy but the slave of unforeseeable and uncontrollable events.

Winston Churchill. *My Early Life: A Roving Commission*, 1930.

## In this Issue

Of Course, You Know, This Means War!

We Hate to Say We Told You So...Redux.

## OF COURSE, YOU KNOW, THIS MEANS WAR!

For a guy who ran for president as an avowed anti-warrior, as the one man who opposed war from the beginning and would seek its end immediately upon election, Barack Obama is talking and acting rather aggressively and belligerently now that the campaigning is over. President Obama, as opposed to candidate Obama, looks and sounds, for all practical purposes, like a man congenitally bent on battle, one determined to whelp the dogs of war.

Now, don't get excited. We're not talking about Iraq. Or Afghanistan. Or Pakistan. Heck, we're not even talking about Kosovo. Unfortunately, what we're talking about here is Washington, where, last week, the 44<sup>th</sup> President of the United States hinted that he may be inclined to take the first steps in launching the longest and bloodiest intra-national campaign in nearly 150 years, since General Pierre Gustave Toutant Beaufort lobbed those first bombs at Fort Sumter.

Two weeks ago, as most of you know, the Obama administration decided to release several Bush-era memos on the national security apparatus's "enhanced interrogation" techniques, which Obama's fellow Democrats and other lefties have taken to referring to as "torture." And despite previous reassurances from the President himself and from several of his closest staffers – including his Chief of staff and purported "alter ego" Rahm Emanuel – that they have no desire to "look backward," and would much prefer to "move forward," it seems that the release of the memos may have changed things a bit.

The proverbial sharks smell blood in the water, and some of the more radical elements on the left are working themselves up to a feeding frenzy. Last week, apparently feeling some of this frenzied energy himself, Obama hinted that perhaps the Bush team is not yet in the clear, that maybe . . . just maybe . . . investigations

and prosecutions relating to said memos and to the previous administration's handling of terrorist interrogations are not entirely out of the question.

And thus did he prepare the battle ground.

Some towns, like New York, for example, are "built" on money. Wall Street, obviously, is the big earner in NYC, and it's not for nothing that the city is called "the financial capital of the world." Other towns, take Los Angeles/Hollywood, are built on power. Whom you know, what star or studio head is in your corner matters a great deal and can make or break careers.

Washington, by contrast to almost any other city in the nation, is built on secrets. Everyone has them, and for the most part, everyone keeps them. Occasionally, some are spilled. But as a rule, they are kept – to the benefit of everyone involved.

Now, it is possible that Obama, being a newbie, doesn't know this. It is also possible that he does know it, but doesn't care, believing that there is little anyone in town can do about it, given the general weakness of the Republican Party and its leaders and the fact that many of his more embarrassing skeletons are already out of the closet. Whatever the case, we think that he is underestimating the heat of the fire with which he is playing.

It is possible, as well, that some of the other of Washington's loudest and most incessant advocates for investigating and trying the former defenders of this country are also unaware of the personal risks that such a course of action would carry. Vermont Senator Pat Leahy, for one, has aggressively called for a "truth" commission to use a cudgel to beat former Bush administration officials. Perhaps Leahy figures that once one has been thrown off the Intelligence Committee for leaking documents he is immune from scandalous retribution. And maybe he's right. But we doubt that most of his fellow Democrats agree.

The Washington consensus on secrets and the keeping of them was, as far as we can recall, broken only once before in recent memory. When Bill Clinton, angry

and embittered over the Lewinsky/impeachment matter, fought back, the toll for his GOP opponents was heavy. Clinton's revenge toppled two Speakers of the House, Newt Gingrich, who was then diddling the current Mrs. Gingrich and seeing that she got inordinate pay raises, despite being still married to the previous Mrs. Gingrich; and Bob Livingston, the man who was to replace Gingrich but who resigned from the House after having been caught (by Clinton surrogate, pornographer Larry Flint) having engaged in his own extramarital dalliances.

Would a similar breach of traditional Washington etiquette be equally damaging to the respective parties – and especially to the Democratic Party – this time around? We can't say for certain. But we can say that if "war" should come, no one can pretend that he or she was not warned.

In the week or so since former Vice President Dick Cheney stepped forward to address the torture memos and to challenge the Obama administration's honesty and integrity, pundits and analysts of various stripes have been trying desperately to explain why Cheney would do such a thing and why he would be so aggressively and brusquely critical of the new president. Some speculate that Cheney is angry and trying simply to defend his own reputation. Some assume that he is laying the groundwork for his own legal defense. And still others think he's just being a jerk. Any or all of these speculations may have some merit, of course, but we think that the former Vice President is warning the Obama administration that any further attempts to criminalize disagreements over policy will not be cost free. Cheney is, in other words, sending a message.

This message is important because it lends an air of heft to the GOP response. Just as Cheney brought "gravitas" to the Bush ticket in 2000, so he brings gravitas to this discussion. Cheney's public approval numbers may be dismal and his reputation may have suffered more than anyone's from eight years of unremitting slurs. But he is still a serious man, with serious friends, who has been around Washington long enough to know where ALL the proverbial bodies are

buried. If President Obama thought he could take on the Bush administration with only the likes of House Minority Leader John Boehner fashioning the GOP response, he thought wrong. Cheney has been the consummate Washington insider for so long that he was President Ford's Chief of Staff and "alter ego" when the current alter ego was still prancing around in his ballet tights. And the fact that he is willing to lead the response to the torture charges should be immeasurably reassuring to those who fear they may be caught up in the new administration's purges.

What would such a "war" look like? Well, for starters, the entire town would grind to a halt – not that that's an entirely bad thing. If President Obama is frustrated now with the pace of "change" in Washington, just wait 'til he gets a load of how difficult things can be when the GOP digs in its heels and targets those Democratic Representatives from conservative districts. The Republicans in Washington obviously do not have the numbers to obstruct votes, but they can and, we presume, will do anything and everything within their power to distract, delay, and derail any piece of legislation the administration prioritizes.

Additionally, we suspect that the scandal beat at the local papers (assuming any local papers still exist) will heat up and will heat up dramatically. Like we said, this town has more than its fair share of secrets and you can expect to see a great many of them revealed. We'd love to give some examples of what we expect, but then, they're not "secrets" for nothing.

Of course, the fact is that we have no idea who or what will come out. But we do know that Washington is a magnet for the pathologically self-absorbed, and these folks have a tendency to do stupid things (often with other stupid people) believing that they have or deserve some sort of special karmic immunity from the repercussions of their actions. Many of them will, we suspect, learn otherwise should this torture debate explode into full blown war. Guys like Senators Larry "Wide Stance" Craig and David "DC Madame" Vitter will be relieved that their dirty laundry has already been aired. But many of the remaining 533 members

of Congress will likely find themselves having to choose between retirement or having a long heart-to-heart with the missus (or mister, as the case may be).

Finally, and most importantly, Vice President Cheney and his supporters will go to war with Obama administration on the *merits* of the interrogation techniques used. The left insists that torture never, ever reveals anything valuable; that it produces only false confessions and false claims of inside information; that all *real* interrogators know good and well that "harsh techniques" are for amateurs; and that the waterboarding of folks like Kalid Sheik Muhammad was simply unnecessary. If the Obama administration continues to push this issue, then it will all but certainly be compelled to "put up or shut up" by releasing the information garnered by the interrogations in question. And if that happens, the preconceptions of the folks on the left may well take a very serious hit. As Stewart Taylor explains in this week's *National Journal*:

There is a body of evidence suggesting that brutal interrogation methods may indeed have saved lives, perhaps a great many lives -- and that renouncing those methods may someday end up costing many, many more . . .

Michael Hayden, Bush's last CIA director, and former Attorney General Michael Mukasey recently wrote, "As late as 2006, fully half of the government's knowledge about the structure and activities of Al Qaeda came from those interrogations." Former CIA Director George Tenet has said, "I know that this program has saved lives. I know we've disrupted plots. I know this program alone is worth more than [what] the FBI, the [CIA], and the National Security Agency put together have been able to tell us." Former National Intelligence Director Mike McConnell has said, "We have people walking around in this country that are alive today because this process happened."

Of course, those four have a stake in defending the actions of themselves and other Bush appointees by magnifying the benefits. But I see little reason to doubt their sincerity, or that of the former senior CIA official who told my colleague Shane Harris anonymously that he was “certain” that the CIA “prevented multiple attacks” thanks to the coercive interrogations.

I see no reason at all to doubt the sincerity of Dennis Blair, Obama’s own national intelligence director, who said in an April 16 memo to his staff that “high value information came from interrogations in which those methods were used and provided a deeper understanding” of Al Qaeda.

Blair later qualified this by adding, “There is no way of knowing whether the same information could have been obtained through other means.” But a reasonable person might imagine that it would take more than sweet talk, mind games, and lollipops to get hardened terrorists to sing.

And this leads to the final aspect of the “war” that any torture prosecutions would start. At some point, it is likely that the United States will once again be hit by Islamist terrorists. And if the Obama administration has openly, avowedly, and repeatedly staked its moral reputation on the fact that it assiduously avoided any and all techniques that the Bush administration claimed prevented such follow-up attacks, then Obama himself will bear a heavy burden. Fairly or not, he will be blamed for “allowing” the attack to happen and foregoing the interrogation methods that could have prevented it. Personally, we think that such a charge would be scurrilous – just as scurrilous as the similar charges made against President Bush with regard to 9/11. But in the grand scheme of things, we don’t really count. And we doubt seriously whether “public opinion” would be as forgiving.

In any case, what all this means, in our opinion, is that President Obama will prattle on about “torture” when the mood hits him or when it serves his political ends. But he will never, ever let the debate get beyond idle chatter. There is simply too much for him to lose. And the accolades he would receive from the leftists whose opinions he obviously values would be nice, but they wouldn’t help keep him in office or advance the agenda in any noticeable way.

Over the weekend, blogger Shannon Love noted that the last time that the left worked itself up into a lather over alleged “war crimes,” the actual investigation and prosecution of those crimes somehow never materialized, despite the fact that the Democrats were then, like now, solidly in control of all the levers of power. In the early 1970s, folks like John Kerry and the rest of the Winter Soldiers testified, wrote books, and bitched to anyone who would listen about how the big shots in Washington and across the Potomac at the Pentagon forced foot-soldiers to commit heinous crimes against the “innocent” and delightful people of Vietnam. After the 1976 election, though, when President Carter had overwhelming majorities in both houses of Congress, the issue sort of dried up and disappeared. As Love put it:

The leftists knew that following through on prosecutions for war crimes would have revealed virtually all of the charges to be false. The American public would have seen the leftists as the cynical hypocrites they were, and people like John Kerry could have never become senators or run for the presidency.

We, like Love, expect that something similar will take place again this time. Obama and his ever-loquacious Attorney General Eric Holder will pat themselves on the back for being so magnanimous and for “forgiving” guys like Dick Cheney for keeping the nation safe. They’ll all move on, and no one, save those few souls who understood Cheney’s public warnings, will know how close the nation’s capital came to being torn apart.

## WE HATE TO SAY WE TOLD YOU SO . . . REDUX.

This week, we thought we'd trot out a few passages from a piece we wrote just under seven months ago, when the financial meltdown was just coming into focus. Some of this may seem a little outdated, given all that has transpired since, but the basic point of this piece, titled "Be Afraid. Be Very Afraid." remains incredibly relevant as we shall explain momentarily. First, though some thoughts from last October, a few bullet point predictions that we thought you, our readers should know:

■ That new financial crises, accompanied by new demands for the printing and distribution of more federal funds, are likely to arise with some frequency in the future, since each new event will increase the fear of the public and thus enhance the power of the "experts." More importantly, it will provide them and their friends with another occasion to participate in the distribution and management of the newly printed "emergency" funds.

■ That this concentration of power over financial matters in the hands of those who favor extensive government interference in the private sector is highly conducive to corruption, which is not only economically inefficient, but creates an important new and difficult-to-measure variable into the investment process.

■ That one cannot automatically assume that these particular "experts" in Washington will always opt for what a reasonably person would assume to be the best solution to any given problem, if a less satisfactory approach would yield greater dividends in power and money to them or to their partners, colleagues, and friends in the world in which they live, where the affairs of government and finance swirl together in the ether of power.

■ And finally, that there isn't a damn thing anyone can do about this except to understand it and invest accordingly.

For the record, we didn't exactly choose these quotes randomly. But they were among dozens that we could have used with equal effect. As you may or may not recall, last fall, while the financial collapse and the subsequent bailout (now known as TARP, The Troubled Asset Relief Program) were debated in Washington, we wrote piece after piece, all with the same basic admonition: EXPECT THIS MONEY TO BE STOLEN!

Why do we bring this up again today? Well, because, as it turns out, this money has been stolen. Fancy that.

Last week, Neil Barofsky, the inspector general of TARP testified before Congress in conjunction with his first report on the state of TARP funding. And what he found, reported, and testified, shockingly enough, is that some of the money is being stolen. According to Barofsky, his office currently has roughly "20 preliminary and full criminal investigations" underway. And among the crimes being investigated are: "large corporate and securities fraud matters affecting TARP investments, tax matters, insider trading, public corruption, and mortgage-modification fraud." Moreover, Barofsky testified, that TARP could result in "hundreds of billions of dollars in fraud," unless the government improves its oversight of the program.

And how did the government, in the form of the Treasury Department respond, you ask? By telling Barofsky to go take a flying leap. The "experts" at Treasury, it seems, know better how to ensure that the money is stolen by all the appropriate people.

Now, for the record, we don't want to make it appear that everyone who took TARP funds is a crook. We know that's not true. But we also know that many who took the funds – or were coerced to take them – did so honestly and now want to pay them back honestly. And have thus far been told that they can't.

The experts, you see, will decide when these banks can extricate themselves from beneath the government's boot.

All of this, we should say, is in addition to the revelation, also made last week, that former Treasury Secretary Henry Paulson may have been a little overzealous in pushing deals designed to "save" the financial services industry. And this revelation, in turn, was followed by another that Paulson didn't do anything of the sort, and the prosecutor in question – New York's Attorney General Andrew Cuomo – is the one playing games here. Economist Donald Luskin explains:

Is it the matter of the Treasury's role in Bank of America's acquisition of Merrill Lynch? Barofsky says he's "auditing" that "decision making process" too. For months now that acquisition has been shrouded in controversy. It was completed at year-end, even though BofA discovered that Merrill had suffered horrible losses in the fourth quarter, far worse than anything expected when the acquisition was first announced in September. Andrew Cuomo, the attorney general of the state of New York, has been investigating why large bonuses were paid to Merrill employees before the deal closed, and why the large Merrill losses weren't revealed to the public until January.

The bonus matter is populist drivel. The substantive issue is the failure to promptly disclose to investors Merrill's losses — losses so great that Bank of America came near to walking away from closing the acquisition deal. According to a letter to Congress from Cuomo yesterday, that failure — which surely raises the most troubling issues of securities fraud — was instigated by government coercion. Cuomo writes that according to a deposition

by CEO Lewis, "Bank of America did not disclose Merrill Lynch's devastating losses . . . and would have done so but for the intervention of the Treasury Department and the Federal Reserve."

In Lewis's own words from the deposition, he "was instructed that 'We do not want a public disclosure.'" Cuomo's office asked, "Who said that to you?" And Lewis responded, "Paulson." On the face of it, that would seem like a smoking gun — placed in Lewis's innocent hand by the secretary of the Treasury of the United States of America.

Is that the "public corruption" Barofsky is talking about?

Maybe. But then again, maybe not. In his letter, Cuomo goes on to say that "Secretary Paulson . . . informed this Office that his discussions with Lewis regarding disclosure concerned the Treasury Department's own disclosure obligations" with respect to the commitment of future TARP aid — not the matter of Merrill's loss.

Indeed, this very distinction is made by Lewis himself in the same deposition. Lewis was asked, "A public disclosure of what?" He responded, "Of what they were going to be doing for us until it was completed" — that is, the TARP commitment. Lewis was then asked specifically, "How about of Merrill fourth-quarter losses?" His response: "That wasn't an issue that was being exchanged."

It would appear that Cuomo may have significantly misrepresented Lewis's testimony by claiming that he "would have" disclosed the Merrill loss "but

for the intervention of the Treasury Department,” since by Lewis’s own testimony the Treasury’s intervention wasn’t even on this subject. And Cuomo appears to mislead Congress when he says that Paulson “informed this office” — as though by way of clearing himself of culpability — of the very thing that Lewis himself already said.

If true, this is serious prosecutorial misconduct . . .

One mistake that Luskin makes in his recitation of the corruption scandals plaguing TARP can be found in the following sentence: “The more I thought about it, the more I realized how that enormous pot of TARP money has in fact corrupted both the private and public sector.” Truth be told, TARP didn’t corrupt anything. Both the private and the public sectors were hopelessly corrupt before TARP. It’s just that the program gave them a considerably greater pool of funds from which to steal.

And it’s only going to get worse. As we noted this spring, the “stimulus” money is another nice big pool from which our public and private thieves may steal. As we put it in our yearly forecast piece this past January: “Between TARP and the coming stimulus package or packages, the amount of money out there to steal will increase considerably.” And that brings us to an *ABC News* dispatch on another government report, also issued last week. To wit:

The Government Accountability Office today issues a report on the \$787 billion stimulus bill called “RECOVERY ACT: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential.”

The GAO study asserts that officials from most of the states surveyed “expressed concerns regarding the lack of Recovery Act funding provided for accountability and oversight. Due to fiscal constraints, many states reported significant declines in the number of oversight staff – limiting their ability to ensure proper implementation and management of Recovery Act funds.”

Anyway. We could probably continue, but we think you get the point. The following, which is taken from a piece we wrote about Fannie and Freddie in Semptember of last year, is, we think, still terribly relevant. We think it sums up quite nicely the ongoing debacle that is our federal government. Enjoy. If that’s the appropriate word:

Above, we quoted John Kenneth Galbraith as saying that “In depression all this is reversed. Money is watched with a narrow, suspicious eye. The man who handles it is assumed to be dishonest until he proves himself otherwise. Audits are penetrating and meticulous. Commercial morality is enormously improved. The bezzle shrinks.” Or in other words, when the money runs out, the corruption is not only discovered but remedied as well. That’s the way the cycle is supposed to work. The problem with this explanation is that in this case, it has no bearing whatsoever on the corrupt entities involved. Fannie and Freddie are now under federal conservatorship, and they are, therefore, officially backed by the U.S. taxpayers. And tax money NEVER runs out . . .

Copyright 2009. The Political Forum. 8563 Senedo Road, Mt. Jackson, Virginia 22842, tel. 540-477-9762, fax 540-477-3359. All rights reserved.

Information contained herein is based on data obtained from recognized services, issuer reports or communications, or other sources believed to be reliable. However, such information has not been verified by us, and we do not make any representations as to its accuracy or completeness, and we are not responsible for typographical errors. Any statements nonfactual in nature constitute only current opinions which are subject to change without notice.