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## THEY SAID IT

Then the Gods of the Market tumbled, and their smooth-tongued  
wizards withdrew,  
And the hearts of the meanest were humbled and began to believe  
it was true,  
That All is not Gold that Glitters, and Two and Two make Four --  
And the Gods of the Copybook Headings limped up to explain it  
once more.

As it will be in the future, it was at the birth of Man --  
There are only four things certain since Social Progress began --  
That the Dog returns to his Vomit and the Sow returns to her Mire,  
And the burnt fool's bandaged finger goes wobbling back to the  
Fire;

And that after this is accomplished, and the brave new world  
begins,  
When all men are paid for existing and no man must pay for his  
sins,  
As surely as Water will wet us, as surely as Fire will burn,  
The Gods of the Copybook Headings with terror and slaughter  
return!

Rudyard Kipling, "The Gods of the Copybook Headings," 1919.

## A GOOD WORD FOR HARD TIMES.

With apologies to Will Shakespeare, the question of the day is not "to be or not to be?" The question is this: "How is the United States government going to honor all of the outstanding promises it has made to its own citizens and to those of other nations around the world given that it is taking on \$3 million of additional debt every minute of the day and not only has no realistic plan whatsoever to pay it back but is on a never ending quest to pile ever more debt, more promises, and more responsibilities on the existing heap?"

We believe that it is no exaggeration to say that, from the standpoint of the worldwide financial markets and the health and happiness of every American, this particular question trumps all of the other questions that the politicians, pundits, and news hounds beat to death every day on the airwaves, the Internet, and in the print media.

Many years ago, when American colleges and universities used to offer history courses having to do with something called "Western Civilization," (on the now-outdated theory that educated people should know from whence came the ideas that helped to mold the society in which they live) a popular bromide among

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the professors of this archaic and arcane subject used to be, “Tell me what you think about the French Revolution and I will tell you what you think about everything else.” Using this same logic, if you tell us how America is going to deal with its large and growing debt, we will tell you how every other problem facing the nation will be resolved, including the health care mess, the “global warming” mess, the financial services mess, and the auto industry mess. And we will throw in, as a bonus, the answer to Plato’s famous question, “Who shall rule?”

Moreover, we will be able to lay the groundwork for answering the other most important question of the day, namely: “What does one do with one’s assets and savings when one knows with absolute certainty that the government of the United States is going to continue to print and spend money like the proverbial drunken sailor until some outside force intervenes and stops it?”

Or to phrase the same question in a slightly different way, “How does one protect one’s possessions when one knows, without the least equivocation, mental reservation, or purpose of evasion, that there is no check or balance, no moral or practical barrier, no group of individuals extant within the existing structure of the present government that is capable of protecting the value of the nation’s currency against the metastatic growth of the federal Leviathan.”

The nation’s founding fathers anticipated trouble of this sort and, in their infinite wisdom, placed a provision within the Constitution against fiat currency, to wit: “No State shall . . . make any Thing but gold and silver Coin a Tender in Payment of Debts” This provision was stepped on and kicked around numerous times over the course of history and received the final *coup de grace* on a cold December day in 1971 when a small band of men, formally called the G10 and informally referred to by the fawning financial press as “masters of the financial universe,” gathered at the Smithsonian Institution in Washington for the purpose of releasing the U.S. government from the shackles of the above-mentioned pesky little provision in Article 1, Section 10 of the U.S. Constitution.

Needless to say, this simple act, endorsed and engineered by President Nixon of all people, enabled the previously established Johnson welfare state to fly as freely as Shelley’s skylark, and to remain aloft for decades upon decades powered only by the illusion of American omnipotence. “Hail to thee blithe spirit!”

So, where does it all end? Well, the one thing that we know for certain is that fiscal order in the United States will not be restored by a sudden surge of parsimony among the nation’s elected officials or by a return to the gold standard. Thus, we know that either this nation is destined to become the largest banana republic in the history of the world or an outside force will compel its citizens to come to terms with their addiction to the false joys of living far beyond their means.

The first of these two choices would be a great tragedy for the entire world. The second, which we believe is the most likely, would be good news in the long run because it would, if nothing else, keep the nation from becoming a full fledged banana republic. It is important to understand, though, that the second choice portends a long and painful period of adjustment for a great many people and institutions, which could involve civil unrest, political turmoil, regional disputes, economic disruptions, and discord between and among classes and races. In other words, hard times.

Among the many outside forces that could act as a catalyst, individually or in combination, for this difficult recovery of economic sanity are Ed Yardeni’s bond vigilantes; hyper-inflation; hyper-deflation; a deep and extended recession or depression; a revolution; a grave global conflict requiring a huge commitment of troops and money; a momentous natural disaster; a substantial outbreak of domestic terrorism; or perhaps, given America’s heavy dependence on foreign capital and foreign oil, an organized assault on the nation’s economy by one or more of its rivals for global hegemony, similar to the one that President Reagan engineered against the Soviet Union.

In any case, as Kipling put it in his classic poem about the old copybooks used by children to practice their penmanship by writing over and over again some proverb or hortatory commonplace written at the top of the page, Americans will, “as surely as Water will wet us,” and as ‘surely as Fire will burn” soon learn the painful lesson that there is no escaping the consequences of years and years of irresponsible economic behavior. Truth will out. Or as Kipling put it, “The Gods of the Copybook Headings with terror and slaughter [will] return!”

Now, we don’t pretend to be able to foresee exactly how or even when this denouement will occur. As we said in several articles in recent weeks, we think one certainty is that liberalism is in for a very tough time. After all, it has been financed entirely with borrowed money for the past several decades and has routinely promised more in future benefits than even America’s vast reservoir of untapped borrowing power can provide.

Liberals will, of course, argue that the entire problem can be solved by taxing “the rich” at higher rates, but this won’t fly during the hard times to come and would be economically counterproductive as well. Moreover, for political reasons they will be forced to use what money is available to keep Social Security, Medicare, and other middle class entitlements funded as much as possible at the expense of any bright new program ideas that they may have. Thus, it seems certain that the proliferation of new liberal programs and the growth in the old ones will slow significantly or come to an abrupt halt. And like some species of sharks, liberalism as a major force in American politics will die if it stops moving forward. Internecine warfare is already occurring within the liberal leadership hierarchy, largely over *de facto* spending limitations imposed by the already-sky-high deficit.

In the void created by waning liberalism, we believe that we are likely to see a rebirth among the younger generations of interest in the secularized form of that which Max Weber described as the protestant work ethic. This unique philosophy, which was formulated and popularized by Ben Franklin in his *Poor Richard’s*

*Almanac*, was so much a part of early American life that it provided the foundation for the development of American capitalism, and for almost two centuries its tenets were rarely if ever questioned. As the song goes, “do you remember this?”

“Early to bed early to rise, etc. . . . time is money . . . After industry and frugality, nothing contributes more to the raising of a young man in the world than punctuality and justice in all his dealings . . . the sound of your hammer at five in the morning, or eight at night, heard by a creditor, makes him easy six months longer . . . he that wastes idly a groat’s worth of his time per day, one day with another, wastes the privilege of using one hundreds pounds each day” . . . etc., etc. etc.

If we are correct about this, it is good news for America in the long run, even though it portends some economic suffering among those individuals, institutions, industries, and states that have come to depend heavily on the federal government for favors, subsidies, and pork barrel projects.

We also believe the government’s coming rendezvous with the consequences of years and years of out-of-control federal spending will give American foreign policy a more traditional, conservative bent. Not only will it have a dampening effect on the proliferation of liberal social engineering schemes abroad, but it will very likely put a nail in the coffin of the neo-conservative penchant for the kind of nation building that is currently going on in Iraq and Afghanistan.

During hard times, when Medicare spending is rationed and Social Security payments are means tested, the American people are simply not going to approve of spending billions upon billions of dollars, borrowed from China against their children’s future, to make life easier for people in other nations, or for Marshall Plan-like projects to rebuild and restore countries that had been foolish enough to go to war with the United States. Indeed, if either Iran or North

Korea expects America to spend billions upon billions of dollars to rebuild their countries if it becomes necessary to destroy them, then they are in for a big surprise. It won't happen. There will be neither the will nor the money to do so.

Our guess is that China will fill some of the void left behind if America is forced to cut back on its role as "the world's policeman." Neo-conservatives and liberals will lament this occurrence, for different reasons, of course.

But some conservatives will smile and recall a time when Washington's warning against foreign entanglements was the cornerstone of American foreign policy. And they will welcome the return, on both the domestic and foreign policy scene, of a smidgeon of respect for prudence, thrift, self-reliance, honesty, and faith in God, even if it is brought on by hard times.

## **NATION-BUILDING IS DEAD. SO WHAT NOW?**

If we are going to bury "nation building," as we do in the above piece, we think it fair and, on the whole, important to discuss the reasons for its growth over the course of the Bush presidency, the factors that made it seductive, even to erstwhile hardened pragmatists, and the guiding principles that will replace it upon its death. The Bush administration's experiments in the Middle East have been costly, deadly, and monumentally confusing. But there will come a time – and not so very long from now – that we, you, and countless millions of others will look back with longing.

For starters, it is worth remembering, we think, that George W. Bush did not enter office on January 20, 2001 as a proponent of "nation building." Indeed, he had openly declared himself an opponent. "I don't think our troops ought to be used for what's called nation-building," Bush said during an October 11, 2000 debate with Al Gore, "I think what we need to do is convince people who live in the lands they live

in to build the nations. Maybe I'm missing something here. I mean, we're going to have a kind of nation-building corps from America? Absolutely not."

Now, there is no question that when Bush took office he brought with him a coterie of those who would eventually be called "neocons," and who would therefore be blamed for their aggressiveness in defending the nation in the wake of 9/11. Truth be told, though, even the most prominent of these "neocons" were less central than most people have come to conclude and at least some entered the new administration disappointed in their posts. Paul Wolfowitz, for one, reputedly the most dastardly neocon of them all, had been touted, pre-election, as a likely contender either for Secretary of State or Secretary of Defense. Instead, he had to settle for Defense's number two slot, Don Rumsfeld's sidekick.

Another important aspect of the nation-building debate to remember is that even as late as March 2003, on the eve of the invasion of Iraq, "making the world safe for democracy" was hardly the first priority on the Bush administration's "to do" list. Rather, Bush et al. were seeking to protect those they were sworn to protect, namely the American people.

The intelligence services of nearly every nation on earth believed that Saddam's Iraq had massive stores of chemical and biological weapons and had retained the knowledge to restart its dormant nuclear weapons program. Even those who were most aggressive about invading Iraq, people like the aforementioned Paul Wolfowitz and his boss Donald Rumsfeld, were concerned principally about the relationship between Saddam and al Qaeda and were intent on disrupting that relationship – both by attacking al Qaeda directly and by toppling Saddam and, if necessary, other sympathetic regimes.

In short, then, the Bush administration's foreign policy was not a purely ideological and idealistic endeavor, at least not at the beginning. But then the WMD failed to materialize. And thus began the rationalizations and the justifications and the not-so-subtle attempts to change the course of the discussion. And it worked, at

least it worked well enough to get Bush a second term. And the rest, as they say, is history. And you will note that, as part of that history, the foremost exposition of the principles of Bush-ian nation building came in the President's *second* inaugural address, nearly two years *after* the invasion of Iraq.

Of course, the most important, and least discussed, feature of the Bush nation-building experiment is the fact that it was a default position. True, there may have been some premeditation on the part of some non-policy-making underlings, but for the most part, Bush settled on toppling regimes and rebuilding them because he didn't know what else to do. Over the course of the previous three decades, since the end of the Vietnam War and the nascent rise of radical Islamism, every other basic foreign policy approach had been tried in the Middle East, all with tragic results and none producing any benefit at all to the West.

Nixon and Kissinger employed *realpolitik*, turning the Middle East into just another battlefield in the Cold War. Carter and Brzezinski appeased the Arabs, throwing the Israelis under the proverbial bus. Reagan et al. did their best to ignore the pesky problems associated with the rise of Islamism and left them to fester. Bush-41, Brent Scowcroft, and James Baker updated Kissinger's *realpolitik* and aimed at "realism" leaving tens of thousands to be slaughtered, many as the result of American negligence. And Clinton hid his head in the sand, preferring to view the Middle East through the prism of political correctness and simply to accept the Islamists' charge that Israel and its treatment of the Palestinians is the root of all evil.

What was left for Bush-43 to try? As the historian and military strategist Victor Davis Hanson noted a mere two months after the invasion of Iraq, ultimately Bush had the option of reverting to failed paradigms or trying something different. To wit:

Before 9/11, the West in a variety of ways had been complicit in all this tragedy, and either ignored the alarming symptoms — or, worse still, aided and abetted the disease.

Oil companies and defense contractors winked at bribery and knew well enough that the weapons and toys they sold to despots only impoverished these sick nations and brought the *dies irae* ever closer. "If we don't, the French surely will" was the mantra when bribery, Israeli boycotts, and questionable weapons sales were requisite for megaprofits.

Paleolithic diplomats — as if the professed anti-Communism of the old Cold War still justified support for authoritarians — were quiet about almost everything from Saudi blackmail payments to terrorists and beheadings to mass jailings, random murder, and disfigurement of women. Political appeasement — from Reagan's failure to hit the Bekka Valley after the slaughter of U.S. Marines, to Clinton's pathetic responses to murdered diplomats, bombings, and the leveling of embassies — only emboldened Arab killers.

Judging magnanimity as decadence, the half-educated in al Qaeda embraced pseudo-Spenglerian theories of a soft and decadent West unable to tear itself away from thong-watching and Sunday football. Largess in the halls of power in New York and Washington played a contemptible role too — as ex-ambassadors, retired generals, and revolving-door lawyers created fancy names, titles, and institutes to conceal what was really Gulf money thrown on the table for American influence.

On the left, multiculturalists and postcolonial theorists were even worse, promulgating the relativist argument that there was no real standard by which to assess third-world criminality. And by mixing a cocktail of colonial guilt and advocacy about the *soi-disant* "other,"

they helped to create a politically-correct climate that left us ill-prepared for the hatred of the madrassas. Arab monsters like Saddam Hussein sensed that there would always be useful idiots in the West to march on their behalf if it came to a choice between a third-world killer and a democratic United States. More fools in the universities alleged that oppression, exploitation, and inequality alone caused Arab anger — even as well-off, educated, and pampered momma's boys like Mohamed Atta pulled out their Korans, put on headbands, and then blew us and themselves to smithereens, still babbling about unclean women in the last hours before their rendezvous in Hell.

So the general symptomology, diagnosis, and bleak prognosis of this illness in the Middle East are now more or less agreed upon; the treatment, however, is not. Arab intellectuals — long corrupted by complicity with criminal regimes, and perennial critics of American foreign policy — now suddenly look askance at democracy, if jump-started by the United States. American academics, who once decried our support for the agents of oppression, now decry our efforts to remove them and allow something better.

What in God's name, then, are we to do with this nonsense?

Now, one may argue that Bush's great democracy crusade was overly ambitious. And it was. One may argue that it was naïve. And it was. One may argue that it cost this nation an inordinate price, in terms of both human and financial capital. And it did. One may argue that it was haughty, arrogant, ill-advised, foolish, immoral, etc., etc. And it may well have been. But one cannot argue that it was unsuccessful.

As you may recall, just ten days ago, we commemorated the eighth anniversary of 9/11. And since that day eight years ago, there have been no

further large scale terrorist attacks on American soil or foreign-based American targets (outside of the war zone, that is). Not only is that a remarkable accomplishment in terms of what was expected in 9/11's wake, but such a dearth of attacks is something that only one other president since Nixon can claim. And that one exception, George W.'s father, saw his term sandwiched in between two major attacks, one the month before he took office (the Lockerbie bombing) and one the month after he left (the first attack on the World Trade Center.)

So where does that leave us? By near universal acclamation, the idea that nation's can be invaded, their dictators overthrown, their culture disrupted, and the whole entire governing structure replaced with Western-style democracy is dead. It was too naïve, too arrogant, and too costly. Never mind that it was effective in the short term; it simply cannot be maintained over the long term, particularly given the financial burden it entails.

But what do we do now? If nation-building is dead, what comes next?

The answers to these questions are, as you might guess, complicated. Worse yet, they are not particularly comforting.

As best we can tell, the necessity of replacing Bush's foreign policy paradigm with one that is less naïve and less costly has two critical problems. The first of these is that the foreign policy establishment has, it appears, no interest in formulating a new paradigm, preferring instead simply to adhere to the guiding tenet that anything Bush did is bad; therefore anything that does otherwise is good, or at least better. What that means, in turn, is that we are left with foreign policy "experts" and professionals who, simply out of reflex, are looking backward rather than forward, embracing strategies and tactics that are both quantitatively and qualitatively inferior to that which they seek to replace, which is itself defective.

Recall, for example, that the "realism" of James Baker, Brent Scowcroft and the rest of the Bush-41 foreign policy team led directly to the slaughter of thousands

of Iraqi Shiites and Kurds who followed the Bush administration's suggestion to rise up against Saddam. These hapless Iraqis rose up, only to be betrayed, largely by Baker, and thus to be mowed down. American fecklessness was broadcast to the world, and Saddam was allowed to remain in power for twelve more years, torturing and murdering his people and terrorizing the region.

But did any of that alter Baker's affection for his dearly beloved "realism"? Of course not. In his much-ballyhooed report on and recommendations for Iraq, Baker (and group co-leader Lee Hamilton) suggested that the way out of Iraq was, once again, to sell out America's allies (once again the Iraqi Shiites) and to indulge its opponents and enemies. In addition to requesting the "aid" of Saudi charities and the United Nations, Baker actually proposed bringing the Iranians in to "help" and offering the Palestinians unimaginable concessions (e.g. the "right of return") to come to a final agreement with Israel.

Not that Baker is alone in his stupidity. Just in the past week, three foreign policy grandees from the left and the right offered their thoughts on this nation's foreign policy. Former Bush National Security Advisor (NSA) Brent Scowcroft praised President Obama's decision to abandon American allies in Eastern Europe and kowtow to Vladimir Putin and the resurgent Russian Bear. Clinton Secretary of State Madeleine Albright fell back into old habits, praising the nation's enemies, disparaging her own country, and decrying the messiness of participatory democracy.

And perhaps most notable, Carter-era NSA Zbigniew Brzezinski wallowed once again in the anti-Semitic leftist "realism" that characterized the Carter foreign policy. In an interview with *The Daily Beast*, Zbig let it fly, so to speak, and revealed the moral bankruptcy that underlies much of the anti-Bush left's understanding of the Middle East. To wit:

*Daily Beast:* How aggressive can Obama be in insisting to the Israelis that a military strike might be in America's worst interest?

*Brzezinski:* We are not exactly impotent little babies. They have to fly over our airspace in Iraq. Are we just going to sit there and watch?

*DB:* What if they fly over anyway?

*Brzezinski:* Well, we have to be serious about denying them that right. That means a denial where you aren't just saying it. If they fly over, you go up and confront them. They have the choice of turning back or not. No one wishes for this but it could be a Liberty in reverse.

In case you missed the point there, we'll spell it out: If Israel decides to attack Iran in an effort to destroy its nuclear weapons program, Obama should shoot down the Israeli planes. *THE ISRAELI PLANES.*

Yikes, to put it mildly.

The second major problem with developing a new foreign policy paradigm to replace Bush's is that the current occupant of the White House is apparently disinterested in doing so, preferring to focus on domestic affairs and "fudging" his way on national security. Over the weekend, Obama himself let slip his tendency to see his nation as an aggressor, telling NBC's David Gregory that he does not favor an endless "occupation" of Afghanistan and abjectly failing even to question Gregory's comparison of the American "occupation" of that country to its Soviet occupation.

Moreover, President Obama is unwilling to make a decision about how to move forward in Afghanistan, preferring to stake out his default position (i.e. it's Bush's fault, "We had been adrift, I think, when it came to our Afghanistan strategy.") and refusing to address the question of whether he will accept General Stanley McChrystal's request for more troops or seek to replace McChrystal with someone willing to tell him what he wants to hear.

Add to that the apparent beliefs that the Russians will respond to feeble inducements, that Iran will negotiate in good faith over its nukes, that Iraq can be completely ignored, that allies like Japan and South Korea can be completely disregarded in pursuit of agreements with the notoriously treacherous Kim Jong Il, and that American interests are best served by bullying a wretched and erstwhile trivial Central American nation to abandon democratic action and surrender to expansionist Chavezista despotism – and global conditions have the potential to get very ugly very fast.

Long-time readers know that we have always had our problems with George W. Bush's decision to turn the war on terror into an experiment in expanding democracy. And those problems are certainly compounded by contemporary issues, namely the nation's inability to pay for open-ended foreign commitments.

That said, we'd probably feel better about abandoning the Bush paradigm if we had some sense of what was to follow. As it is, we expect our neophyte president to make his national security calculations in reference to domestic political calculations, to do abroad what he feels is popular at home, at least with a certain fraction of his political constituency. This is a recipe for instability, at the very least.

And quite possibly a great deal worse.

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