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THEY SAID IT

It is not difficult to see what must be the consequences when democracy embarks upon a course of planning which in its execution requires more agreement than in fact exists. The people may have agreed on adopting a system of directed economy because they have been convinced that it will produce great prosperity. In the discussions leading to the decision, the goal of planning will have been described by some such term as "common welfare," which only conceals the absence of real agreement on the ends of planning. Agreement will in fact exist only on the mechanism to be used. But it is a mechanism which can be used only for a common end; and the question of the precise goal toward which all activity is to be directed will arise as soon as the executive power has to translate the demand for a single plan into a particular plan. Then it will appear that the agreement on the desirability of planning is not supported by agreement on the ends the plan is to serve. The effect of the people's agreeing that there must be central planning, without agreeing on the ends, will be rather as if a group of people were to commit themselves to take a journey together without agreeing where they want to go: with the result that they may all have to make a journey which most of them do not want at all.

F.A. Hayek, *The Road to Serfdom*, 1944.

BORN FIGHTING. FIGHTING STILL.

As any school boy knows, George Santayana, in the first volume of his *Life of Reason*, declared that "those who cannot remember the past are condemned to repeat it." A corollary, which we swear Santayana also wrote, but for which we can find no conclusive evidence of authorship, goes as follows: "those who are ignorant of history in the first place, believing it either beneath them or the false construct of the oppressive European patriarchy, are condemned to get smacked about the head by it."

Just ask Barack Obama.

What do we mean? Well, it's pretty clear that Barack knows next to nothing about history. While the left continues to giggle to its collective self about how dumb George Bush was and Sarah Palin is, it ignores the more immediate reality, namely that Barack Obama, smart though he may be, is uneducated. Sure, Occidental, Columbia, and Harvard Law sound impressive enough, but the guy clearly was allowed to proceed through the nation's elite institutions without learning squat about history, particularly the history of the nation he now ostensibly governs. And it's costing him, will cost him, and may ultimately be his political undoing.

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Let us start with Barack's cratering public approval ratings. As we go to press (or, if you prefer, as we poke the "send" button sitting in our basements in our jammies) every major public opinion poll has Obama's approval at less than 50%, a rather remarkable tumble just one year after being crowned King of the World, or something like that. Even more remarkable, in some polls, a generic "Republican" candidate is statistically tied with Obama in previews of the 2012 presidential election.

The reason Obama's approval is falling is obvious. Despite the fact that much of the loud, obnoxious grumbling about Obama has come from the political left, the real deterioration in his support comes from the center-right, that is, the "independent" voters who pulled the lever for the Democrats in 2008, but were never fully committed either to the party or to its candidate.

Some of these voters were and are the political "moderates" who populate the middle ground between the parties. But a good chunk of them, perhaps even the majority of them, could be classified as "conservatives," party affiliation notwithstanding. These voters were tired of George Bush. And they were tired of the corrupt (yes, we said *corrupt*) Republican political establishment. But they were never really invested in the Obama movement. They voted for him because he was "the other guy," the default opposition-party candidate. And they did so not because of his ultra-leftist campaign agenda, but in spite of it.

As *The Weekly Standard's* Jonathan Last recently noted, the voters whom Barack has lost over the last, say, six months, are voters who were never particularly dedicated to him in the first place. They are, more or less, Hillary's voters from the 2008 primaries, i.e., the white working class and lower middle class. Last explains it this way:

For six months during the 2008 primaries, Obama and Hillary Clinton crisscrossed the country wooing voters.

Obama consistently failed to win over important parts of the Democratic base, even after it became clear that he was going to be his party's nominee.

On February 5—Super Tuesday—Obama did poorly in both New Jersey and Massachusetts, losing to Clinton by 10 and 15 points, respectively. The exit polls were in line with Obama's performance throughout the primary race: He did very well with blacks, wealthy voters, highly educated voters, and very young voters. He did poorly with working-class whites and older voters. In New Jersey, Obama was +20 among voters under the age of 29, but about -26 among voters over 50. In Massachusetts, he ran even with young voters, and -31 among those over 65. As for education, Obama was -41 among voters with only a high school degree, but ran even, or just ahead, among voters possessing postgraduate degrees. And then there was gender and race. In New Jersey, Obama was -19 among white men; in Massachusetts he was +1.

In addition to the demography, there was geography. Obama ran well in urban enclaves. He also did well in college towns and state capitals. But he did poorly in the suburbs and in smaller industrial towns.

A week after Super Tuesday, Obama won the Virginia primary. He performed somewhat better in all categories, even winning white men by 18 points. But his victory came largely from blacks (who made up 30 percent of the vote, and whom he won 90 to 10) and the upscale Northern Virginia suburbs, increasingly home to a highly educated class of government and technology workers.

Today, of course, these Clintonian voters – in New Jersey, in Virginia, and in Massachusetts – are running away from Obama as fast as they can, so fast in fact that they helped elect three Republicans to seats held by Democrats, including to the Senate seat that was, for most of the last half century, the personal property of the Kennedy family. And they are not likely to come back. For starters, once an already skeptical audience has been lost, it is next to impossible to win it over again. But more importantly, these voters are and always have been the backbone of the opposition to radical leftism in this country.

As Last points out in his piece, none other than Michael Barone, perhaps the most astute political observer in the business today, made this point quite nicely during the 2008 primaries. To wit:

Looking at these electoral data suggests to me that there's another tribal divide going on here, one that separates voters more profoundly than even race . . . That's the divide between academics and Jacksonians. In state after state, we have seen Obama do extraordinarily well in academic and state capital enclaves. In state after state, we have seen Clinton do extraordinarily well in enclaves dominated by Jacksonians.

Hillary's voters, you see, were what Barone calls the "Jacksonians," the blue-collar, Appalachian and Appalachian influenced, salt-of-the-earth, political and cultural independents. Obama won the effete and the refined, the cultural progressives. He lost the average, hard-working, blue-collar patriots and laborers. And he continues to lose them today.

Now, what is most interesting about all of this is that those whom Barone calls "Jacksonians" have another name, a name that is far more descriptive of their ethnic and cultural heritage, but which probably does an injustice to their broad-based influence on the cultural and political underpinnings of the nation. That name, of course, is the Scots-Irish.

The Scots-Irish, are, as the label suggests, the descendants of the Ulster Scots, driven from Scotland to Ireland and then to America by passion, religion, and a thirst for liberty. But they are also a great deal more than just a remnant ethnic group. They are a culture, a phenomenon that both embodies and transcends its ethnic heritage. Consider, for example, the following, penned by the unofficial American historian of the Scots-Irish and appearing in his definitive tome on the subject:

The Scots-Irish (sometimes called the Scotch-Irish) are all around you, even though you probably don't know it. They are a force that shapes our culture, more in the abstract power of emotion than through the argumentative force of law. In their insistent individualism, they are not likely to put an ethnic label on themselves when they debate societal issues. Some of them don't even know their ethnic label, and some who do don't particularly care. They don't go for group-identity politics any more than they like to join a union. Two hundred years ago the mountains built a fierce and uncomplaining self-reliance into an already hardened people. To them, joining a group and putting themselves at the mercy of someone else's collective judgment makes as much sense as letting the government take their guns. And nobody is going to get their guns.

Or consider this, which comes from his similarly themed opinion piece published by *The Wall Street Journal* just after the publication of the above-mentioned book and in the prelude to the 2004 presidential elections:

The Scots-Irish are derived from a mass migration from Northern Ireland in the 1700s, when the Calvinist "Ulster Scots" decided they'd had enough of fighting Anglican England's battles against Irish

Catholics. One group settled initially in New Hampshire, spilling over into modern-day Vermont and Maine. The overwhelming majority – 95% – migrated to the Appalachians in a series of frontier communities that stretched from Pennsylvania to northern Alabama and Georgia. They eventually became the dominant culture of the South and much of the Midwest.

True American-style democracy had its origins in this culture. Its values emanated from the Scottish Kirk, which had thrown out the top-down hierarchy of the Catholic Church and replaced it with governing councils made up of ordinary citizens. This mix of fundamentalist religion and social populism grew from a people who for 16 centuries had been tested through constant rebellions against centralized authority. The Scots who headed into the feuds of 17th-century Ulster, and then into the backlands of the American frontier, hardened further into a radicalism that proclaimed that no man had a duty to obey a government if its edicts violated his moral conscience.

Matched with this rebelliousness was a network of extended family “clans,” still evident among the Scots-Irish, built on an egalitarianism that measured a person by their own code of honor, courage, loyalty and audacious leadership. Noted Scottish professor T.C. Smout said it best when he observed that these relationships were “compounded both of egalitarian and patriarchal features, full of respect for birth while being free from humility.” They demanded strong leaders, but would never tolerate one who considered himself above his fellows. Andrew Jackson, the first

president of Scots-Irish descent, forever changed the style of American politics, creating a movement that even today is characterized as Jacksonian democracy.

The Scots-Irish comprised a large percentage of Reagan Democrats, and contributed heavily to the “red state” votes that gave Mr. Bush the presidency in 2000. The areas with the highest Scots-Irish populations include New Hampshire, Pennsylvania, Virginia, West Virginia, Kentucky, Tennessee, the Carolinas, Georgia, Alabama, northern Florida, Mississippi, Arkansas, northern Louisiana, Missouri, Texas, Oklahoma, Kansas, Colorado, southern Ohio, Illinois, Indiana, and parts of California, particularly Bakersfield. The “factory belt,” especially around Detroit, also has a strong Scots-Irish mix.

The Scots-Irish political culture is populist and inclusive, which has caused other ethnic groups to gravitate toward it. Country music is its cultural emblem. It is family-oriented. Its members are values-based rather than economics-based: they often vote on emotional issues rather than their pocketbooks. Because of their heritage of “kinship,” they’re strangely unenvious of wealth, and measure leaders by their personal strength and values rather than economic position. They have a 2,000-year-old military tradition based on genealogy, are the dominant culture of the military and the Christian right, and define the character of blue-collar America. They are deeply patriotic, having consistently supported every war America has fought, and intensely opposed to gun control . . .

Looking at this, there are three things that jump out at us as relevant. First, there is the geographic

confirmation of the phenomenon we described above, relative to Obama's sinking poll numbers and the 2004 primary voters. Look at the list of Scots-Irish enclaves: "New Hampshire, Pennsylvania, Virginia, West Virginia, Kentucky, Tennessee..." In 2004, those states went: Clinton, Clinton, Obama, Clinton, Clinton, Clinton. Obama did win much of the Old South, but that was largely on the strength of heavy and nearly unanimous black vote and due, in part, to the fact that traditional Clinton-Jacksonian-Scots Irish are, in the South, no longer Democrats. That said, Florida, Arkansas, Texas, Oklahoma, Ohio, Indiana, Michigan? Clinton, Clinton, Clinton, Clinton, Clinton, Clinton, Clinton.

Second, and perhaps most relevant for Obama and his party going forward, the description of the Scots-Irish culture – for example, the values of self-reliance, independence, unwillingness to buckle to tyranny, patriotic, gun loving, etc. – sounds almost exactly like some of the descriptions we've seen, read (and to a lesser extent, experienced) about the Tea Party movement that is currently roiling official Washington.

The Tea Partiers are intensely individualistic. They oppose Washington's heavy hand. They are outraged by the idea that government wants to control more and more of Americans' lives and confiscate more and more of their income. They are appalled at the idea of tighter restrictions on gun ownership that would infringe on 2nd Amendment rights. Even the Scots-Irish discomfort with "joining groups" is reflected in the Tea Party movement, which held its national convention two weeks ago in Nashville (the home of country music, not coincidentally), only to see a counter-convention protest spring up nearby, as dedicated Tea Party activists objected to the idea that the movement could be encapsulated by the speakers and presenters at the convention.

The Tea Party movement, while conservative, has generally eschewed establishment Republicans and has endorsed several Democrats. Heck, even the mainstream media's dismissal of the Tea Partiers is reminiscent of their dismissal of all things Scots-

Irish. The following, written after the 2004 election by novelist Jane Smiley and cited by professor of National Security Mackubin Thomas Owens as a characteristic example of elitist anti-Scots-Irish bias, would appear, to us at least, to be nearly identical to much of what the mainstream press writes about the Tea Parties:

The election results reflect the decision of the right wing to cultivate and exploit ignorance in the citizenry . . . Ignorance and bloodlust have a long tradition in the United States, especially in the red states . . . Listen to what the red state citizens say about themselves, the songs they write, and the sermons they flock to. They know who they are – they are full of original sin and they have a taste for violence.

Stupid, racist, country-music loving, backward hicks. That about sums it up, whether the "it" in question is Scots-Irish culture or the Tea Party movement.

The final point that we want to make about the above history of the Scots-Irish relates to its author, a man who, in 2004, was described by Mackubin Owens as "a remarkable man."

He is a graduate of the Naval Academy who, while serving as a Marine infantry officer in Vietnam was wounded twice and awarded the Navy Cross for valor (think non-posthumous Medal of Honor). He is a graduate of Georgetown Law School. He was an assistant secretary of defense and Secretary of the Navy during the Reagan administration. He is a man of letters . . .

[He is] the man who time and again stood on the front lines of the culture war that still rages between those who served and those who didn't, a culture

war that played a major role in the recent election. And just as he stood up to the elites who peddled falsehoods about the Vietnam veteran, he now takes them on about this important group as well.

The name of the book in question here is *Born Fighting: How the Scots-Irish Shaped America*, and its author, the “remarkable man” cited by Owens is James Webb, the senior Senator from the Commonwealth of Virginia and a *Democrat*.

Webb, you may recall, switched parties in 2006 (largely over his opposition to the Iraq War) and shockingly defeated the incumbent Senator, George Allen, who was, at the time, considered a front-runner for the 2008 GOP presidential nomination. We have our problems with Webb – too many to mention here, in fact. And we think he is, in many ways, one of the most tiresome self-promoters in a business full of self-promoters. But there is no question that he is, as Owens declares, remarkable.

As it turns out, he is also the face of Democratic Party opposition to the hard-left president it nominated two years ago. Webb was the first Democrat to declare the current health care reform push “dead” after Scott Brown’s victory in Massachusetts last month. And he has repeatedly set himself up to be a pain in the President’s posterior. In addition to the health care business, Webb has, unsurprisingly, been highly critical of Obama’s foreign policy, specifically his hemming, hawing, and halfassedness with regard to Afghanistan and his foolishness with regard to the war on terror and the pending trials of terrorist masterminds.

Webb lost a great deal of support from his native Scots-Irish constituency in 2006, when he tarnished his record with his callous attacks on Bush. But he has set himself up perfectly to win a great deal of that support back. A man who would intentionally court confrontation with presidents of both major parties would, after all, have a rather unique and inescapable claim to the mantle of “man of the people.”

This is not, we should clarify, to say that Webb is positioning himself or merely posturing. Obviously, he believes deeply in the Scots-Irish culture and the values it engenders. It’s true, he is, at times, an arrogant jackass, but what major, national politician isn’t?

Which brings us to our final point here, one that involves a prediction...

A great deal of ink has been spilled over the course of the Obama presidency about possible challenges to his re-election from inside his own party. From the very start, the smart money said that Hillary would abandon her post at the State Department at mount a primary challenge, if the opportunity presented itself. With the announcement made yesterday by Indiana Senator Evan Bayh that he will not seek re-election this fall, many now believe that Obama will also face a primary challenge from this Midwestern moderate.

All of that is well and good. And all of it may be accurate. But if you’re looking for a real contender to knock off a sitting president, Jim Webb may be a far smarter bet than either of these other two. Webb is smart, savvy, and, most of all, believes deeply in the political and cultural relevance of his people, the Scots-Irish. Given Barack’s tanking poll numbers, the analysis of those numbers, and the importance and staying power of the Tea Party movement, it would be hard for us to argue that Webb is wrong about the Scots-Irish, even if we wanted to, which we don’t.

Mark our words: If Jim Webb shows any public signs of affinity for or sympathy with the Tea Parties, then he is setting himself up to run for president in opposition to Barack Obama. He may run as a Democrat, challenging Obama in the primaries. He may run as an independent or third party candidate. Or he could, conceivably, switch parties again and run as a Republican. Whatever the case, he would run as a populist, common sense, blue-collar, flyover country alternative to the pointy-headed elites in the Obama administration. He would, in other words, run as the heir to Andrew Jackson, as the personification of the Scots-Irish ideal.

It's hard to imagine he would be successful. But then again, who ever imagined Obama himself had a real chance? And Webb is far more in touch with the majority of American voters than Obama is.

Stay tuned, as they say.

AN INEVITABLE COLLAPSE? WHO DIDN'T KNOW?

Last week, the military historian and classicist Victor Davis Hanson wrote a little bit about the time he spent in Greece. To wit:

I lived in Greece for more than two years, and one of my best memories is of a small hotelier at a seaside resort. He checked you in; he cooked; he did the landscaping at night; he did all the maintenance during the day. I asked him why he didn't hire more help, since his hotel wasn't all that small and he seemed to be going 24/7. What followed was a harangue about the cost of hiring a permanent worker in Greece, the difficulty of ever firing him if he proved worthless, and why he preferred to do everything himself rather than fill out all sorts of forms and hire unmotivated but tenured employees. Besides, he said, almost everyone was on some sort of pension, disability, or government benefit, and was unwilling to work, so his choices were either illegal immigrants or broke foreign students. Then he launched into a blast against socialism, and explained how he was forced to become an expert tax dodger, how he would barter for all the transactions he could, and why he hated the government. He finished by sighing that in Greece, the people spend their time either devising ways to get government money or scheming to avoid the tax collectors — or, preferably, both.

In another piece, not specifically on Greece, but on the folly and danger of big government, Hanson followed up on this trip down memory lane, noting that modern Greece was always doomed. It was just a matter of time. "Any casual observer could have predicted its present fiscal meltdown," he wrote, "which is emblematic of big government socialism."

What's the point of bringing this up today, you ask? Well, because you, gentle reader, didn't have to rely on "any casual observer" to see this coming. You had the advice of professional observers, people who get paid to make predictions like this one and who did so — a full six months before the Euro was officially launched.

Psst! You wanna know a secret. The Euro, and the mess it represents, is going to be a social, economic and political catastrophe. Indeed, I think it is probable that the adoption of the Euro will be to 21st century Europe, what the killing of the Archduke Ferdinand was to 20th century Europe; i.e., that point in time when history will record that the unraveling began in earnest.

Exaggeration? Hyperbole? Well, maybe. But maybe not. You see, the problem isn't, as most critics claim, simply that the "policy makers" from the various "regions," will fight over economic and monetary policy, and that the economic ignoramuses might win. The problem is that economic ignoramuses are likely to be the only ones at the table.

On the off chance you haven't figured it out yet, that's what we wrote on May 20, 1998, nearly twelve years ago now. It's also what one of us repeated on CNBC later that year, much to our hosts' amusement. Well . . . who's laughing now?

In our piece on the Euro, we declared that the currency would, eventually, be done in by a handful of factors, the most notable among these being socialist

rot (which Hanson notes above), and the related dominance of social and economic “planners.” Indeed, said piece was entitled, “There is a Specter Haunting Europe, The Specter of Planning.” Among other things, we predicted that the Euro would add “layers of new and expensive bureaucratic bloat to the already-heavily burdened back of the European industrial base”; that it would increase “the already rampant corruption in both the private and public sectors”; and that it would exacerbate “the racial and ethnic hatreds that have plagued Europe for centuries.”

Do we know how to call ‘em or what?

So today, Greece is on the verge of collapse, the Germans are unwilling to bail their Euro-zone partner out, the Greeks are angry about this, and there is rampant speculation that this “crisis” will hardly be the last. Indeed, we’ve now been joined by actual market analysts who think that the Euro is doomed. For an example, we turn to London’s *Daily Mail*:

The European single currency is facing an ‘inevitable break-up’ a leading French bank claimed yesterday.

Strategists at Paris-based Société Générale said that any bailout of the stricken Greek economy would only provide ‘sticking plasters’ to cover the deep-seated flaws in the eurozone bloc.

The stark warning came as the euro slipped further on the currency markets and dire growth figures raised the prospect of a ‘double-dip’ recession in the embattled zone.

Claims that the euro could be headed for total collapse are particularly striking when they come from one of the oldest and largest banks in France - a core founder-member.

In a note to investors, SocGen strategist Albert Edwards said: ‘My own view is that there is little “help” that can be offered by the other eurozone nations other than temporary, confidence-giving “sticking plasters” before the ultimate denouement: the break-up of the eurozone.’ . . .

The French bank’s warning was echoed by Mats Persson, Director of the Open Europe think-tank, which campaigns for reforms in Brussels.

He said: “The eurozone is facing a fully-fledged crisis. The Greece episode has made it painfully clear how flawed the euro project was from the very beginning.

Flawed from the beginning, you say?

Well, who didn’t know?

In the nearly twelve years since we first predicted that the Euro would be a flop, we have argued, as we did a few weeks ago regarding China, that there would be opportunities for profits in the short term, but that the endeavor was nevertheless inevitably doomed. The key, we argued, would be knowing exactly when to get out, so as to avoid being part of the collapse.

Now, we think, would be a good time to begin assessing that collapse. It may not happen immediately. In fact, it likely won’t happen immediately. But the Euro is doomed.

And you read it here first.

Twelve years ago.

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