

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

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

**In this Issue**

Starring Barack Obama as Rodrigo Borgia.

Of Frogs and Fiscal Policy.

**THEY SAID IT**

This White House can perform tricks that would make Richard Nixon blush. What other politician, we ask, would have had the chutzpah to not just have his Justice Department drop pending plans to indict the top members of a corrupt union, but order instead that the head of that union, a friend and big contributor, be put in charge of an in-house clean-up effort? Who but Bill could have gotten away with such a thing without even a whimper from the press or from any prominent Republican?

Who but Bill could remain virtually unscathed politically from a period in which both of his former business partners are convicted of felonies; as well as his former friend and Lieutenant Governor; one of his closest personal friends and number three man at Justice Department; and a host of other friends and former business associates?

Who but Bill's wife could turn \$1000 into \$100,000 in the commodities market in a six month period and not have a single eyebrow raised in any law enforcement agency? . . . .

If Bill Clinton were a member of the Flying Walendas he could, we believe, not only walk across Niagara Falls on a tight rope, without a balancing rod, blindfolded in a snow storm, but he could do it with a gerbil in his pocket . . . .

They populate their show with oddballs, eccentrics, sexual tension, and a sprinkling of banal "New Age" philosophy and personal actions that make everyone feel good about their own moral and ethical shortcomings. They are the political equivalent of the highly popular afternoon talk shows, like Sally Jesse Raphael, Jenny Jones. and Ricki Lake, with their daily parade of sexual weirdoes and social wackos.

Mark Melcher and Steve Soukup, "Three Cheers for Bill," *Strategy Weekly*, July 30, 1997.

**STARRING BARACK OBAMA AS RODRIGO BORGIA.**

Long time readers know that about twenty years ago we began to harp on two themes, one being terrorism and the other being corruption, with our interest in the latter centering largely on the political variety and its impact on financial markets.

During the past ten years or so, we have concentrated on terrorism at the expense of corruption. The first reason for this is, of course, the overwhelming importance that the threat of terrorism took on in the wake of the 9/11 attacks on the World Trade Center and the Pentagon.

The second is the exit from the world stage of William Jefferson Clinton, the Prince of Hot Springs, and his entourage of shysters, sharpies, flibbertigibbets and fly-by-nighters, savings and loan robbers, international crooks, impoverished but generous Buddhist nuns, Russian and Chinese spies, international dope dealers and arms peddlers, harridans, harpies, strumpets, perjurers, liars, crooked real estate magnets, porn peddlers, union thugs, futures market trimmers, and tax cheats.

Whatever else they were, the President and the woman whom the irrepressible and always brilliant Wlady Pleszczynski of the old *American Spectator* used to call “Bill’s lovely wife Bruno,” were always at least entertaining, which made covering and commenting upon their ethical travails fun at times. You don’t believe us? Reread the “They Said It” quote above and tell us you don’t think we had a good time writing that – and countless other pieces – about the Clinton crowd.

This is not to say that high-level political corruption has abated any since Bill and Hill left the White House. Hardly. But there is nothing whatsoever amusing about a tax-cheat Congressmen who just happen to be in charge of writing the tax code. Such men are just plain sickening and tedious, as are Congresswomen who arrange special bailouts for their husbands’ banks and then, when caught, shriek “racism!” In short, none of today’s political crooks are anywhere near as compelling as Clinton and his crowd. And, by extension, the issue itself is, in many ways, not as compelling.

But the biggest part of the problem may be in how we as a nation have come to define corruption. As short a time ago as the Clinton years, political corruption – or corruption in general, we guess – was

regarded as a function of overt ethical, moral, or legal transgressions. The majority of Americans may have chosen to ignore the sleaze that clung to the Clintons and their creepy friends, but in their hearts they knew that what they were seeing was wrong. And they knew why it was wrong.

Something is different today. For starters, the old definition of corruption is no longer expansive enough. The corruption of our ruling class today is more subtle and therefore requires a more nuanced and a more delicate application of the notion of corruption, one that not only makes note of overt and conventional acts of dishonesty, but also accounts for the decay that is permitted to leach into the social order by the general betrayal, arrogance, and dereliction of responsibility that is so characteristic of said ruling class. To put it another way, the old definition of corruption doesn’t capture the true perversion of today’s political class; the damage that it does to the social contract and to all the manifold and manifest blessings that are an extension of it.

We thought about this last week as we read a piece by Rod Dreher, one of our longtime favorite social commentators, a onetime film critic for the *New York Post*, and a former columnist for the *Dallas Morning News*. Dreher’s essay begins with a quick mention of the *Showtime* network’s new dramatic series “The Borgias,” which Dreher notes “features the infamous Renaissance Italian clan whose lives were so sordid they make the fictional Corleones look like the Waltons.” From there, Dreher launches into a broader discussion of corruption, power, the Reformation, and insensitivity to the signs of growing rebellion against corrupt leaders, quoting the historian Barbara Tuchman along the way:

Why didn’t the Renaissance popes see what their tolerance for corruption, in themselves and within clerical ranks, threatened to do to the Church – both to believers, and to the institution? The late historian Barbara Tuchman analyzed their self-destructive foolishness this way:

*Their three outstanding attitudes – obliviousness to the growing disaffection of constituents, primacy of self-aggrandizement, illusion of invulnerable status – are persistent aspects of folly. While in the case of the Renaissance popes, these were bred in and exaggerated by the surrounding culture, all are independent of time and recurrent in governorship.*

In other words, folly of this sort is part of human nature, and it will always afflict governing elites.

But while Dreher used the corruption and cluelessness of the Borgias as a launching pad for a discussion about the Orthodox Church in America (his church), his recitation got us thinking about President Obama, about his interaction with some of his constituents this past week, and about the treachery and obtuseness of this nation's ruling class in general.

Specifically, we thought about President Obama's town hall meeting last Wednesday, when he was asked – by a hand-picked audience member nonetheless – about the price of gasoline and whether anything could be done about it. The President literally laughed at his questioner – a constituent, naturally – and then mocked him. The official White House transcript provides the details:

I know some of these big guys, they're all still driving their big SUVs. You know, they got their big monster trucks and everything. You're one of them? Well, now, here's my point. If you're complaining about the price of gas and you're only getting eight miles a gallon – (laughter) – you may have a big family, but it's probably not that big. How many you have? Ten kids, you say? Ten kids? (Laughter.) Well, you definitely need a hybrid van then. (Laughter.) . . .

So, like I said, if you're getting eight miles a gallon you may want to think about a trade-in. You can get a great

deal. I promise you, GM or Ford or Chrysler, they're going to be happy to give you a deal on something that gets you better gas mileage.

Now, the President could have replied honestly, saying something like: "My administration does not believe that the burning of fossil fuels is the best or most environmentally friendly means to produce energy, and we have therefore done things that have restricted the domestic production of oil which has, in part, inflated the cost of gasoline. But we have done so because we believe that this is an important part of transitioning to an alternative-fuel future."

He could also have answered with something a little less honest (given his own contribution to the problem, particularly with regard to the regicide of King Dollar) but still nonetheless true, for example: "I understand that you're hurting. And as the President, I find that greatly troubling. But the fact of the matter is that oil prices are almost exclusively controlled by market forces, and their current run-up is attributable mostly to volatility in the Middle East and economic growth throughout the world. Regarding the first, we're doing our best – in Libya and elsewhere – to stabilize the problems. And regarding the second, we're doing our best to amplify the problems by continuing to make the American economy stronger and healthier, nearly two years now into the recovery from the sharpest and nastiest recession since the Great Depression."

Instead, he made fun of the poor sap, making it clear to the entire audience that he believed that the guy was part of the problem, not part of the solution and, moreover, was a lazy cheapskate who was making things worse for everybody else. Think about that for just a minute. Here's the President of the United States, the most powerful man in the world, going out of his way to embarrass a constituent – a supporter, presumably, and one of the "poor" or middle class he prides himself on championing – all because the poor damn fool had the unmitigated gall to want to know if there is anything that can be done about gas prices, which, by the way, have *doubled* since Obama took office. Is that twisted or is that twisted?

We would, we think, be hard pressed to find a more relevant example of the perversion of Lincoln's government "of the people, by the people, and for the people" than the man who thought it both appropriate and funny to poke fun at a *constituent* (we cannot emphasize that word enough) who was struggling with the rising cost of gasoline. How *dare* you ask me – your lord and President – about gas prices! I'm not the problem. You are! And if only you would quit screwing things up and do as I tell you – in this case, buy a new car, you jerk – I could save the world. Oh dear. And as for the "of the people" bit, we think the inimitable Mark Steyn captures that quite nicely:

America, 2011: A man gets driven in a motorcade to sneer at a man who has to drive himself to work. A guy who has never generated a dime of wealth, never had to make payroll, never worked at any job other than his own tireless self-promotion literally cannot comprehend that out there beyond the far fringes of the motorcade outriders are people who drive a long distance to jobs whose economic viability is greatly diminished when getting there costs twice as much as the buck-eighty-per-gallon it cost back at the dawn of the Hopechangey Era.

So what? Your fault. Should have gone to Columbia and Harvard and become a community organizer.

The thing that is probably most disheartening about all of this – about Obama's disdain, his cluelessness, his clear animosity toward those he purports to "serve" – is that this incident last week was hardly isolated. As Steyn notes with his "America, 2011" designation, Obama's attitude and behavior were, if anything, emblematic. They represent the President's general attitude toward most Americans, most of the time. Remember the "bitter clingers?" Remember how the animosity and chaos during the health care debate were the result of the fact that most Americans "didn't understand" what was happening and what the bill would do for them?

Worse than this, Obama himself is emblematic. He just happens to be the guy who gets caught on camera picking on the "commoners." But he's not the only one, obviously, far from it.

Consider, if you will, the list of realistic possible alternatives to Barack Obama from which the electorate might choose in 19 months. First, there is the one possible primary challenger, the woman who serves as his Secretary of State and who even most Republicans concede they would prefer to see in the White House over Obama. She is also an unindicted co-conspirator in real estate racketeering in the swamps of Arkansas, a woman who "lost" her law firm billing records only to see them show up years later in the White House's private library with her fingerprints all over them, an investor-savant who made \$100,000 trading cattle futures just by reading the *Wall Street Journal*, and a skin-flint who took a tax deduction for donating her hubby's used skivvies to charity.

As for Obama's potential general election opponents, we will be kind this week and limit our sarcasm to generalities, i.e., that the only men among the whole lot of them who aren't carrying more baggage than Muammar Muhammad al-Gaddafi's get-away camel are so boring that they remind most women of their first husband.

Is it any wonder then that "The Donald" has made himself into an actual presidential candidate by doing nothing more than attacking the president, mostly over the fringe-conspiracy issue of Obama's allegedly mysterious birthplace? Certainly, the writer James Polous has no doubt (emphasis in original):

Trump is suddenly "winning" as a political figure because the political class has failed. The authority of our political institutions is weak and getting weaker; it's not that Americans "lack trust" in them, as blue ribbon pundits and sociologists often lament, so much as they lack *respect* for the *people* inside them.

Sure, Trump may be a bit of a gasbag, overly pleased with himself and oblivious about the lives and concerns of ordinary people. But how, exactly, does that distinguish him from Barack Obama, Hillary Clinton, or virtually anyone else in the race at this point? At least Trump is kind of fun to watch on TV. Seriously, how many seasons of a hit show does anyone believe that Obama could manage to produce? We'd guess zero, and that might be too high. Heck, Trump's hair is more fun by itself than any of the GOP candidates.

Beyond Trump, about the only potential candidate who brings anything even remotely interesting to the campaign is Congresswoman Michele Bachmann of Minnesota, who is currently in the "exploratory committee" stage of a run at the nomination. We don't know much about Mrs. Bachmann and she strikes us as a genuine long shot. But she fascinates us, if for no other reason than the fact that she is, generally speaking, the chosen candidate of the Tea Party movement. And as such, she represents a break from the ruling class.

Regular readers know that we find the Tea Party movement to be fascinating and incredibly valuable because it represents the first real and serious break from the political establishment since the 1960s. On the other hand, our enthusiasm for any and all political movements is always tempered by the wisdom of our old friend Bob Feinberg's observation that "the only time I have ever been wrong about events in Washington is when I was not cynical enough." So while we are rather enthusiastic admirers of the movement, we are acutely aware that it is playing in a filthy environment and could easily become filthy itself, i.e., become co-opted by the establishment, as the '60s anti-war movement was by the Democratic establishment in 1972. Then again, it could bring down the establishment altogether and clean things up for a while – that is, until it becomes the establishment.

To bring this discussion back full circle: one need not be a Lutheran to appreciate and understand Martin Luther's impact on the corrupt and decadent

ruling class of his day. One need not be a Protestant (or a Christian at all, for that matter) to know that the clueless pre-Reformation Church leaders were squandering and perverting the precious gifts and unique treasures entrusted to them and that their corruption and disregard for their responsibilities were immeasurably destructive to the institution they led.

The irony is that, in many ways, Martin Luther saved the Catholic Church from the likes of the Borgias. If the Tea Party movement can save America from the likes of Barack Obama and the rest of America's contemporary ruling class, we will be eternally grateful, and we will hope for the best as to the ability of the leaders of the movement to resist the temptations of power. If not, high gasoline prices might do the trick. Think about it.

## **OF FROGS AND FISCAL POLICY.**

On January 23, 1996, Bill Clinton gave the third of his seven State of the Union addresses and uttered perhaps the only memorable line from any of them, namely "The era of Big Government is over." And while we know that Clinton didn't mean this line any more than any of the other sweet nothings he whispered in our collective ear over the years, it still had to hurt him more than a little bit to have to say it. After all, before Obama was The One, Clinton was. And this speech marked the official end of all that and the beginning of Triangulating Bill, the "centrist." The dream was dead. And only the power was left. As it turned out, the power was more than enough for Bill . . . but that's a story for another day.

We were reminded of this late last week and over the weekend when we learned both that Barack Obama would sign a current-fiscal-year budget with cuts significantly higher than the ceiling he had previously established and that he would address the nation later this week to propose greater long-term spending cuts, entitlement reforms, and a broad deficit reduction package.

Now, we have little doubt that Obama is as dedicated to cutting spending as Clinton was to testifying honestly about the definition of copulative verbs.

But again, this has to sting. Two years ago, upon his inauguration, Obama proudly and smugly declared that, “The question we ask today is not whether our government is too large or too small, but whether it works,” which, as the author and immigration activist Peter Kirsanow noted, translates from politico-speak as “Hold onto your wallets, folks.”

And whether he means it or not, today he is proposing cuts, even cuts in the so-called third-rail of government, that is Social Security and Medicare. Barack promised a transformation. And now he is reduced to fighting the conservatives on *their* turf. Irrespective of his future political fortunes, he is broken; he has lost. The One is dead. Long Live the Other One.

Part of the credit for this dramatic change in political fortunes goes to Congressman Paul Ryan of Wisconsin, who is the Chairman of House Budget Committee. Last week, Ryan (re)introduced his budget plan and deficit reduction and entitlement reform measures, promising to cut roughly \$6 trillion dollars from the budget over ten years and thereby forcing Obama’s hand.

We say “reintroduced” because Ryan has been here before, threatening to cut the budget and reform Medicare. But he’s never been the Budget Committee *Chairman* before. Now that he’s in charge, he matters. He matters so much, in fact, that his proposal has been adopted by Speaker of the House John Boehner and the entire House Republican conference, which is to say that the new GOP majority is on record supporting cuts of six trillion bones. That’s impressive – impressive enough to scare the bejeezus out of Obama, apparently.

Part of the credit for the change in fortunes also goes to the Tea Partiers, God bless ‘em. The Obama administration can mock them all it wants; the media can try its damndest to embarrass them; the Democratic Party can insult and defame them. But none of them can make the Tea Partiers go away. And none of them, apparently, can beat them.

What has changed since Obama took office just over two years ago? A great deal, but mostly the Tea Party formed. And its members took to the streets, took to the town hall meetings, and took to the ballot boxes, all of which let official Washington know that they were not simply going to stand by idly while the basic promises of the Social Contract were placed in jeopardy because the pet projects and long-term fantasies of the statist romantics were driving the country into insolvency. And they won.

This morning, in an editorial on the current-fiscal-year budget deal reached last Friday, the *Wall Street Journal* noted that the Tea Party could celebrate its first serious policy victory:

This is getting to be a habit. President Obama ferociously resists tax cuts, trade agreements and spending cuts—right up to the moment he strikes a deal with Republicans and hails the tax cuts, trade agreements and spending cuts as his idea. What a difference an election makes.

This is the larger political meaning of Friday’s last minute budget deal for fiscal 2011 that averted a government shutdown. Mr. Obama has now agreed to a pair of tax cut and spending deals that repudiate his core economic philosophy and his agenda of the last two years—and has then hailed both as great achievements. Republicans in Washington have reversed the nation’s fiscal debate and are slowly repairing the harm done since the Nancy Pelosi Congress began to set the direction of government in 2007 . . . .

Republicans need to stay united for the bigger fights to come this year, and for now they and the tea party can take credit for spending cuts that even Mr. Obama feels politically obliged to sell as historic.

That's absolutely and undeniably true – with one minor correction: with the announcement of President Obama's new deficit-reduction plan, the Tea Party has actually scored *two* significant victories. He has surrendered, at least rhetorically. And he has surrendered to them.

A final party to which we'd give some significant credit for shifting political winds is ol' Barry himself. He made this happen, you know. Indeed, without him, none of it would have been possible. If he hadn't broken the bank, so to speak, no one would have thought to stop spending money that the nation doesn't have. And so . . . we wouldn't even be talking about cutting spending at all. He's the guy who made it all possible, as we knew he would. Consider the following, if you will, which we wrote in a piece called "Saving the Frog," published just over a year-and-a-half ago:

Needless to say, neither of us here at The Political Forum voted for Barack Obama last November. And if we had it do over again, we probably still would not. But we say *probably* because it is beginning to look as though the Obama presidency could turn out to be such an unmitigated disaster for the Democratic Party specifically and for liberalism in general that it will actually save the nation. Now we know this is a provocative statement. That some might even call it stupid. But we also know that it provides a good platform from which to offer a few thoughts about the state of American politics today. So here goes.

We'll begin with the proposition that if John McCain had been elected President, he would have led the nation farther down the exact same path that it had been talking for the past few decades, slowly but ever so surely increasing the size and power of the federal government and slowly but ever so surely spending it further into debt and

bringing it ever closer to bankruptcy. Of course, he would not have done this with malice and forethought. But the Democratically controlled Congress would have pushed him along and the mainstream media would have brutalized him every time he faltered or tried to change direction.

Yes we know, Barack is taking the nation down the same lethal path . . . and at a much faster pace. But that's the point. He is traveling toward financial oblivion at such a breakneck, irresponsible, "hold my beer and watch this" speed that there is a possibility, a remote one perhaps, but nevertheless a possibility – that Americans will finally no longer be able to ignore the dangers that lie on the road to socialism and will force a change of course before its too late.

At the risk of mixing metaphors here, think of America as the proverbial frog sitting in a pan of hot water on a stove, destined to die if the temperature is raised so slowly that he doesn't realize the danger he is in until it is too late. Think of John McCain raising the temperature ever so slowly until the frog dies. Then think of Barack turning up the heat so quickly that the frog figures it out and jumps to safety.

So . . . one cheer for Obama, say we!

We'll only give him one, naturally, because he didn't mean to save the frog. He meant to boil it. And to serve the *cuisse de grenouille* at the big "Europeanization" party. But as he is wont to do, he underestimated the intelligence of his opponent. He assumed the stupid frog would just sit there and take it, enjoy it even. After all, who doesn't like to be told what to do by someone as brilliant and noble as Barack Obama? Well, apparently Americans don't. And frogs.

So where does this leave us? Frankly, we don't know. When you honestly assess the "huge" victory achieved last week – cutting \$38 billion out of a budget of \$3.8 trillion – the hugeness seems somehow less so. That's 1 percent. That's great. And we're pleased to see a cut rather than an increase. But given that the budget baseline had already jumped by more than *twenty-five times* that during Obama's presidency alone, the hype accompanying the cut can't help but appear a little ridiculous.

As for the future, we'll reserve final judgment on the President's plan until after he unveils it on Wednesday. But we expect to be underwhelmed. Indeed, we expect his proposed spending cuts and entitlement reforms to be mere smokescreens to enable him to reintroduce tax increases under the notion of "shared sacrifice."

As for the GOP, we expect the House to pass the Ryan budget this year and to go on record voting in favor of real fiscal policy reform. Of course, that's not such a difficult thing to do when you know, without a doubt, that neither the other house nor the executive will accede to such a budget, rendering such a vote purely symbolic. But they'll be on record nonetheless.

The real test for the Republicans will come when it's time to put up or shut up, to take the Democrats' next budget deal or risk a government shutdown heading into an election year. We don't know what they'll do then, but we suspect they will not want a shutdown looming over them as they ramp up for the campaign to keep the House, take the Senate, and possibly deny Obama a second term.

More to the point, it's easy to support cutting farm subsidies, means-testing Medicare, closing loopholes in the tax code, and generally playing the bad cop to the Democrats' good cop until there's a real risk that you might actually have to cut farm subsidies, means-test Medicare, and cut loopholes in the tax code. Then it gets tough.

And while we're excited to see a change in tone and to know that Obama's dreams of transformation have been shattered, we also know that the era of big government being over was followed by the era in which big government being over was over. We know as well that talk is cheap. And in no place is it cheaper than Washington.

Congratulations, Tea Partiers, you've won your first two victories. Now, don't get too cocky. And, as our mothers use to tell us, don't pick up any hitchhikers.

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