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*A review of social and political trends and events
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SALMAGUNDI: CRONY CAPITALISM, CONSERVATIVE THOUGHTS FROM TWO BLACK WOMEN, AND SOME FUN Q&A

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During the past decade, several weighty names in the fields of geopolitics and economics, including Harvard's preeminent international-relations expert Samuel P. Huntington, theorized that Asian economies benefited greatly from what was called "authoritarian rule."

According to this theory, politicians who are unencumbered by the threat of removal from office, are free to make "rational" economic decisions that would not be afforded rulers in more democratic systems. Singapore's popular Senior Minister, Lee Kuan Yew, put it this way in several speeches in the mid-1990s, during the heyday of Singapore's "economic miracle."

I do not believe that democracy necessarily leads to development. I believe that what a country needs to develop is discipline more than democracy. The exuberance of democracy leads to indiscipline and disorderly conduct which are inimical to development.

The West suffers from massive social decay . . . But instead of traveling overseas with humility, Americans confidently preach the virtues of unfettered individual freedom blithely ignoring the visible social consequences.

This proselytizing for democracy veiled only slightly the objective of eliminating competition before it begins. They would like the East Asian democracies to be weak and unstable like theirs, or worse. Maybe there is no grand conspiracy by the West to undermine all the East Asian economies. But conspiracy is not necessary. It is sufficient for everyone to see the danger threatening them for them to act in concert.

Naohiro Amaya, the top Japanese trade official, made the following observation in 1988.

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How can you go hunting without a target? When you go hunting, you have to shoot at a target. But your neoclassical school of economics says you can fire in all directions at once and the “market” will insure you hit the target. Well, we don’t accept that line of reasoning, and our economic model will probably be stronger in the future, and have a greater demonstration effect for developing countries, than either the American model, which has become weak and less relevant, or the Soviet central-command model.

As regular readers know, we have always thought this kind of thinking was not just nonsense, but dangerous nonsense. We discussed our reasons at some length early last year in an article entitled “Some Thoughts on Capitalism as the Asian Meltdown Proceeds.” The thrust of that article was that “crony capitalism” was not, as the name implies, some new “system” that is different from capitalism elsewhere. It is, we said, nothing more than a fancy word for “ordinary capitalism marred by corruption,” which, as Adam Smith pointed out over 200 years ago, is grossly inefficient economically.

Given the economic problems that have beset Asia in recent years, one would think that this issue would no longer be debated in educated circles. Nevertheless, the slow pace of Asian economic reform indicates that some people over there aren’t convinced. So we think it is worth keeping the controversy in mind.

As a result, we thought we’d pass along some thoughts from an article entitled “Examining the ‘Authoritarian Advantage’ in Southeast Asian Development in the Wake of Asian Economic Failures,” in the Spring, 1999 edition of one of our favorite journals, *Studies in Conflict and Terrorism*. The piece, from which the above quotes were taken, is by Stephen D. Wrage, Associate Professor of Political Science at the U.S. Naval Academy. Wrage opens by paraphrasing Huntington as follows.

Authoritarian regimes are more capable of rational, consistent, and responsible decision making than democratic ones [because] participatory democracy affords special interest groups the power to block, delay or hinder changes that might be beneficial to the economic growth of the entire society.

The problem with this theory, Wrage points out, is that experience demonstrates that while rational decisions may be difficult in a participatory democracy, they are impossible to make in the absence of democratic pressures, particularly in the absence of public accountability. He puts it this way. “Shielded from public scrutiny, officials will feel great temptation to hide shortfalls, conceal failures, favor industries in which they or their family have an interest, and divert public monies to sectors, corporations, or individuals they prefer.”

One result in Asia, Wrage says, is that “habits of confidence in supposedly corruption-free governments had substituted for practices of accountability and institutions for transparency.” A perfect example of this lack of “accountability and transparency” can be found, Wrage says, in the experiences of the Thai Ministry of Finance. Here he cites a story that appeared in the *London Financial Times*.

On June 25, 1997 Asia’s economic miracle came to an end. That was the day Thanong Bidaya, named Thailand’s finance minister five days earlier, first managed to discover

the true state of his country's foreign exchange reserves and the problems with its financial system . . . Thailand's reported foreign reserves of over \$30 billion were a myth – in fact they had dwindled to \$1.4 billion, equal to just two days of imports.

Wrage notes that in the face of such “official distortions and deceptions,” the rational decisions Huntington et al. had trumpeted are impossible. Or, as put it, “In the absence of sunshine, rot had set in.” Wrage concludes with the following thoughts that we think are worth keeping in mind while watching anxiously for the Asian recovery to begin.

The events of the Asian financial crisis show that it makes more sense to speak of an authoritarian disadvantage . . . Set aside the costs authoritarians impose in liberties denied. The real problem with the authoritarians' prescriptions is that they are bad for business. Authoritarian regimes do not inspire sustainable, rapid growth. In a propitious free trade environment with ample technology to borrow and huge investment from the twin transnational networks . . . it is quite possible to achieve high rates of growth from a low initial level. But this can be done without the dubious benefits of authoritarianism.

At a later stage in development . . . the process of growth is likely to proceed more successfully in a more democratic environment. Information crucial for decision making will be more available to policy makers in an open society and debates essential for distributing the benefits of growth will take place more freely and with less contentiousness in a democratic setting.

In a recent “Salmagundi” piece entitled “Germany, Israel, and the Slave Trade,” we discussed our belief that a rightward shift in Black voting patterns is in the wind. We admitted that such a change wasn't readily apparent, given the fact that “African-American support for the Democratic Party is arguably at an all-time high right now due to Bill's great popularity in the community.” But we argued that “a nucleus of a powerful, conservative black intellectual establishment” is forming in American, and we noted that if a real shift in Black voting patterns were to occur, this is where it would start.

The results of November's election did little to bolster our confidence in this theory. After all, 97% of African-American women voted Democrat in that election. Nevertheless, we still see signs of a budding conservative black intellectual establishment, and continue to believe that this presages eventual movement at the pedestrian level.

This came to mind recently when we happened across two items related to Bill's impeachment trial. The first was a quote, in the February 2 *Washington Times*, from Faye Anderson, who is a member of a black leadership group called Project 21, is president of the Douglas Policy Institute, and who, in 1997, was named one of the nation's most influential black leaders.

According to the *Times*, Ms. Anderson warned that the legal wrangling offered up by Bill's defenders during the impeachment proceedings constituted a grave threat to the civil rights progress achieved since the 1960s. “African Americans,” Ms. Anderson chided, “who are President Clinton's staunchest supporters, should be especially vigilant in ensuring the primacy

of the rule of law.” Should Bill’s attack on the rule of law continue to go unquestioned, she suggested, “civil rights gains could be eroded.” Then she really loaded up on Bill.

Bill Clinton has got to go. His continued presence in the White House endangers the American rule of law. Our parents and grandparents hoped, prayed, fought and sometimes died for equal protection under the law. If we disregard the law in favor of one man, we unravel the whole fabric of law.

Similar sentiments were echoed a few days later by another African-American woman in a *Washington Post*, President’s Day op-ed piece. The woman is Daria MonDesire, a black writer from Vermont, who reminded her readers that the Paula Jones suit, the suit that started it all and in which Bill committed the perjury that was universally declared to be irrelevant, was a civil rights suit. She wrote.

Much has been made this past year of President Clinton’s self-indulgent behavior. But his self-indulgence is not the issue that goes to the core of what it means to be an American. To be an American means that I, a descendant of a kidnapped and enslaved people, and a daughter of blue-collar, not blue-blood Boston, have the same rights as anyone and everyone else in this country. The president has a sacred duty to uphold my rights. Certainly it is not to be imagined that he would subvert and sabotage them . . .

To be an American means that Paula Corbin Jones, a rural, far from photogenic, former Arkansas state employee, has the same rights as anyone and everyone else in this country . . . The Supreme court unanimously ruled that her rights as an American citizen extend to the right to proceed with her suit against a sitting American president. The president in question, while entitled to a defense, had a sacred duty to respect the ruling of the nation’s highest court and certainly was not expected to subvert and sabotage Paula Jones’ path to Justice.

Subvert justice from Paula Jones is exactly what William Jefferson Clinton blithely did. The most powerful man in the world went into overdrive to keep an American citizen from obtaining information that a federal judge ruled she was entitled to have – information that in its aberrant crudeness might have helped her case against him . . .

It has been said that because Bill Clinton has powerful enemies and because there are those who take joy in his every misstep and who persist in pursuing him, that Clinton is our first black president. Not so.

The first American black president would have to have learned that, however unfair it might be, his negative behavior often would be misperceived as a reflection on his race. He would have to know he was the hope and dreams of an entire people, just as he would be unlikely to forget that a good many people would welcome his demise. And should he be faced with a situation in which a sad young woman, heedless of propriety, were to display certain sartorial trappings, let us hope he would possess the integrity and good judgment to say, in no uncertain terms, “You got to go.”

Ms. MonDesire concluded her piece with a question that can only be seen as a knock on the leaders of the liberal Black community, who have supported Bill unreservedly. They, she implied, seem to have missed the damage that the president's subversion of the rule of law has done to those who rely on the law most heavily, which hardly befits the men and women who claim the legacy of the civil rights movement.

I find myself asking one last question: What would Dr. King, a flawed man, but one blessedly not bereft of conscience, have thought about all these goings-on? And in my heart of hearts, I can't help but believe he would gladly have become a drum major for the justice of one Paula Corbin Jones.

Now I don't know if either of these women would ever vote for a Republican. But I do know that these are conservative thoughts, and that if a conservative shift were to occur in the African-American community, it would begin with such thoughts from such women.

Finally, we thought we'd have some fun and close this "salmagundi" piece with something new, a Q&A session, in recognition of the fact that the same questions come in daily.

Q. What do you think of Hillary's possible run for a Senate seat in New York?

A. There's an old joke about a man who comes home from work early and finds a naked guy hiding in his bedroom closet. He says, "Why are you in my closet?" The guy answers, "I gotta be somewhere." Well Hillary's gotta be somewhere when Bill's stint as "Leader of the Free World" finally ends. And as far as we're concerned, the U.S. Senate is probably a good place for her.

As we've noted before, it would be difficult to imagine a more pathetic crowd of political hacks than the majority of the Republican members of the U.S. Senate. So what more harm could Hillary there do as a Democrat?

And not only that, we are dying to find out, as I expect we would during the campaign, how in the world she managed to make \$100,000, day trading cattle futures on the short side in a bull market.

Q. How about Monica? You haven't said a word about her appearance on the Barbara Walters show or her book tour.

A. I think she should run for the Senate in New York. In this age of celebrity politicians, why not? As we said above, it would be difficult to imagine a more pathetic crowd of political hacks than the majority of the Republican members of the U.S. Senate. So what more harm could Monica do there? Besides, what a primary that would be, pitting, as the old Willy Nelson song put it, old age and treachery against youth and skill.

Q. Does the recent firing of German finance minister Oskar Lafontaine make you any more bullish about Euroland than you were when you said last year in the piece entitled "A Specter Is Haunting Europe—The Specter of 'Planning,'" that "the Euro, and the mess it represents, is going to be a social, economic and political catastrophe."

A. No. Of course, it is a good thing that Lafontaine is gone. From what we could tell, Lafontaine knew less about economics than the average turn-of-the-century fish monger on Fulton Street. But don't forget, Gerhard Schroder, the genius who thought it was a good idea to appoint him in the first place, is still in charge.

All you need to know about the economic future of Germany, in our opinion, is that two of that nation's three major political parties, the Greens and the Social Democrats, are led by people who would make Jane Fonda and Barbra Streisand look like Ludwig von Mises and Frederick Hayek respectively. And as long as these parties are united and running the German government, economic and social policy in Euroland could go haywire at any moment.

Q. How about Al's recent claim to having invented the Internet?

A. As a conservative, I think it's great. As Dan Quayle found out, there is nothing more damaging to a politician than becoming a constant target of ridicule by late night comedians and political pundits. And Al Gore is dangerously close to becoming just that. Worse yet for Al, there is virtually no way to stop it, once it gets started, short of being enormously engaging and showing a great sense of timing and humor, none of which are qualities noted about Al in his high school year book.

Time will tell, of course, whether Al is on his way to becoming the Democratic Dan Quayle. But if I were him, I'd be worried. He is, after all, the guy who once announced (erroneously, it turned out) that he and Tipper were the inspiration for the schmaltzy book and movie "Love Story."

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