

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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THOUGHTS ON A WINTRY DAY

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It is snowing like the dickens here in the Shenandoah Valley right now, and the forecast is for an ice storm later today. I've got the bird feeders filled, and I put out some corn out for the squirrels and the deer. If it doesn't get too bad, I'll probably go for a ride on the four-wheelers this afternoon with my grandson (isn't Thinsulate great?) In the meantime, I thought I'd write a few lines on a variety of subjects. Sort of a "thoughts on a wintry day" theme.

The big political story last week was, of course, the State of the Union speech, in which Bill told his "fellow Americans" all the stuff he would buy for them with their money, if only he had his way. What a guy, says I! Does he care about us, or what?

Truth be known, I got tired of listening about an hour and 20 minutes before Bill got tired of talking. So I didn't hear or see all of the speech. But I did watch a seemingly endless stream of clips on various TV news shows the next day, and I hate to admit it but I was disappointed. Like Janis Joplin, I had been hoping Bill would buy me a Mercedes Benz. My friends all have Porsches, I must make amends.

But I got over it. So far as I can tell, Bill was just talking to hear himself talk anyway. As I said in my annual "Fearless Forecast" piece, I believe that the bottom line on this year is that nothing important is going to get past Congress, no big new spending programs, and no big tax cuts. Nevertheless, I would like to make two observations about the speech.

For starters, the thing I found most fascinating about this extraordinary display of Bill's generosity and "caring" was that the great bulk of the billions of dollars that he said he wanted the government to spend had nothing whatsoever to do with helping people who are truly poor.

Virtually all of Bill's "ideas" were aimed directly at America's middle class, who, not coincidentally, are paying the giant's share of the taxes that would finance these programs. Even

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the proposed expansion of the earned income tax credit was aimed at what could be called the lower middle class, not really poor people.

My guess is that the greatest net beneficiaries of Bill's largess would be tens of thousands of middle class bureaucrats who would be needed to administer all these programs. It looks to me like people who are truly poor would be doing well if they got some crumbs from the table.

But Bill played it as though he was distributing bread to the victims of a seven-year famine in a leper colony. The thought that kept occurring to me as I watched clips of him is that if the end of the Cold War and the elimination of the deficit have robbed conservatives of two of their big issues, the virtual elimination of endemic poverty, the kind that exists through no fault of the impoverished themselves and for which no federal programs already exist, has robbed liberals of the hook upon which they used to hang all the rest of their social engineering schemes.

All that is left of the traditional, compassionate, Hubert Humphrey brand of American liberalism, so far as I can tell, is what I call, "the look," the pained, Mother Teresa look that liberal politicians wear when they speak of their beatific generosity with other peoples' money. Judging from the news clips, Bill displayed this "look" the other night each time he proposed another huge new government spending program. I saw it so often, that I thought it was only a matter of time before he would be washing someone's feet.

The second comment I would like to make on Bill's speech has to do with one piece of legislation that he endorsed, namely the so-called "patient rights" bill. Many critics think this proposal, which basically allows people to sue their HMO, is little more than another Democratic payoff to the nation's trial lawyers, who, along with the teachers and other public employees, basically bankroll the party.

I agree with this view, up to a point. But I think there's more to it than that. You see, this legislation did not originate in either the feverish minds of White House liberals, or the avaricious dreams of the trial lawyers. Its roots can instead be traced directly to tens of thousands of cards, letters, phone calls, and e-mails into Congressional offices of both parties from a growing number of Americans of every age, sex, and skin color complaining about the quality of the health care they are receiving.

Few Americans would doubt, in my opinion, that the United States still has the best health care system in the world. But this patient rights proposal, and the burgeoning support it is receiving across the nation, is, I believe, a strong signal that the system is deteriorating, a proposition that is supported by a good deal of evidence, both anecdotal and empirical.

In some cases, such signals can be welcome. The dead canary in the coal mine, for example, tells miners it is time to get out or do something to make the air in the mine safe again. This patient rights bill, however, is, I believe, a different sort of signal. It is the kind a prisoner gets when he sees them building a scaffold with a trapdoor in the floor in the yard outside his cell.

The problem, as I see it, is that quality health care costs money, and the U.S. health care system has, for well over a decade now, been subject to a variety of severe cost cutting schemes. These

efforts long ago eliminated the fat and are now tearing at the muscle. The inevitable result is declining quality and growing consumer unhappiness.

The problem with this patient rights bill, as I see it, is that quality cannot be coerced by threat of legal action. If it could, Canada would have done it long ago. In my opinion, there is only one way to reverse the downward slide in health care quality, and that would be for Medicare, the state Medicaid programs, and other third party payers to ease up on the cost cutting. In my opinion, providing trial lawyers with a larger piece of a pie that is already feeding too many mouths will just make matter worse. There is already one giant, unproductive sponge at the table. Its name is "fraud and abuse."

Nevertheless, if I had to guess, I would guess that some form of this patient rights bill will eventually become law. And the result, if I had to guess, is that the people who like the Canadian system are going to love the American one.

Besides Bill's State of the Union speech, the second big political story last week, judging from the extensive press coverage it received, was the outcome of the Iowa caucuses. Frankly, I don't understand why everyone got so excited about it. Was there anyone, anywhere who didn't know, as long ago as last fall, that "W" and Al were going to win in Iowa? Duh! Had I been a big-shot editor at the *Washington Post*, I would have put the story on page 16, along with another big "shocker:" "U.S., Iraq Deadlocked on Weapons Inspections, Officials Say."

The most interesting thing about the Iowa contest, in my opinion, was how surprised the big time East Coast media guys were at how well Alan Keyes did. The *Post's* headline on Tuesday ("Gore Scores Big, Bush Wins In Iowa") was immediately followed by the subhead, "Keyes Surprises With 3rd-Place GOP Finish."

Surprises? What pray tell was surprising about a highly intelligent, highly articulate, honest Christian fellow, who isn't afraid to speak his mind about his traditional values and his belief in God, coming in third among Republicans in Iowa? If there was a surprise, it was, in my opinion, that Keyes didn't come in second, which he no doubt would have if the guy who did come in second, Steve Forbes, hadn't also been a highly intelligent, highly articulate, honest Christian fellow, who had the additional advantage of having pots full of money.

Now I don't claim to be an expert about Iowa. But I did grow up there, and I do know a little about the state that the East Coast gurus apparently don't. First, Iowans are generally not put off by people of faith. Indeed, while it is not widely known, it is a fact that God winters in Iowa. Second, Iowans, for the most part, don't share one of what I consider to be the most irritating of prejudices among the East Coast elite, that being that African-Americans who don't buy the Jackson-Sharpton-Farrakhan line on all things, large and small, are either simpletons, or a traitors to their race, or both.

So discombobulated were the *Post's* political gurus by the whole thing that, having made the Keyes "surprise" the subhead of the day's headline piece, the story only mentioned him one more time, and that was to describe the former ambassador as a "fiery antiabortion activist." The paper did, however, run a separate, feature piece that day on John McCain, who didn't even campaign in Iowa.

My guess is that the next big surprise these guys are likely to receive is how well “W” does against Al in the contest that counts next November.

I've thought a lot recently about the unfolding scandals in Germany, involving former Chancellor Helmut Kohl, and in France, involving that nation's former finance minister Dominique Strauss-Kahn. I haven't written anything about either because I really haven't known what to say.

Last Friday, however, I read an op-ed piece by Helle Bering, the editorial page editor of the *Washington Times*, entitled “Politicians For Sale, Europe Struggles With Corruption,” and it focused my thoughts. So here goes.

I sincerely hope, indeed I think it is imperative, that both the Germans and the French aggressively investigate any and all leads in both cases, and prosecute any and all instances of wrongdoing to the full extent of the law, regardless of how big a big shot is involved.

The rule of law and the equal application of the law are *sine qua non* of both freedom and capitalism, which go hand in hand. As such, the rule of law and the equal application of the law are the principal factors that differentiate civil societies from Hobbesian societies, such as Russia, and totalitarian societies, such as China.

One of the biggest threats to the rule of law and the equal application of law is, in my opinion, corruption at the highest levels of government, because it is the government that is charged with enforcing the law equally. Left unchecked, government corruption will eventually destroy both freedom and capitalism. It is for this reason that I think it is imperative that the Europeans move quickly and expeditiously to prosecute their political wrongdoers.

I must say however that I am not optimistic that they will do so. Ms. Bering supports my pessimism on this point. She argues that the Europeans are even more cavalier about corruption in high places than Americans. To support this contention, she cites Frank Vogl of Transparency International, an organization that tracks corruption worldwide.

Vogl, she says, argues that Americans have a relatively clean system when compared with the Europeans, “because they probably have better watchdog institutions.” Among other things, she cites Vogl as saying that “looser libel laws [in the U.S.] make the press better suited to do its job as watchdog. And the [U.S.] judiciary is as independent as any in the world, or maybe more. The separation of powers means that congressional committees have independent oversight, which does not exist in a parliamentary system.”

Bering also notes that Europeans routinely ridicule Americans for making such a big deal out of the ethical and moral squalor that has become the hallmark of the Clinton administration. This, she notes, does not offer reassurance that Europeans understand that, as she puts it, “ethics really matter.” I noted this myself in a January 1998 piece entitled “Waking The Sleeping Giant.” The following is an excerpt.

Last week, CNN's Jeanne Meserve interviewed Jack Valenti, a former aid to President Johnson and now the President of the Motion Picture Association of America. Valenti

said that he had just returned from a trip to Europe where he found "a curiously contradictory attitude," which could be summed up by what one "government minister" told him. Valenti explained, as follows.

“He said, you know, I don't understand you Americans. He said, most of the presidents and prime ministers of Europe today are in deep trouble; a stagnant economy, no job growth, high unemployment, disturbing and discontented populations. He said and there is America; low interests, I mean, low inflation, full employment, the most robust economy in the world.

“President Clinton is the most impressive leader in the world. All of the European countries think he's just wonderful as a great political captain, and in spite of all this, you're at the zenith of your power in the summertime of your existence and you want to throw your president out. He said you Americans must be mad.”

Valenti, of course, was in agreement with this "European minister," as was, by all appearances, Ms. Meserve. It apparently never occurred to either that the reason that Europe is in trouble, and the United States is, as Valenti put it, still a "noble and splendid land," is that the people in Europe have ignored the lax moral behavior of their leaders for so long that their leaders no longer have the moral authority to lead.

Finally, Bering touched on a subject that I have addressed numerous times in these pages, namely that corruption appears to be growing exponentially worldwide. She put it this way.

It could even be argued that these things matter more today than ever. Corruption, such as is now unraveling in Germany, is a spreading disease all through the globalized economic and political system which has risen on the ashes of the bipolar Cold War world. In some places like Russia, “free markets” and privatization are now synonymous in the popular mind with gangsterism and theft. Look where you like, from the new ruling classes of the former communist countries (often more than passingly similar to the old ruling class), to Asia's crony capitalism, to Latin American narco-corruption, to African nepotism and despotism. Corruption is on a roll.

So this is why I hope and pray that the Germans and the French move quickly and aggressively to ferret out and punish the corruption that appears to have permeated their political systems. Indeed, I hope that they do a better job than the half-hearted effort we in America have made during the past seven years to ferret out and prosecute corruption within the Clinton administration. It may sound corny, but a good case can be made, I believe, that the fate of what we used to call Western civilization depends on it.

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