

# The Political Forum

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

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### EUROPE 101

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This week I thought I'd write about Europe. I know the political story on everyone's mind is John McCain's victory in the New Hampshire primary and his subsequent surge in support in South Carolina. But that is a story that will be over, one way or the other, in less than a month. If McCain wins in California on March 7, he will almost certainly be the GOP standard bearer. If he doesn't, he won't.

In the meantime, there's little to say, except to update the scores, which the mainstream press seems to be doing quite adequately. I still think "W" will hang in there. But, frankly, I won't be surprised if I am wrong.

Political campaigns today are basically highly sophisticated exercises in mass marketing. Forecasting outcomes is like trying to judge whether Colgate will gain on Crest, based on a new ad buy. Pitfalls abound in mass marketing campaigns, as Coke found out when it introduced the "New Coke." I'm no campaign expert, but I think McCain goofed when he pulled his "negative" ads. Like it or not, they work. We'll see.

I will write more about the mass marketing of politicians soon. In the meantime, I would point out that the plastic image business has become so commonplace in U.S. politics that candidates discuss their ideological makeovers publicly like a movie star with a new tummy tuck.

Mrs. Clinton's handlers, for example, put out the word recently that a big part of her new marketing plan will be to redefine herself as a "centrist, not a liberal." And how will she do this, after years of being one of the nation's most prominent and unapologetic liberals? Among other things, her people say she'll emphasize her support for the death penalty.

That should do it, says I. If people will pay \$1.25 for eight ounces of "spring water," there's no reason to think that they won't buy "Hillary the Centrist," based on her support for frying a few

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poor saps at Attica. The whole thing brings to my mind Captain Ahab's famous remark: "All my means are sane, my motive and my object mad."

But doesn't anyone ever wonder, wonders I, what she, or any politician today, really believes? Are they all on an endless road to Damascus? Have any arrived?

In one of his many great books, *Mother Night*, Kurt Vonnegut argued that, "We are what we pretend to be, so we must be careful about what we pretend to be." Maybe so. But is John McCain really what he pretends to be? Is his "straight talk," really straight talk, or is it an oratorical tummy tuck? Have Mrs. Clinton's fundamental political beliefs really undergone a metamorphosis in the past few weeks?

One of Bill Bradley's marketing points is that he is very smart. And so far as I can tell, everyone believes it. "W" has to fight rumors that he is not smart. But "W's" SAT scores were higher than Bill's, and his grades at Harvard business school were probably better than Al's were at Vanderbilt law school, although we'll never know for sure because Al won't release his. We do know that "W" has an MBA, and that Al dropped out of law school after completing two years, which is not a common occurrence. As "Blood, Sweat and Tears" used to sing: "Ride a painted pony, Let the spinnin' wheel spin."

In the meantime, I am fascinated by what is happening in Europe, including, among other things, Tony Blair's apparent political meltdown, the collapsing Euro, and the flap over the discovery of a Nazi sympathizer in Austria. Mon dieu, that's a shocker!

I'll begin my little exposition on Europe with a few paragraphs from a May 20, 1998 article of mine entitled "A Specter Is Haunting Europe--The Specter Of 'Planning.'"

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 20<sup>th</sup> 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 . . . .

Early on, Maastricht was billed as a pathway to a "United States of Europe." But that concept never had a chance. There was never any question that the "planners" would control the process, and that the outcome would therefore not be a "United States of Europe," but a vast new socialist experiment, built on the rubble of the old, smaller ones that blight the European economic landscape today.

I said in that piece that no one could be sure exactly where this new socialist leviathan was headed. But I said that my guess is that it "won't be a very nice place," based on the fact that "socialism has been an unmitigated economic, political and social disaster wherever it has been practiced." More specifically, I said I thought that during the next decade, Europeans will likely find that their "planners" have done the following.

- O Exacerbated the racial and ethnic hatreds that have plagued Europe for centuries.
- O Exacerbated the class tensions that have plagued Europe for centuries.
- O Added layers of new and expensive bureaucratic bloat to the already-heavily burdened back of the European industrial base.
- O Intensified the antagonism and distrust that many Europeans already feel for their political leaders.
- O Increased the already rampant corruption in both the private and public sectors.
- O And most probably, prompted terrorist reactions by disgruntled nationalist organizations, which are certain to spring up in virtually every member country in response to the feeling of helplessness and hopelessness that is bound to result from having to deal with the new, more powerful, "big brother."

One thing I didn't say in that article, because it never occurred to me, was that the "place" that Europe is headed would be devoid of a serious conservative presence. That appears to be the case, however.

Not too many years ago, Germany, France and even Italy had viable political parties that might roughly be described as conservative. These parties supported the concept of a market economy; the idea that individual rights were more important than group rights; tougher law and order initiatives; somewhat smaller and less powerful government; some tax cuts; less regulation of business; some minimal restraints on the size and power of the welfare state; and in Germany at least, price stability. Today these movements are in virtual free fall.

Even in England, where Lady Thatcher's conservatism once reined, the Tories are so weak today that they cannot mount a credible offensive against Tony Blair, despite the fact that his Labour government is deeply troubled because, among other things, the crime rate is rising, the national health service is in shambles, the party's "ethical foreign policy" has turned into a bad joke, and corruption is on the rise.

In fact, the *Sunday Telegraph* recently stated that the guy who Blair's "panic stricken circle" considers to be "public enemy number one" is not even a Tory, but a Labour party MP from the extreme left, who thinks Tony is not doing enough for the working class. This fellow's name is Ken Livingston, but he is popularly known as "Red Ken."

In retrospect, this absence of meaningful conservative opposition in Europe should come as no surprise. Had the right in Europe been even modestly healthy, the idea of a united Europe

wouldn't have turned into a nightmare of central planning in the first place, and Tony, who supported England's entry into the EU, wouldn't have been elected England's Prime Minister.

It seems to me that this situation has several consequences. One is that economic stagnation and social rot will proceed more quickly than it would if Europe's conservative parties were still strong enough to keep the socialist "planners" in Brussels and Tony Blair in England from running amok.

In the U.S., for example, conservative sentiment is still robust enough that when Bill came into office proposing the nationalization of health care, huge tax increases, and a giant boost in federal spending, the American people reacted by handing control of both Houses of Congress over to the Republicans as quickly as they could.

Had this not occurred, I believe that the U.S. economy, and certainly its health care system, would be in shambles today. Instead, the Reagan economic miracle continues, and Bill is proposing to pay off the national debt, much to the outrage of such lefties as his own former Secretary of Labor, Robert Reich, who want desperately to "invest" virtually all of fruits of the good times in a myriad of new social programs.

A less obvious, but even more frightening consequence of the collapse of the European political right is, I believe, the strong possibility that the left will fracture into separate warring elements, some of which might find mass appeal in some ugly, old ideas, including remnants of fascism.

The Europeans themselves are aware of this problem, although, as usual they are, in my opinion, confused about its exact nature. Jim Hoagland, one the *Washington Post's* foreign policy reporters, stated the European position in a recent piece entitled "Austria's Amnesia." As the title suggests, the topic of this article was the controversy over the popularity of Austrian politician Joerg Haider, who is, by all accounts, "soft on Nazism."

Europeans expect the respectable right to contain, domesticate or absorb the far-right forces of extremism. They fear that if mainstream conservatives are not strong enough--or willing--to do that, a dangerous vacuum will develop and disrupt the delicate postwar political balances that have marginalized neo-Nazis and other zealots.

German Chancellor Gerhard Schroeder, a Social Democrat [read socialist], took the unusual step of warning last week that a lasting breakup of the CDU [Christian Democratic Union] [read conservative party] could expose Germany to the dangers of "Haiderisation."

Hoagland and Schroeder are correct to be worried about a political vacuum developing from the absence of a healthy conservative movement. And they are also correct, I believe, that the danger is that this vacuum will be filled by some virulent form of political extremism. But their contention that this extremism will emerge from the right, if it emerges at all, is, I believe, pure nonsense. Schroeder knows perfectly well, even if Hoagland doesn't, that fascism and Marxism (the philosophy to which Schroeder subscribed for years) are, in truth, rival brands of socialism.

Just as surely, he knows that if fascism ever rears its ugly head again in Europe, its leaders are much more likely to be former socialists, as Hitler and Mussolini were, than conservative supporters of free market economics, smaller government, lower taxes, and as broad a definition of individual freedom as is possible within the context of an orderly society.

I discussed the history of the affinity between socialism and fascism in a July 14, 1999 piece entitled “The Modern Promethei,” so I won’t dwell on it this week, except to point out that both ideologies are culturally and intellectually radical, and both advocate a controlled economy, a strong central government, and the idea that the state is more important than the individual.

To put this another way, the political distance between Hitler and Marx is considerably less than the distance between Hitler and Adam Smith. As I pointed out in the “Promethei” piece, what Hitler and Mussolini did was substitute rabid nationalism and racism for the class hatred of Marxism, and voila, socialism became fascism.

What, one wonders, are the practical, political differences between Haider and the European socialists who are so critical of him, other than Haider’s anti-immigration stand? Haider maintains, with some justification I believe, that his positions on most political issues are hardly different from those of Tony Blair, a statement that, in my opinion, angers Blair more than it would if there weren’t some truth to it. Certainly Haider’s views are closer to Blair’s than they would be to Margaret Thatcher’s.

Hoagland believes that the likely result of all this is that “conservatives will regain their footing in these nations as the left stays in power long enough to produce its own scandals, mistakes and lassitude.” He maintains that “the pendulum is still the most important instrument in politics.”

I sincerely hope he is correct. I think he might be in the case of England, where the Tories are still breathing, if not altogether healthy, and there appears to be considerable conservative sentiment left in the population, as evidenced by a recent poll showing that 63% of voters are against joining the European Union. But it seems highly unlikely to me that a resurgent conservative movement will appear on the continent in the foreseeable future that would be strong enough to tame the Brussels behemoth.

My guess is that we will find out if the all-important pendulum is still capable of swinging in Europe if and when the world economy slows. At that time, my guess is that the economic and social fault lines that already exist within the European community will become chasms.

If Hoagland is correct, the European right will, at that time, rise again. My fear is that there is nothing left of the European right to rise, and that the reaction will instead be that the left will fracture into several parts, some which could be pretty ugly.

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