

# The Political Forum

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

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### A SOMEWHAT DIFFERENT VIEW OF THE BUDGET PROCESS

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For a variety of reasons, a publication like this one seldom gets a real political “scoop.” The folks who leak big, inside-Washington stories always favor one of the three sisters of American journalistic excellence,” *The New York Times*, *The Washington Post*, and *The National Enquirer*.

But last week, a friend gave me a top-secret document. I don't know how he got it and I didn't ask questions. All I know is that he told me that very recently the Clinton crowd ran short of money and, having sold the Chinese all of the nation's nuclear secrets, pawned off on them a box of old FBI files on former, high-ranking Bush White House staff members; some of Hillary's old Rose Law firm billing records; and some stuff that Deputy Secretary of State Strobe Talbott's sister found in the trash of various congressmen while working for the White House private eye, Terry Lenzner.

My friend ended up with some of it, and he gave me a copy of a transcript of a secret meeting of the congressional leadership of both parties, discussing the upcoming, annual budget negotiations. The following is a brief excerpt from that memo, which I thought might be helpful to readers as they watch Bill's State of the Union message this week and the budget discussions that will be on-going throughout the year.

**Senate Majority Leader Trent Lott (R., Miss.)** - Okay, we all have things to do, golf games, girl friends, fund raisers, and a . . . a . . . “business deals,” heh! heh! [nervous laughter all around] to attend to, so let's get this over with. For starters, can we all agree that there will be no arguments over how to spend 95% of next year's budget, that we will give everyone who got anything last year at least as much as they got last year, plus an inflation factor? Can we all agree that no program, office, division, branch, bureau, project or individual bureaucrat will be cut? If we can agree on something as simple as that, we can get out of here in a hurry? Okay? Can we have a show of hands?

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**House Majority Whip Tom DeLay (R., Tex.)** - Hey, wait a minute. Can't we cut something? Anything? [Groans all around] Come on. I can't see any reason why you Democrats can't agree to let us cut something, for crying out loud. There has to be some program in the Labor Department, or Education, or somewhere. It would help me a lot if I could tell my constituents that we cut something . . . anything.

**House Minority Whip David Bonior (D., Mich.)** - Look, dammit, I've had about enough . . .

**Lott** - Okay, okay! David, that's enough. I'll handle this. Look Tom, we all know where you're coming from. There isn't a Republican in this room who wouldn't like to cut a little something just for show. But it's just not practical. If we start cutting programs or stuff like that, then it just all falls apart and the next thing you know we're cutting pork and then all hell breaks loose. The guys who pay my bills are mad. The guys that pay yours are mad. You know how it goes. We've tried it, Tom. It just doesn't work.

**DeLay** - But . . .

**Lott** - Just can it, Tom. You're being a baby. All right. So, can we all agree? Nothing gets cut. Everyone gets a little more than last year? Tom? Good. It's unanimous then. That's settled.

Now, we all know that there has to be some money we don't spend, the so-called "surplus." Right? [Groans all around the room.] Okay, knock it off. It can't be helped. We can't spend all the money we got and that's that. [Groans all around the room.]

But I've got some good news. I just got off the phone with the White House and Bill has agreed to take the lead in breaking those pesky "budget caps." [Cheers around the room.] But this is only if Republicans agree not to complain about it. So can we all agree that we'll "follow Bill's lead," [chuckles around the room] and break the budget caps as quietly as possible? Can we? Show of hands, please. Can we?

**House Minority Leader Dick Gephard (D., Mo.)** -- How much do we have to leave unspent. Jeepers. I don't mind telling you I think this is a crock. My constituents have needs. I have needs. I've made promises. Whose money is this anyway if it's not the government's? What do you mean we can't spend it all. Who says we can't?

**Lott** - Look Dick, we're all on the same page. No one disagrees with you. Every one of us would like to spend all the money too. Hell, there isn't a person in this room that wouldn't spend it all and then some, if we could get away with it. But it can't be done, all right? We just can't do it. The surplus became a big deal because your president kept blowing around about it. "Save Social Security," he said. It was your party's dumb idea. Now the public thinks it's a big deal. The polls show it. Your people as well as mine. We don't have to argue today about how much "surplus" we have to

leave unspent. We'll try to make it as small as possible. Okay? But we should agree that we have to leave some. Okay? Okay? [Groans around the room] Okay, let's have a show of hands. Come on, get your hands up. Tom, you're on board right? And Armeys on board, aren't you Dick? There. It's unanimous. We all agree we can't spend it all.

Now, regarding the remaining 5% of the budget. We don't know how much this will be. A lot depends on how much we can't spend because we need a surplus [groans all around the room.] But can we agree that half of that remaining 5% will be spent on larger allocations for the same list of programs that got above average allocations last year? Does anyone have a problem with that? You know, housing, education, defense, the high profile kind of stuff. We'll just follow last year's blueprint. Show of hands, please. Unanimous. Good.

Okay, that leaves what looks like \$50 billion to \$60 billion or so out of \$1.9 or \$2 trillion to fight over. Two or three percent. Right Dick?

**House Majority Whip Dick Armeys (R., Tex.)** - Yeah, that's about right.

**Lott** - Now that's not much, so we've got to make this look good, okay? We've got to have some real mudslinging over this \$50 or so billion. Big fights, okay? Lots of name calling. We'll call for tax cuts, you Democrats call for more spending on a bunch of liberal stuff. Big new programs, that kind of thing. And we'll make a big deal out of it. After all, this is an election year.

**Senate Minority Leader Tom Daschle (D., S.Dak.)** - We didn't do half enough name calling last year. I read a piece by some clown named Melcher who had the nerve to write an article saying that there isn't a dime's worth of difference between any of us, Republicans and Democrats alike. We can't have that kind of garbage getting out. We just can't have it! The folks back home think I'm a big class-warfare guy. Take from the rich and give to the poor and all that kind of stuff. That's my trademark, for goodness sake. But it's getting harder and harder for me to look like a bigger spender than anyone else around here. Especially you Republicans. So let's hear a little criticism of me this year from the right?

**House Speaker Dennis Hastert (R., Ill.)** - Who's this Melcher guy anyway?

**Daschle** - I checked around and no one up here seems to know him. Some burned out old Washington hack is all I know. That's all I know. I'm not saying he's important. But I am saying that if someone as stupid as he is can figure it out, it won't be long until someone like Al Hunt at the *Wall Street Journal* figures it out. [Peals of laughter all around the room.] So let's make a little effort this year to make it look like we have some disagreements. Okay? Can you guys over there call me a socialist once in a while like you used to?

**Armeys** - What about me? The folks back in Texas think I'm a big anti-big-government guy. How do think I feel when people start saying we're all alike? You guys have to

come down hard on me this year. I want a real attack. My constituents believe that I fight hard against government spending and it is important to me that the Democrats spend some energy calling me things like ruthless and hard-hearted. Their attacks on me last year were Pablum. I don't think any of you, not one big shot Democrat, called me a fascist once last year. Not once. People are beginning to think I'm nothing but a big, pompous, overbearing, conceited blowhard. [Knowing looks and snickers all around the room] This has to stop, or I'm going to start pushing for program cuts again. [Groans around the room] I have a reputation to keep up.

**Lott** - Okay, okay. Quiet down. We're almost through here. We agree, right, that we won't fight over the bulk of the budget, two trillion bucks or something like that, but that we'll make a lot of noise over the \$50 billion or so that we've set aside to fight over. We'll all try hard to make it look like a much bigger deal than it is. Okay? Okay!

Now, just one more thing. Can we all agree, before we leave, so that there's no argument later, so that no one misunderstands, that when the dust settles next fall, when what I propose we call the "millennium budget war" [happy nods around the room] is over next fall, that we will begin immediately to work on an "emergency" funding measure to make everyone who came out a little short in the "millennium budget war" whole again? Can we all agree on that? Maybe \$50 billion or so in "emergency" funds. So no one gets hurt. Right? Show of hands. Great! Unanimous. This meeting is adjourned.

Now I can't swear to the authenticity of this memo. I was told that it was the real thing. That's all I know. And the guy's a friend. But I can say that it sounds authentic to me. I mean there's nothing in it that doesn't ring true, with a couple exceptions.

For example, I simply don't believe that these guys are really as worried as they say they are that their constituents will figure out that the whole budget process is a sham. They know as well as I do that the average American is below average. These guys survive on this knowledge. It's their stock in trade. They can get by with virtually anything, and they know it. The reelection rate among these guys is higher than it was in the old Russian Communist Politburo. And the part about Al Hunt figuring something out. Trust me. That's not going to happen. The wheel's still going around there, but the hamster's been dead for a long time.

Also, I would like to clarify something that was said about me in that discussion with which I take strong exception. The fact is that I have never written that there aren't any differences between Democrats and Republicans. What I did say in several articles last year (most notably in a three-part series entitled "The Dawn Of A New Political Era") is that on a great many issues, most particularly when it comes to fiscal restraint, there isn't a dime's worth of difference anymore between the two parties.

To be a bit more precise, what I said was that old-fashioned liberalism and old-fashioned conservatism are dead, and that the old political battlegrounds, over which these traditional viewpoints were fought, have been, for the most part, relegated to the dustbin of history.

There are, I said, no serious labor versus capital, hawk versus dove, big government versus little government, free trade versus protectionist, or rich versus poor conflicts anymore. Both parties today are dominated by men and women who are, for the most part, pro-big-business, pro-big government, free-trading, foreign policy hawks, who talk a lot about helping "the poor," but concentrate virtually all their efforts on keeping the middle class happy.

Of course, there are still differences between Republicans and Democrats. For the most part, these differences today reflect a cultural war that has been going hot and heavy within the United States since the early 1960s.

This war is, as I have said in numerous articles (the most notable being an April 8, 1998, piece entitled "Let The Big Dog Run"), between two competing moral systems. Roughly speaking, one side subscribes to traditional Judeo-Christian beliefs, with their emphasis on such absolute notions as "right," "wrong," "sin," "truth," the sanctity of life, and the importance of the traditional family. The other, for lack of a better term, is often described today as "post-modern," where the above-mentioned absolutes are regarded as flexible, situational in fact.

It is important to understand, however, that while this is a real war, and while each side has paladins in Congress, Washington is not the primary front in this conflict. The important battlefields of this war are in the humanities departments of the nation's schools and universities, in its places of worship, in the world of news, entertainment, and advertising, in the fields of art, literature, and architecture. The 1960s German radical, Rudi Dutschke, recognized this when he advised his followers to abandon the barricades and began the "long march" through society's institutions.

As a practical matter, the day-to-day activities of Washington's politicians are largely unaffected by this conflict. Members blow around about it endlessly because all have constituents who feel strongly about one or more of the issues involved. But their actual efforts to help or hinder one or more of the causes involved are usually marginal. Whether the issue is abortion rights, gay rights, or gun control, activists on both sides know that the war won't be won in Washington. Washington is the place where the results on the above-mentioned battlefields are written into the law books. It is the place where the scorecard is kept.

The fact of the matter is that principal differences between the two parties on a day-to-day basis have little to do with ideology or philosophy anymore. They are almost entirely related to where each party gets its money. And since the bulk of the so-called "special interests," about which everyone complains, give generously to members of both parties, the lion's share of conflicts take place on the margin, as the above budget memo indicates. In the end, if a petitioner once gets on the list, he or she will do well every year thereafter.

It is true that Democrats tend to be more aggressive proponents of more and larger government programs. But the Republicans are no slouches in this area either. In fact, they no longer even try to cut government expenditures in any meaningful way, despite the fact that they control both Houses of Congress. Furthermore, year in and year out, they vote for huge appropriations for all the liberal programs, with virtually no complaints. And when the pork barrel rolls around each year, they wallow in it with the oiliest, sleaziest, and greediest of the Democrats.

Furthermore, it could be argued, I believe, that the Democratic Party's penchant for larger government has less to do today with a socialist idealism than it does with the fact that public employees unions are big supporters of the Democrats, so the more members the better.

Two things keep this process interesting, to the degree that it is interesting at all anymore. The first is that some fights can't be avoided, such as the one coming up between the elderly and the nation's healthcare providers. Both parties would be inclined in this case to keep both groups happy. But there isn't enough money do that anymore, without stepping all over the toes of other constituency groups that are lined up for their share of federal largesse, or digging too deeply into the so-called "surplus." So something will eventually have to give. But, as I said, for most of these guys, this is less about ideology than it is about money, who gives to whom.

The second thing that keeps it interesting is that a few big "special interest" groups have, for whatever reason, made the strategic decision to give virtually all of their funds to one party. Examples include the nation's unions (public employees, teachers, and laborers) and its trial lawyers. This situation sets up a few high-profile battles where one side really can take on the other. School vouchers and tort reform are good examples. Republicans have nothing to lose on either issue, because teachers unions and trial lawyers give almost exclusively to Democrats.

I have always wondered what would happen if these organizations tried spreading their money around a little. Each constantly maintains that the members of the party to which they give little or no money have no scruples. So why not test the theory? Buy a few of them. Then there might really be no difference between the two parties. Money, after all, has a leavening impact on politics.

But even with most of these fights, things don't get horribly nasty very often. The reason for this can be found in one other major difference between the two parties, namely that the Republicans are much dumber and much less aggressive in supporting the interests of their supporters than the Democrats.

I'm not sure why this is, but I'm sure it is. A comprehensive discussion of this assertion will have to wait for another issue. In the meantime, I'll illustrate it with a quote from an article entitled "Eight Years That Shook The World," in the March 22, 1999, issue of *Insight Magazine* by James P. Lucier, our own Jim Lucier's father.

If Republicans want to do the so-called "people's business" . . . they will have to target the special interests that stand in the way of the doing. If they want to pass a substantial tax cut and reform Social Security, they will have to choke off the power base of organized labor, which is supported by forced (and illegal) collection of union dues for political purposes. If they want to improve education, they will have to pass a right-to-teach law blocking teaching contracts that require membership in the National Education Association and teaching standards that exclude teachers based on ideological pedagogy. And if they want to bring legislative authority out of the court and back to the legislatures, they must pass tort reform over the protest of the trial lawyers.

Needless to say, not only have Republicans not done any of these things in the past five years,

during which they have controlled both Houses of Congress, they haven't even tried. Instead, this year they say they intend to cut a deal with Democrats to provide prescription drug coverage for Medicare patients, to savage the nation's healthcare providers with "patient protection legislation," to raise the minimum wage a little less than the Democrats propose, to go along with the elimination of the "budget caps," and to pass some small, "targeted" tax cuts in exchange for going along with some big spending new White House initiatives.

This burned-out old Washington hack can only hope that they will fail.

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