

The Political Forum

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

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WHELPING THE DOGS OF WAR

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Psst! You wanna know a secret? Well, the federal budget surplus everyone is talking about, you know. It isn't going to be spent on social programs like the Democrats want. And it isn't going to be spent on tax cuts, like the Republicans want. It's not even going to be kept in the Treasury and applied to the Social Security and Medicare mess, like so many baby boomers want. It's going to be spent on defense. That's right, defense.

I'm not talking about the \$40 billion or so surplus for this fiscal year, or the \$30 billion to \$40 billion surplus projected for next year. A large chunk of that money may well end up as a rare, true budget surplus, a genuine historic monument to Reaganomics. What I am talking about is the giant \$600 billion-plus surplus projected for the first eight years of the 21st century. That money will, in all likelihood, find its way to the Pentagon.

In short, one of the ironic legacies of the Clinton years will be, in my opinion, the need for a massive, Reagan-like build up in spending on the very defense establishment that Bill "loathed" in his youth and neglected in his presidency.

Why? Because it looks to me like the dogs of war are being whelped right now around the world by the Chinese, by the Russians, by radical Islamists and, most importantly, by a Clinton foreign and defense policy that I believe has been marked by a deadly combination of neglect, timidity, stupidity and cupidity. And there is, I further believe, virtually no chance that Bill's last two years in office will be any different.

Now I am aware that this is a controversial position. I am also aware that I can't support it in one short article. But the way I see it, after almost a five-year hiatus, I am, once again, going to be writing about foreign policy on a regular basis. And I thought I would establish this week what I believe will be one of the major themes of these upcoming articles.

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You see, as I said in a recent piece entitled “Wanted: A Smidgen of Ethics, A Dash of Common Sense, And A Pinch of Patriotism,” a “new world order” is slowly, but ever so surely being hammered out by the nations of the world. And it is becoming increasingly clear, to me at least, that the investment considerations related to this process will not be limited to currency values and relative economic performances.

My guess is that they will also include the prospects of wars, possibly nuclear; of terrorism, almost certainly against U.S. targets; and the consequences of a U.S. defense establishment that, under such circumstances, is unquestionably under-funded.

Relative to this last statement, it is worth noting that since fiscal 1990, U.S. defense spending has been reduced from almost 24% of the budget to less than 15%. This represents billions of dollars of reductions. In unadjusted dollars, “Department of Defense military spending” has declined from \$289.8 billion in fiscal 1990 to a projected \$251.4 billion this year.

In fact, approximately half of the progress made during the past few years on the fiscal front has been the result of cuts in defense spending. The other half came from greater than anticipated economic growth. Virtually none can be attributed to fiscal restraint.

Between 1990 and 1998, America’s active duty army was reduced by over 700,000 soldiers, while the army reserves declined by some 293,000. Other reductions in the U.S. military during this period include the following, according to the International Institute of Strategic Studies, as presented in the April, 1998 issue of Hillsdale College’s excellent publication, *Imprimis*.

- o 20 air force and navy air wings with approximately 2,000 combat aircraft.
- o 232 strategic bombers.
- o 13 SSBNs (ballistic missile submarines) with 3,114 nuclear warheads on 232 missiles.
- o 500 ICBMs (intercontinental ballistic missiles) with 1,950 warheads.
- o 4 aircraft carriers.
- o 121 surface combatants and attack submarines, plus all the support basing, transport, and logistical access, not to mention the tanks, armored fighting vehicles, helicopters, etc., appropriate to such a force.

Large defense spending cuts were to some extent justified by the end of the cold war, and would not necessarily have led to a dangerous situation. But these defense reductions were accompanied by two other factors that have made them, in my opinion, both hazardous and unsustainable.

The first has been an open assault on the readiness and fighting capability of the U.S. military, throughout the Clinton presidency, by a variety of policies, including the use of the military as a laboratory for a host of wacky social engineering schemes; the diversion of billions of dollars of military funds for civilian purposes, such as fighting the drug war and environmental cleanup;

the launching of a host of expensive “peace keeping“ excursions into such places as Haiti and Bosnia without adequate supplementary funding; and numerous expensive, fruitless displays of military muscle, if not political will, off the coast of Iraq.

The second was the implementation of a foreign policy that I believe reeks of weakness, which as I said in my “Fearless Forecast” piece of December 1996, entitled “Bullish On The Good Old U.S. Of A -- With Caveats,” “jackals like [Syria’s] Assad, Iraq's Saddam Hussein and Iran's Rafsanjani [and I should have added, the militarist dictators that run China] can smell,” and will eventually challenge.

This latter problem should have come as no surprise to anyone who was familiar with the foreign policy “experts” Clinton brought to town with him. All of them cut their teeth in the 1960s anti-war movement and spent the 1970s and 1980s lobbying against defense spending and in favor of the concept that there was a “moral equivalency” between the United States and the Soviet Union.

An old friend Angelo Codevilla made this point succinctly in the Spring, 1994 issue of *The National Interest*, which I quoted in an April 27, 1994 article entitled “The Negotiators.” Codevilla, who was at that time a fellow at the Hoover Institution and is now teaching at Boston University, put it this way.

Members of today's foreign policy establishment, Codevilla maintains, "did not spend their formative years worrying about how to maximize their country's power or studying the principles of international statecraft. After opposing the United States in Vietnam, they made their careers restraining, diminishing, denigrating American power, and arguing that power is not fundamental to world affairs."

"While they championed arms control agreements, they never got excited when the Soviet Union violated them. With few exceptions, they did not serve in the armed forces, and have scarce social contact and sympathy with those Americans who do. Hence neither in mind nor heart nor habit are they comfortable managing America's power for the sake of its interests, or calling forth the nation's martial instincts to defend its sacred values." Their rise, Codevilla says, "is best understood as a gradual change in the collective mentality of the establishment, a change that is now complete."

Codevilla points out that during the recent losing battle in the Senate over the confirmation of Morton Halperin as Assistant Secretary of Defense, Halperin's opponents charged that he had been on the wrong side of the cold war, while his supporters said that he was a mainstream foreign policy expert. According to Codevilla, both sides had a point.

The result is a foreign policy team made up of people who have never been comfortable with the concept that the United States occupies the moral high ground. Such thinking involves the much-despised concept of “value judgments,” and goes against the grain of “moral equivalency” theory. The result is that such people find it difficult to take umbrage at human rights violations, no matter how despicable. It is even more difficult for them to even consider the use of the military on behalf of principles.

That explains, in my opinion, why the Clinton crowd is comfortable with a limited show of force in such places as Bosnia and Haiti, but shies away from confrontation with enemies, such as Iraq and Iran, or with potential enemies, such as China.

Charles Krauthammer describes this as the “Anthony Lewis” (the ultra-liberal *New York Times* columnist) school of foreign policy, under which the United States is most aggressive in cases where no national interest is at stake.

George Will once described this attitude as follows. "Just as in domestic policy the proof of liberal virtue is generosity with other peoples' money, the proof in foreign policy is willingness to spend the nation's blood, treasure and prestige for abstractions rather than concrete national gain."

For a personification of this attitude, one needs to look no further than Bill's Deputy Secretary of State, Strobe Talbott, whose foreign policy experience consists of having been a reporter at *Time* magazine for many years, during which time his most distinguishing characteristics were a persistent bias against Israel and a penchant for covering the Soviet Union with great affection, like a sports writer covers the local baseball team.

The following are some lines I wrote about Strobe in that above-mentioned piece “The Negotiators,” which I believe are worth reconsidering today, in light of the Clinton administration’s policy of “constructive engagement” with China and First Lady Hillary Rodham Clinton’s recent remarks on the desirability of a Palestinian state.

Keep in mind that Strobe is Bill's choice as the number two man at State, a person who, in my opinion, has rarely, if ever, been right about a significant foreign policy issue. Also in my opinion, there isn't a single member of the Moose Lodge #979 in Mount Jackson, Virginia who doesn't have a better grasp of America's unique and important role in the world than this guy.

“Strobe Talbott, Christopher's number two man at State, is a very close friend and ideological soul mate of Bill Clinton's. He first came to the public's attention in 1967, as the subject of a James Reston piece in the *New York Times* about antiwar protesters at Yale. In the intervening years, he is most noted for his books and articles arguing against the U.S. military buildup during the cold war, on the theory that this would just antagonize the Soviet Union and make the situation worse . . .

In 1981 when President Reagan told Notre Dame graduates that the West should dismiss Communism "as some bizarre chapter in human history whose last pages are even now being written," Talbott wrote that he agreed with "other administration officials, especially professional diplomats and intelligence analysis with long experience in Soviet affairs [who] . . .expressed confidence that the Soviets recognized such theorizing for what it was: idiosyncratic, extremist, and very much confined to the fringes of government."

In 1982, when Reagan told the British parliament that "this century is to witness the gradual growth of freedom and democratic ideals" and argued that "the Soviet Union

itself is not immune to this reality," Talbott insisted that "very few in the West took it seriously as a statement of policy."

In 1983, Talbott criticized Reagan's view that the Soviet Union must build down its missile inventory "to a position that the United States would recognize as equality." Talbott called this "a transparently one-sided set of objectives." In January 1990, he wrote *Time* magazine's essay crowning Gorbachev "Man of the Decade," in which he argued that "the doves in the great debate of the past 40 years were right all along." The Soviet threat, he said, "never was."

Throughout the Cold War, Talbott was also a harsh and unrelenting critic of Israel, for the most part echoing the Soviet Union's charges against the Jewish state. He once accused Menachem Begin of being "obsessed with the Holocaust." In 1981, when Israel bombed Iraq's nuclear reactor, Talbott wrote an essay in *Time* calling Israel "a nasty, and bitter nation." During his recent confirmation hearing, Talbott asserted that his views on Israel have changed.

I am aware that this piece has been pretty theoretical so far, so I'll close with a specific example of the Clinton foreign policy team in action, which I think supports my thesis that the world will become a very dangerous place to American interests over the next few years.

It was in early March, 1996, when the Chinese assembled the largest military operation it had ever conducted in response to the announcement that Taiwan would, horror of horrors, hold its first direct election for president on March 23.

Among other things, China disrupted international commerce through the Taiwan Strait, closed Taiwan's ports, and lobbed three M-9 ballistic missiles, capable of carrying nuclear warheads, into the waters around Taiwan, including one that flew almost directly over Taiwan's capital, Taipei.

This action set off "two weeks of extraordinary tension and uncertainty" marked by "undercurrents of Nuclear menace," according to a front-page Sunday, June 21, 1998 *Washington Post* story by staff reporter Barton Gellman entitled "U.S. And China Nearly Came to Blows In '96; Tension Over Taiwan Prompted Repair of Ties."

Indeed, Gellman adds: "Present and former officials now say they were far more worried than was known at the time, as Christopher writes in a forthcoming collection of essays, that a 'simple miscalculation or misstep could lead to unintended war.'"

So how did the Clinton crowd react to this possible "nuclear menace?" Well, according to Gellman they got very tough. In fact, among the many nasty exchanges between various U.S. and Chinese diplomats at the time, Gellman says, was a "blunt" assertion by Defense Secretary William Perry that "grave consequences" would result "should Chinese weapons strike Taiwan." In short, Gellman says, "a grim-faced" Perry told Liu Huaqui, a senior Chinese national security official, that the U.S. was prepared to go to war. "For emphasis," Gellman notes, then Secretary of State Warren Christopher and then National Security Advisor Anthony Lake "repeated the formula in turn."

The record shows however, that this talk was, as they say, cheap. It may well be true that Perry, Christopher and Lake said these things. And it was certainly true that if the Chinese had attacked Taiwan, the United States would have had to go to war. But the implication that the Clinton administration had stood up to the Chinese in any meaningful fashion during this period is, I think, pure tommyrot. It was all carrots.

The U.S. did send a carrier task force into the region, but it remained a safe distance away while the Chinese finished their exercise in intimidation against America's long-standing friend, which formally began with the launching on March 8 of two of the M-9s and concluded with a rehearsal of an invasion of Taiwan, which lasted from March 18 to March 25 and included amphibious assault drills, troop insertions by helicopters, artillery firings and troop transport flights.

But, in my opinion, the strongest message sent to the Chinese during that period came on March 14, the day after the Chinese fired the third M-9 missile into the shipping lanes off Taiwan. On that day, the Clinton administration quietly transferred control over regulating the export of communications satellites from the State Department to the Commerce Department, a move that the Chinese, and their American friends at Hughes Electronics and at Loral Space and Communications, had been seeking for quite some time.

You see, in October 1995, Christopher had reasserted his opposition to sales of advance missile technology to China, despite intensive lobbying, accompanied by huge campaign contributions to the Democratic Party, from both Hughes and Loral. In a classified memorandum, Christopher maintained that lifting the export limitation would "raise suspicions that we are trying to evade China sanctions."

Ron Brown's Commerce Department had appealed the decision. You see Brown was, at the time, spearheading an initiative on "big emerging markets" that was geared directly toward promoting more business with China. In fact, in August 1964, he had taken a high profile trip to China with a delegation of American businessmen, which included Loral's Chairman Bernard Schwartz.

If the Chinese had received nothing else from Bill than this important concession on who controls American policy on missile technology sales to them, their revolting display of military aggression against one of America's oldest friends in Asia would have been well worthwhile.

But Gellman says that bringing about the "crisis" resulted in an even bigger victory for China, because it "resolved the president's ambivalence about the kind of ties he sought with China and set him firmly in pursuit of a policy of 'engagement,'" which, it turns out, has been marked by lots of carrots and no sticks. In short, the Chinese called Clinton's hand, he folded, and the rest is history.

China now purchases virtually whatever it wants from us, and sells what it wants to anyone it chooses, without regard to the threat of American sanctions, including nuclear technology to Pakistan, Iran and Libya. Russia follows suit, while receiving billions of dollars in U.S. assistance. Bill gets "dissed" by the leaders of both Pakistan and India, not to mention the Prime

Minister of Greece. Iraq's Saddam Hussein goes about his bloody business with little regard to what Bill or the United Nations thinks about it. Bill goes off to meet his new found "friends," the "butchers of Beijing," in Tiananmen Square. The U.S. military gets weaker. And the world suddenly begins to look like a very dangerous place indeed.

Before closing, it is worth considering the following paragraph from Gellman's article, which relates to a conversation between some Chinese military officers and Charles W. Freeman Jr., a former Assistant Secretary of Defense in the Clinton administration, who also served as Nixon's interpreter in China in 1972.

"I said you'll get a military reaction from the United States" if China attacks Taiwan, Freeman recalled, "and they said, 'No you won't. We've watched you in Somalia, Haiti and Bosnia, and you don't have the will.'" Then, according to Freeman, a senior officer [Gen. Xiong Guangkai, deputy chief of China's general staff] added: "In the 1950s, you three times threatened nuclear strikes on China, and you could do that because we couldn't hit back. Now we can. So you are not going to threaten us again because, in the end, you care a lot more about Los Angeles than Taipei."

Stay tuned. To paraphrase the old Chinese curse, we are, once again, about to be living in "exciting times."

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