

# The Political Forum

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

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### WAR MAY BE AN ODD ENERGY POLICY, BUT IT'S ALL WE GOT

Mark L. Melcher

George Bush has a mess on his hands. I know this isn't a popular view right now with the war going on and his ratings in the polls at a staggeringly high level. But, like it or not, he has a mess on his hands.

The United States is facing fiscal deficits of over \$300 billion this year and probably as much next year; and so far as I can tell, President Bush hasn't a clue what to do about it. And even if he had a viable plan, neither he nor a herd of wild horses could convince the bunch of clowns in Congress to act on it.

I know this sounds extremely negative. And my answer to that charge is, you bet it is. I am not saying that the financial markets and the economy can't rally in 1991, as many observers predict. I'll let economists argue about that one. But I am saying these rallies will have to occur in the face of overwhelming evidence that the President of the United States has no plan to address the nation's runaway fiscal deficits, its deteriorating infrastructure, or ironically enough, its dependence on imported oil.

I think this will become apparent, to those who haven't already figured it out, when the fiscal 1992 budget is released early next month. Then the world will see that the most daring economic initiative the president and his men have been able to devise, as this nation enters the post cold war 1990's and pursues a war over oil in the Middle East, is a renewed call for a reduced capital gains tax, which the White House says the President will propose but won't "push." Whoopee!

There are two reasons for this state of affairs. The first deals with President Bush's preoccupation with the war. The second is an almost total lack of the "vision thing," not only by Bush but by his senior advisers, OMB chief Richard Darman and Chief of Staff John Sununu.

Lest anyone doubt this fact, they should know that the most contentious argument that took place during the budget drafting process was over whether the president should support programs to

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help low income persons buy their own house or apartment and to allow parents a voucher to purchase education at the school of their choice. These ideas are supported by the conservative wing of the Republican party as a means of showing that the GOP stands for something different from the Democrats. Dick Darman apparently thought they were a little too "visionary" for George Bush, and a fight ensued. The President reportedly will now endorse them as a sop to the right wing of his party. Whoopee again!

Now it is true that the war has occupied the president and that this fact is partially responsible for his neglect of domestic affairs. But it is also true that this war will continue to occupy the president long after it is over. Indeed, I believe the war and its aftermath are likely to consume the bulk of President Bush's time and energy for the rest of his term.

I am absolutely certain that we will win the war. But I am equally certain that the aftermath of the war will be chaos, and that Bush will find that dealing with that chaos will be just as much, if not more, in the national interests of the United States as was recapturing Kuwait for the sheiks. And it will require just as much effort on the part of the president. Listen.

The populations of Iran and the nine largest Arab states from Libya eastward will increase by one-third, or 65 million people, during this decade, to a total of some 234 million. In Jordan, Syria, and Iraq, almost six of every 10 persons are 19 years of age or under. In none of these nations is the 19-or-under population lower than 47%. Over 70% of all individuals in Iran, Iraq, Syria, Yemen, Libya, and Jordan are 29 or under.

Aggravating this situation is the fact that many of the largest of these states are barely able to feed and find jobs for their existing citizens. A recent issue of *The Economist* states that Egypt, the largest Arab nation, adds one million new citizens every eight months and is on the way to becoming a "teeming Bangladesh on the southern rim of Europe." It notes that "greater Cairo is home to 13 million people, hundreds of thousands of whom make their homes in cemeteries, cardboard shanties, alleys, and doorways." At the end of this decade, *The Economist* points out, "Cairo will be the fifth largest city in the world."

As if this extraordinary poverty and population growth weren't enough to guarantee problems, the Middle East is desperately short of water, and shortfalls of water mean shortfalls of food, because up to three-fourths of the world's fresh water use goes to agriculture, and this figure is even higher in most of the countries of the Middle East.

I won't go into details here, but suffice it to say that many experts on Middle East say wars in this decade are not only possible but likely over water rights to three different Middle East rivers: the Nile, the Euphrates and the Jordan.

These demographic and geographic realities mix uncomfortably with other chronic and obvious problems that plague the Middle East; those having to do with continuing religious and cultural barriers to democratization, to equitable wealth distribution, and to the adoption of a value system not based on ethnic, class and tribal hatreds.

In short, the region's population is surging out of control; the poor are rising up against the rich; the entire area's ability to feed itself is deteriorating along with its supply of fresh water; and the indigenous political leadership is either weak, timid and without widespread public support or so brutal as to offend even the most hardened Western observer.

The bottom line is that George Bush has chosen to pursue perhaps the most difficult of all energy policies, i.e., to take on a thankless, costly and lengthy battle to keep oil flowing at a reasonable price from a region that is destined to face years of class warfare, political turmoil, and economic chaos.

I am not saying here that Bush can't make such a policy work. Indeed, he most certainly can. The United States is today the world's only super power. Thus we have the means. And, for the time being, we also have the will, judging by the public's overwhelming support for the war and antipathy toward an alternative energy policy.

But, defending the haves against the have nots in the Middle East places him on the wrong side of history, and will thus demand the lion's share of his time and attention for at least the next few years. And if the past few months is any indication, this attention will necessarily come at the expense of meaningful domestic policy considerations.

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