

The Political Forum

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

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THE THREAT FROM WITHIN

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Last week Congress passed, and this week President Clinton will sign what I expect will be the first in a long string of legislative initiatives designed to strengthen the government's hand in fighting domestic terrorism and crime.

Among other things, the new law establishes an expedited procedure for deporting suspected alien terrorists, places a ban on fund raising within the United States for terrorist groups, authorizes the expenditure of \$1 billion over the next four years to beef up federal anti-terrorist efforts, and sharply curtails the rights of state prisoners, including those on death row, to appeal to the federal courts.

Several provisions that would have established a host of new powers for federal law enforcement agencies were dropped from the bill. Among other things, these provisions would have made it significantly easier for the government to tap phones, to enlist the support of the military in cases involving chemical and biological weapons, and to delve into the personal financial records of suspected bad guys.

Bill Clinton and a relatively large group of both Democrats and Republicans supported these provisions. They were opposed by an unusual coalition of ultra liberals and ultra conservatives, who argued that the expanded government police powers they envisioned would usurp fundamental constitutional principles.

It was a spirited battle, as it should have been, and should always be any time the President and Congress tinker with the balance between liberty and order. Technically, as in all such legislative fights, there were winners and losers among the participants. But in reality, there were neither. In the end, it was a melancholy affair made necessary by some ugly trends in American public life that can no longer be ignored.

Those legislators who blocked the more radical proposals in the bill were correct in worrying about the consequences of these provisions. Those who endorsed these measures were correct in

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worrying about the consequences of not passing them. Both sides should now be worried about the fact that the decisions they made this time were easy compared to the ones that lie ahead.

Some participants may have had base motives for their individual positions, I don't know. But virtually any position in the fight could have been based on the purist intentions and been supported by the views of several of the nation's founding fathers and any number of history's most important philosophers.

Indeed, scores of great and decent individuals throughout the history of western civilization have disagreed over how to best address the conundrum that liberty cannot endure without order. One of the most famous of these, of course, was John Stuart Mill, who put the issue this way in *On Liberty*, his well-known book on the subject: "The sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number, is self-protection."

What we saw last week was a recognition by Congress and the executive branch that more protection is required in the mix. How much is necessary is, of course, the crucial question. Given the nature of the threat, I doubt that the new law went far enough. In fact, I would expect that each of the provisions that failed to make it into this piece of legislation will eventually become law, along with a host of other measures that will appear to civil libertarians to be even more Draconian.

I expect this because I have come to believe that the primary threat to the United States in the 21st century, just as communism and fascism were during the 20th century, will be criminal and terrorist groups operating within our own borders.

Jonathan Winer, a state department official in the Bureau of International Narcotics and Law Enforcement Affairs, put it this way recently.

In many ways the post-Cold War world is a more dangerous, less stable place . . . During the Cold War we were fighting a single and quite overt enemy, communism, with an arsenal of powerful weapons. But now, in its aftermath, we face a vast array of different threats. Some are new, and some existed previously but are now more acute. The latter are by their nature more dangerous precisely because they are more subversive and insidious. These threats now come from transnational crime, drug traffickers, terrorism, traffic in weapons of mass destruction, money laundering, and other forms of corruption.

For this reason I believe that the passage of the modest terrorist and crime bill last week was the opening public skirmish in what may prove to be the most important war that America will ever have to fight, against the most powerful and insidious axis of enemies it has ever encountered.

The United States today is the strongest economic and military power the world has ever known. No nation could defeat it with military force. But as Jonathan Winer indicated above, and I noted in a recent article entitled "Honesty Matters, Now More Than Ever," there is considerable evidence that the influence of large international criminal gangs is beginning to pollute the very foundations of American society, its government, its courts and its financial markets, with the

staggering sums of money that are being generated by, among other things, an illicit drug trade that has domestic sales of upwards of \$15 billion a year.

In an earlier article entitled "Apocalypse Soon," I noted that some of the nation's leading experts on terrorism believe that America is highly likely to "increasingly serve as a lightning rod for international terrorists, who perceive the United States as an enemy that must be destroyed because of its inherent evil nature."

These kinds of threats will not be fought on foreign soil with huge land and air forces. They will be fought at home by domestic law enforcement agencies that will, if they are to be successful, likely need much greater authority than they have today. The problem will be to grant them enough authority to do their jobs but still maintain a free and open society.

In the final analysis, it will make little difference to future generations of Americans if the freedoms that their forefathers bequeathed to them are taken away by a foreign military power, or by the actions of well intentioned politicians who either tip the balance too far toward totalitarianism, in response to the actions of evil individuals operating within our borders, or who fail to respond strongly enough to these individuals. Either way the bad guys win, and America is no longer the "land of the free."

If this sounds a bit overstated, I would recommend a rereading of the above mentioned old articles. In the meantime, I would offer the following quotes and observations from some experts on the subject, as food for thought on the related subjects of crime and terrorism.

According to the Spring 1996 issue of the quarterly journal *Trends in Organized Crime*, the threat to local, regional, and global security from international crime syndicates "has grown in scale and scope to the point where it is now increasingly able to overwhelm the integrity of local institutions and national governments through corruption and intimidation. Criminal enterprises are generating and accumulating financial and other assets on unprecedented levels that [already] undermine the national economies of several countries."

In support of this thesis, the *Journal* cites the views of Richard A. Clarke, a Special Assistant to the President and a Senior Director at the National Security Council.

First, crime groups that were once national and regional organizations are now operating globally and making international connections. They are taking advantage of the global marketplace and the increasingly free flow of goods, people, and information. In this respect, their behavior mirrors that of transnational multinational corporations.

Second, transnational organized crime groups that were once single purpose organizations have now diversified. For example, groups that were involved solely in narcotics trafficking have diversified into alien smuggling, money laundering, and terrorism. They are acting like businesses were twenty years ago, trying to diversify their markets and products.

Third, organized crime groups now possess such significant resources that they can almost buy and sell governments. Approximately 150 of the 185 United Nations

members are vulnerable to one degree or another (Even a country such as the United States, with established legal safeguards, is subject to the corrupting influence of organized crime.) . . .

Transnational organized crime groups threaten economic as well as political systems. Organized crime distorts economies because they are only interested in short-term benefits, not long-term investments. With significant financial assets at their disposal, they are capable of causing major dislocations in the banking sector and in the stock markets of those countries where their capital is deposited

The entry of organized crime into the nuclear arena should be broadly interpreted to include not only the export of actual technologies but also the acquisition of formulae, processes, and technical knowledge of nuclear, biological, and chemical weapons by criminal elements. The United States is also increasingly concerned about the potential for organized crime to exploit information technology, particularly by tapping into and disrupting computer networks.

It is worth noting here that according to Richard Mosquera, a section chief of the FBI's Organized Crime/Drugs Operation Section, La Cosa Nostra (LCN), better known as the Mafia, "remains the most important organized crime threat in the United States." This is because, Mosquera says, it penetrates the economy "and politics." One of the greatest concerns to the FBI, he says, "is the LCN's infiltration of labor unions. At present, the LCN controls or has influence over one hundred labor unions at the local and national level. Its presence is felt particularly in the construction industry, as well as in the gaming industry, restaurants and related unions and transportation."

Concomitant with, and sometime operating as part of, the growing threat from criminal gangs, is the increasing danger from terrorist groups operating within U. S. borders. I won't labor this topic, since I have discussed it at length in a previous article. But I would like to quote briefly from testimony given to Congress late last year by Kyle B. Olson, a member of the Senior Staff at TASC, Inc. and its Arms Control and Proliferation Analysis Center in Rosslyn, Virginia.

According to Olson, "the threat of terrorist use of weapons of mass destruction has never been greater and it is increasing." He notes that with the use of sarin gas by the Aum Shinrikyo cult in the Tokyo subway system in June 1994, the "nightmare of terrorists with chemical, biological, and nuclear weapons has been realized. . . . the line in the sand has been irrevocably erased."

Fundamental to Olson's testimony was an observation of the "sobering truth," that "we do not presently have the capability in place to defend our cities against a clandestine attack involving chemical and biological weapons." In the case of the later, he said, "it is unlikely we would even know we had been attacked until people began to fall . . . the only organized response we can realistically hope to offer the victims of a terrorist [biological weapons] attack is a form of triage: bury the dead, comfort the wounded, and pray for the survivors."

Whether the crime and terrorist legislation to be signed this week by Bill Clinton will remedy this problem and other similar ones associated with the growth in organized crime remains to be seen. I rather doubt it.

In the meantime, the subject deserves the special attention of anyone whose job is dependent on healthy and honest financial markets, of anyone who is engaged in a business that requires making reasonable projections as to the future course of American society, and finally of voters, who should be on the lookout for any and all signs of corruption or complacency in their political leaders.

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