



TONY AWARD

BY PAUL JOHNSON

In all the turmoil that has followed the September 11 events, President Bush's closest and most reliable ally has been Tony Blair. This is not surprising. The special relationship between the United States and Britain is stronger than ever. As American presidents from Truman and Eisenhower to Reagan and even Clinton have discovered, when times look dark in the White House, the only one of America's allies that can be depended upon absolutely for support and sympathy is Britain.

Blair is not alone. He is backed by his foreign secretary, the Foreign Office, the defense chiefs, the entire British armed forces, and, not least, by Britain's intelligence networks. Indeed, it can be said that British armed forces and intelligence resources are now so closely inter-

meshed with their American equivalents that they plan and act as one organization. By contrast, British defense links with Continental Europe, outside the NATO structure, are virtually nonexistent.

But Blair's personal role is vital. He and Bush hit it off. Unlike many people in Europe, he does not find Bush an ignorant, undereducated, gung-ho Texan, rash and hotheaded and unfit to be in charge of so much military and political power. He knows from personal experience that this image of the U.S. president, assiduously promoted in France and Germany, is utterly false. The Bush he knows, he confides to friends, is calm and rational, thoughtful and long-sighted, always well briefed and increasingly knowledgeable, who has grown in office steadily and especially in the last year. He finds Bush "not only an easy man to deal with," but "a friend whom it is a pleasure to know." He also points

out that Bush is always willing to listen patiently to British advice, and often takes it. This is why the U.S. and British forces are working in union to build up the capability to remove Saddam Hussein and why their delegations present a united front in New York to get UN authority to proceed. If this is not forthcoming, or unduly delayed, then the United Kingdom will back America in carrying out the operation anyway. It is arguable that they are entitled to do this, in international law, under existing UN resolutions passed in the 1990s, and that the operation will be easier if unhampered by further UN and Security Council directives framed by those who have no intention of exposing their armed forces to danger.

In his determination to back Bush in going ahead with or without specific UN sanctions, Tony Blair is strengthened by his view that opposition to the American president is not principled but opportunistic. The Russians want reassurances—and if necessary, compensation—that if a U.S. occupation of Iraq produces an abrupt fall in the oil price, the West will not let Russia suffer, oil exports being her biggest single economic asset. The Chinese need U.S. help over a range of economic issues and agreement on how to handle North Korea's nuclear capability. This horse-trading has been going on for weeks and success seems likely.

There remains the problem of France, more difficult to buy off because her motive is vanity. France is a second-class power whose economy is stagnant and whose armed forces are a shambles, unfit to participate in the high-technology assault on Saddam's forces. Feeling excluded by her weakness, France has thus taken the diplomatic stage, and her diplomats are currently boasting that they "have the initiative in New York" and are "determining the UN context."

According to Downing Street, Jacques Chirac has "been on a high"

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since his landslide electoral victory earlier this year. He has been posturing and acting the prima donna at EU meetings, throwing tantrums when opposed. There was an ugly scene in October, when Tony Blair objected strongly to the French insistence that the EU's Common Agricultural Policy—a corrupt and wasteful subsidy system for inefficient farmers, which everyone except the French want to scrap—be retained for the

unpopular.” I believe that to be true, and it was candid and brave of him to admit it.

But perhaps there are two Blairs. At home we see Labour Party leader Blair, politician Blair, a far from admirable or successful figure. The British economy has performed well during his term of office. Unemployment and inflation are low, and property prices high, an important asset in a country where nearly 70 percent of fam-

who has clear ideas about the kind of world he wants and who should run it. This Blair is basically conservative, traditionalist, Thatcherite, a patriot who believes in the skill and certitude of the English-speaking nations, in the old Anglo-Saxon Common Law as the basis for international law. He is most at home in the Anglo-American atmosphere of the White House and Downing Street, surrounded by special advisers, generals, and diplomats, all of whom speak the same language and share the same view of the world.

This second Blair—the real and essential Blair in my opinion—has banked a lot of his political capital in Mr. Bush's plan to topple Saddam and to create a new Middle East cleansed of terrorism and leaning to the West. If the campaign succeeds quickly and fairly painlessly, Blair's judgment will be vindicated, and the many people who doubt it in Britain will have to “lay low.” If it fails or prolongs itself with heavy casualties and high expense, then Blair will be in serious trouble—not least with his own cabinet colleagues and the Labour Party—for the first time in his charmed political life. ♣

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rest of the decade. Blair particularly resented a behind-the-scenes deal that Chirac had arranged with Helmut Kohl, without telling any of the other members—precisely the kind of behavior the EU is supposed to abolish.

Already angered by France's mischief making over Iraq at the UN, Blair made a strongly worded complaint about France's devious behavior. This caused Chirac to lose his temper. He said to Blair: “You have been very rude to me. I have never been spoken to in this way before.” He promptly canceled the Franco-British summit planned at Le Touquet later this year. This provoked much tittering in the Foreign Office as “very French behavior” and typical of the flouting and flaunting to be expected of Gallic personalities. “We have been putting up with this sort of thing for 800 years,” as one of them put it.

Blair does not like scenes. He is a cheerful soul who likes everyone to be happy. In particular, he does not enjoy being abused, even by an overexcitable Frenchman. If he has a weakness, it is that he loves to be liked. He has had an astonishingly trouble-free political career, making his way to the top at an early age and experiencing no serious setback. Since becoming leader of the Labour Party, he has always held a strong advantage in the polls over the Conservatives, usually in double-digits. He has won two landslide election victories, and most political observers here (though not me) would bet money on a third. He does not know what failure or real unpopularity means. Once, when we were discussing faults, I said that my worst one was impatience and asked him to name his. After some hesitation, he said: “Not doing the right thing for fear it would make me

illies own or are buying their homes. But on the four major domestic issues—crime, education, public health, and transport—the government's record is poor to disastrous, whether from confusion or cowardice or simply bad luck, it is hard to say. Blair, on these issues, has never given the impression that he knows where he is going, or even where he wants to go.

But then there is the other Blair, the Blair who travels the world, making himself known and liked, who gets on well not only with President Bush but President Putin,

JOSEPH'S SEED

a novel by Neil DeRosa

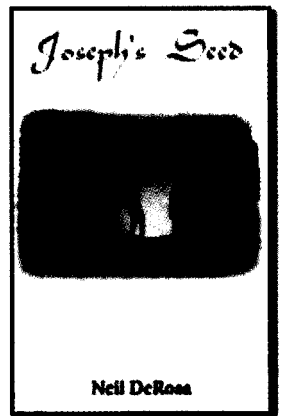
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THE COMING CAPITALIST REVERSAL

The East Is Green

BY GEORGE GILDER

Management guru Peter Drucker's great insight is: "Don't solve problems." When you solve problems, you end up feeding your failures, starving your strengths, and achieving costly mediocrity. In the end, problem-solvers tend to fail in a global competitive economy, where winners pursue opportunities.

The Republican victories this November mark a turning point for both the party and the nation. The issue is whether the United States is

cratic slough, while the former Communist world is embracing the low-tax, deregulatory regime last espoused by President Ronald Reagan. Usurping the Reagan mantle and capitalist vanguard are the former Soviet Union—with its 13 percent national flat tax—and the People's Republic of China, with zero marginal tax rates on agricultural output, a zero capital-gains tax, an engineering-dominated educational system, and coastal "free zones" with their entrepreneurial culture of riotous growth and creativity.

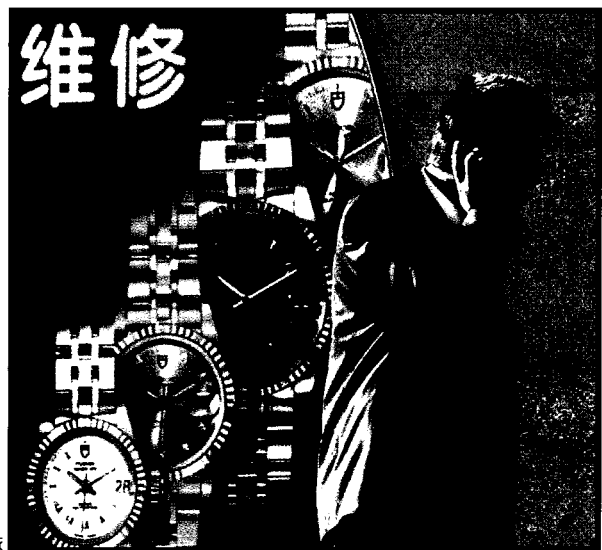
I just returned from a week in China, my first visit since 1988. I was addressing a Forbes CEO conference in Hong Kong, now part of China under the new model of "one nation, many systems." Washington regards China as a problem—in fact it is the greatest opportunity in the history of capitalism. Washington deems Jiang Zemin and the rest of China's leaders to be dangerous Communists. Through our misbegotten export controls, the U.S. government attempts to prevent Chinese companies from purchasing microchip lithography gear that can resolve a line smaller than 0.25 microns. But the United States already depends on China's manufacturing prowess for thousands of crucial goods. And within two years, China will command more advanced, more diverse microchip manufacturing capabilities than we do.

I believe that Jiang—now settling into a back seat as a newer set of Chinese technocrats takes command—is the single greatest capitalist leader of the late twentieth century. Way back in 1985, when the one-time electrical engineer became minister of electronics, he was smart enough to consult Caltech professor and regnant genius Carver Mead. Under Mead's guidance, Jiang—that rarest of politi-

cians today, a trained engineer—focused China on what we call the telecosm: the weave of industries that exploits the powers of the microchip and electromagnetic spectrum for computing and communications. He also adopted the most aggressive supply-side program in the world economy. Beginning with farms that were not producing their quotas, he established what is essentially a zero marginal tax rate for incremental agricultural production: anything above quota, farmers could keep for themselves or sell for a profit. To any supply-sider aware of the global evidence that lower tax rates yield higher revenues, the response was predictable: within three years Chinese farm production tripled and created the foundations for an economic miracle.

Unleashed by newly created free zones along the coast—where surplus farmers quickly found new employment—China's miracle was entirely capitalist. China still supports a huge state-run sector that comprises close to 70 percent of measured output. According to government data, just 514 state-run companies command 60 percent of industrial assets and half of all profits. But the number of registered private businesses soared from 90,000 in 1998 to 2.3 million in 2001. All the growth and all the opportunity are emerging from the free zones.

In doing so, China reversed the problem-solving dynamic that paralyzed post-Soviet Russia. The former Soviets initially tried to deregulate centrally, from the inside out, opening up the whole economy at once—thus arousing maximum resistance by all the entrenched, established forces. China's free zones reversed that: people wanted to move into them, pursuing emancipation and prosperity. The result has been the fastest, most technologically inventive industrial transformation in history. Launching low-taxed free zones, focusing education on electronic engineering, Jiang's program has evoked growth so explosive as to be unbelievable if it



going to be paralyzed by a politics of solving problems—prescription drugs, accounting foibles, antitrust champerty, green technophobias, income gaps, and digital divides—or whether it embraces a politics of opportunity.

Today, the United States is no longer the spearhead of world capitalist growth and supply-side economics. The global capitalist economy is undergoing an epochal inversion, with Europe and the United States sinking into an over-regulated, technophobic, bureau-

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