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## THEY SAID IT

Aristotle says that the aim of education is to make the pupil like and dislike what he ought. When the age for reflective thought comes, the pupil who has been thus trained in “ordinate affections” or “just sentiments” will easily find the first principles in Ethics; but to the corrupt man they will never be visible at all and he can make no progress in that science. Plato before him had said the same. The little human animal will not at first have the right responses. It must be trained to feel pleasure, liking, disgust, and hatred at those things which really are pleasant, likeable, disgusting, and hateful. In the *Republic*, the well-nurtured youth is one “who would see most clearly whatever was amiss in ill-made works of man or ill-grown works of nature, and with a just distaste would blame and hate the ugly even from his earliest years and would give delighted praise to beauty, receiving it into his soul and being nourished by it, so that he becomes a man of gentle heart. All this before he is of an age to reason; so that when Reason at length comes to him, then, bred as he has been, he will hold out his hands in welcome and recognize her because of the affinity he bears to her.”

C.S. Lewis, *The Abolition of Man*,” 1947.

## GLOBALIZATION LENDS CORRUPTION LIGHTER WINGS TO FLY.

We listened with intense interest to the many explanations for the stock market’s poor performance last week by fund managers, analysts, economists, traders, business news commentators, and pundits on the various business and market channels. As always, we were impressed by the intelligence and thoughtfulness of these people, especially when compared to the majority of those who play similar roles in the business of politics and geopolitics. The difference is money, of course, not the amount of money these people make, but the fact that those in the first group deal with the very serious and tangible business of finance, while those in the latter are caught up in the increasingly murky subject of interpersonal relationships between power-seeking egomaniacs.

In any case, it occurred to us while listening to these people that the one thing that is missing from both groups is someone with what used to be called a “world view.” From the Wall Street crowd, we hear well-informed observations about the Fed’s struggle with stagflation, soaring energy costs, falling home prices, sagging consumer sentiment, the sad state of American banking, the high prices of commodities, and the possibility of higher taxes. From the political and geopolitical gurus, we hear stories about Barack and John, the poor health of the Republican Party, Congress’s dismal performance, runaway Federal spending, the threat from militant Islam, the wars in Iraq and Afghanistan, and a great deal about specific happenings in various parts of the world, from Russia to China, from North Korea to Iran, and from Europe to Africa.

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But there doesn't seem to be anyone around anymore who is able to tie it all together, or even tie a significant part of it together. No matter what one thought of Henry Kissinger, he had a talent for providing a global perspective that could, at the very least, be used as a starting point to try to figure out where it was all headed, both financially and politically. No one does that anymore. Or at least, no one, whom we have seen anyway, does it well.

One reason for this may be that there are just too many pieces to the puzzle today. It was easier during Kissinger's time. The world was comfortably Manichaeic then. Good guys, bad guys. Our side, their side. Capitalists, commies. Democracies, dictatorships. Conservatives, liberals. Good and evil.

The present is more Hobbesian than Manichaeic. It's not good guys versus bad guys anymore. That duality, which simplified things for both Dr. Kissinger and the rest of us, has all but disappeared as the definitions of the virtues that once defined these two categories have become extremely blurred. Today, it's all against all, or *bellum omnium contra omnes*, as Hobbes put. The world today can be likened to a ring full of gladiators each competing to be the last man standing, forming and dissolving partnerships of convenience in order to defeat others' partnerships, but each member concerned solely with his own welfare.

Once proud cultures with rich heritages of art and scholarship in places such as China, Russia, Europe, the Middle East, and yes, America have been or are in the process of being mongrelized by willful ignorance and ideological corruption. Virtues such as honesty, honor, patriotism, tribal loyalty, duty, and a willingness to sacrifice on behalf of future generations are rapidly becoming the stuff of fable, as archaic as the notion of defending damsels in distress. Nowhere in the world is "the little human animal" being routinely taught "the right response." It is no surprise that Hollywood no longer makes what used to be called "cowboy movies" since the vast majority of the global audience today, foreign or American, would have little or no understanding of the message that was once central to the genre.

Each year, the United States buys billions of dollars of goods from China, which uses the money to build a military complex designed to destroy it. Russia is no longer considered to be an enemy of the United States, although it is quite possibly the world's largest criminal enterprise, ruthless, untrustworthy, ungoverned by the laws of God or men. Saudi Arabia is considered to be a "good friend" of the United States, even though it is the principal source of funds for global terrorist networks dedicated to the destruction of Western civilization and for schools around the world that openly teach racial and ethnic hatred. The Iranians are considered to be the equivalent of "the good Germans" during World War II, nice folks who just happen to be ruled by a crowd of thugs bent on the destruction of Israel, even at the expense of a nuclear exchange that would annihilate both nations and most of their neighbors. North Korea is a rarity in that it is still openly recognized by the United States as an enemy, yet it is a frequent recipient of American food aid, which has the perverse effect of keeping the crazy little dictator there in power. Europe has become a multicultural free zone, like Switzerland was during World War II, lacking the moral energy to have either friends or enemies, home to great hordes of stateless money, its owners unconcerned with and unconnected to the cultural chaos that is occurring in the streets below their grand citadels of wealth.

Meanwhile, the United States builds huge cankers of debt for the sole purpose of feeding the insatiable demand among its citizens for material goods, refusing to even consider the long-term future and hoping to avoid near-term problems by opening "another spigot of capital" (to borrow a phrase from the *Wall Street Journal*) by holding a private yard sale of American assets to the so-called "sovereign wealth funds" owned by governments whose interests are, by and large, antithetical to the values that once underpinned American democracy.

Add to all of this the fact that a demographic tsunami of epic proportions is sweeping the entire globe from Europe to Russia to China to the Middle East to India, and one begins to understand why cogent "world views" are hard to come by these days.

How, pray tell, can anyone forecast anything with any degree of certainty in such a world? The answer is, one can't. Which is why no one is doing it. Or, at least, why no one is doing it well. On the other hand, having no "world view" is, in a sense, a "world view," one in which the salient factor is a high degree of uncertainty.

But just for sake of argument, let us add a couple of other salient factors to the equation, the first one being that this uncertainty is going to be around for a very long time. It won't last until the last gladiator is standing, but it probably will last until the field is winnowed down enough so that some form duality is once again visible, or at the very least until some rational friend/enemy paradigm is recognizable.

Our second, additional, salient factor is that during this period, global and domestic corruption will flourish, which will in turn cause an increase in uncertainty, particularly in the financial markets. Why? Well, because corruption is kept in check by two forces, one legal and one moral, which, to be successful, must work together in tandem. Machiavelli put it this way in his *Discourses on the First Ten Books of Titus Livius*: "For where the fear of God is wanting, there the country will come to ruin, unless it be sustained by the fear of the prince, which may temporarily supply the want of religion."

The immediate problem is that both of these forces have recently entered what can only be considered a long and enduring period of weakening influence. The legal system is weakening because the globalization of all forms of business, from finance to manufacturing to the trade in services, is moving forward more quickly than the reach of the law across borders, which, needless to say, is an invitation to trouble, not just for foreign companies but to American firms as well.

The moral system is weakening because the new global marketplace now has many huge players in it, such as China, Russia, and the large oil producing nations in the Middle East that either recognize no moral code whatsoever or subscribe to a religion that contains no prejudice against cheating or lying to "infidels."

There are, of course, practical reasons, i.e., neither legally nor morally based, for these and other similarly inclined nations to act ethically, but these are, by definition, subject to challenge by offsetting practical reasons to act unethically. The Chinese, for example, have learned that, as a practical matter, being cavalier about the presence of mouse feces in the medicines they sell to Americans, or lead paint on the toys, can do more damage to their commercial interests than the cost of acting responsibly. But what "practical" argument against the risk of damaging relations with a customer could stand up to the manifest benefits of employing unethical practices in a commercial venture in pursuit of a significant geopolitical advantage?

When Dr. Johnson was told once that he had a guest in his house who believed that there was "no distinction between virtue and vice," Johnson is said to have replied "when he leaves the house let us count our spoons." But who will be there to count the spoons on behalf of Americans interests when the Arab or Chinese directors leave the boardroom of one of America's great financial concerns in which they own a large stake?

Is this important? Well, Adam Smith thought it was. He, who first recognized and defined what we today call capitalism, believed that a body of time-honored moral and ethical beliefs is of supreme importance to the development and functioning of efficient markets. In *The Theory of Moral Sentiments*, for example, he maintained that "upon the tolerable observance" of such duties as politeness, justice, trust, chastity and fidelity, "depends the very existence of human society, which would crumble into nothing if mankind were not generally impressed with a reverence for these important rules of conduct."

In keeping with this thought, Smith, reflecting Plato's views, as cited in the above "They Said It" section, maintained that social order is not spontaneous or automatic, but is founded on institutions that promote self control, prudence, gratification deferral, respect for the lives and property of others, and *some concern for the common good*.

Which leads us to a final observation, that being that the only certainty in today's world is that uncertainty will be a important factor in the financial markets until "concern for the common good" is recognized as an important factor in globalization.

The title of this piece, by the way, was borrowed from an article we wrote just over nine year ago. It opened with the following paragraph.

For almost two years now, we have been writing regularly in these pages, and discussing in speeches and client presentations, our belief that the greatest danger to stable financial markets in the future will be international corruption on a scale never before witnessed in Western society.

That article closed with this paragraph:

Oh! The headline? It comes from Pope's *Moral Essays*. He was concerned about the corrupting influence of what he called paper-credit in the early 18th century.

Blest paper-credit! Last and lest supply!  
That lends corruption lighter wings to fly!

## REFORM, CRIME, AND CORRUPTION.

As anyone who lives in New York can tell you, crime reduction – and reduction in violent crime in particular – is one of the very few great government success stories of the last couple of decades. Major cities like New York, which were once virtually uninhabitable because of crime, have been reborn and are attracting (or re-attracting) new residents; demographic groups – including families with young children – that not so long ago fled the decaying urban centers for suburban sanctuaries.

As Hanna Rosin noted in a recent piece for *The Atlantic*, "New York and Los Angeles, once

the twin capitals of violent crime, have calmed down significantly, as have most other big cities. Criminologists still debate why: the crack war petered out, new policing tactics worked, the economy improved for a long spell. Whatever the alchemy, crime in New York, for instance, is now so low that local prison guards are worried about unemployment."

And it's not just the big cities. Violent crime rates in the country as a whole have declined dramatically over the last decade-and-a-half and, more to the point, have remained generally low, despite an expected surge in the population of young males, the demographic group responsible for the overwhelming majority of both crime and violent crime. Thus far at least, the crime wave that was expected by many criminologists to characterize the latter half of this decade has failed to materialize, and crime rates have remained surprisingly low and surprisingly stable.

But as is almost always the case, this silver lining comes with a cloud. Or as Horace put it, "*nihil est omnino beatum.*"

While many large cities saw a big drop in violent crime over the last several years, moderate-sized cities, those with populations between 500,000 and 1 million, saw crime skyrocket. Rosin discussed this trend thusly:

In 2006, the Police Executive Research Forum, a national police group surveying cities from coast to coast, concluded in a report called "A Gathering Storm" that this might represent "the front end . . . of an epidemic of violence not seen for years." The leaders of the group, which is made up of police chiefs and sheriffs, theorized about what might be spurring the latest crime wave: the spread of gangs, the masses of offenders coming out of prison, methamphetamines. But mostly they puzzled over the bleak new landscape. According to FBI data, America's most dangerous spots are now places where Martin Scorsese would never think of staging a shoot-out – Florence, South Carolina; Charlotte-

Mecklenburg, North Carolina; Kansas City, Missouri; Reading, Pennsylvania; Orlando, Florida; Memphis, Tennessee.

What Rosin discovered in her research into this “epidemic of violence,” in her effort to make sense of this seemingly anomalous crime wave, is something that is both rather disturbing and entirely unsurprising. The most likely explanation for the rise in violence and crime in places like Memphis, Orlando, and Kansas City is one that has been and will all but certainly continue to be ignored by civic leaders, local and state elected officials and administrators, and nearly everyone else who matters. This explanation makes them uncomfortable, you see, and calls into question much of what they have come to believe constitutes good and effective urban planning and governance.

Rosin described this disturbing trend in mid-sized urban crime as follows:

About five years ago, [University of Memphis criminologist Richard] Janikowski embarked on a more ambitious project. He’d built up enough trust with the police to get them to send him daily crime and arrest reports, including addresses and types of crime. He began mapping all violent and property crimes, block by block, across the city. “These cops on the streets were saying that crime patterns are changing,” he said, so he wanted to look into it.

When his map was complete, a clear if strangely shaped pattern emerged: Wait a minute, he recalled thinking. I see this bunny rabbit coming up. People are going to accuse me of being on shrooms! The inner city, where crime used to be concentrated, was now clean. But everywhere else looked much worse: arrests had skyrocketed along two corridors north and west of the central city (the bunny rabbit’s ears) and along one in the southeast (the tail). Hot spots had proliferated since the mid-1990s,

and little islands of crime had sprung up where none had existed before, dotting the map all around the city.

Janikowski might not have managed to pinpoint the cause of this pattern if he hadn’t been married to Phyllis Betts, a housing expert at the University of Memphis. Betts and Janikowski have two dogs, three cats, and no kids; they both tend to bring their work home with them. Betts had been evaluating the impact of one of the city government’s most ambitious initiatives: the demolition of the city’s public-housing projects, as part of a nationwide experiment to free the poor from the destructive effects of concentrated poverty. Memphis demolished its first project in 1997. The city gave former residents federal “Section 8” rent-subsidy vouchers and encouraged them to move out to new neighborhoods. Two more waves of demolition followed over the next nine years, dispersing tens of thousands of poor people into the wider metro community.

If police departments are usually stingy with their information, housing departments are even more so. Getting addresses of Section 8 holders is difficult, because the departments want to protect the residents’ privacy. Betts, however, helps the city track where the former residents of public housing have moved. Over time, she and Janikowski realized that they were doing their fieldwork in the same neighborhoods.

About six months ago, they decided to put a hunch to the test. Janikowski merged his computer map of crime patterns with Betts’s map of Section 8 rentals. Where Janikowski saw a bunny rabbit, Betts saw a sideways horseshoe (“He has a better imagination,” she said).

Otherwise, the match was near-perfect. On the merged map, dense violent-crime areas are shaded dark blue, and Section 8 addresses are represented by little red dots. All of the dark-blue areas are covered in little red dots, like bursts of gunfire. The rest of the city has almost no dots.

Betts remembers her discomfort as she looked at the map. The couple had been musing about the connection for months, but they were amazed—and deflated—to see how perfectly the two data sets fit together. She knew right away that this would be a “hard thing to say or write.” Nobody in the antipoverty community and nobody in city leadership was going to welcome the news that the noble experiment that they’d been engaged in for the past decade had been bringing the city down, in ways they’d never expected. But the connection was too obvious to ignore, and Betts and Janikowski figured that the same thing must be happening all around the country. Eventually, they thought, they’d find other researchers who connected the dots the way they had . . .

And Betts was right. Rosin continued:

Recently, the housing expert George Galster, of Wayne State University, analyzed the shifts in urban poverty and published his results in a paper called “A Cautionary Tale.” While fewer Americans live in high-poverty neighborhoods, increasing numbers now live in places with “moderate” poverty rates, meaning rates of 20 to 40 percent. This pattern is not necessarily better, either for poor people trying to break away from bad neighborhoods or for cities, Galster explains. His paper compares two scenarios: a city split into high-poverty and low-poverty areas, and

a city dominated by median-poverty ones. The latter arrangement is likely to produce more bad neighborhoods and more total crime, he concludes, based on a computer model of how social dysfunction spreads.

Studies show that recipients of Section 8 vouchers have tended to choose moderately poor neighborhoods that were already on the decline, not low-poverty neighborhoods. One recent study publicized by HUD warned that policy makers should lower their expectations, because voucher recipients seemed not to be spreading out, as they had hoped, but clustering together. Galster theorizes that every neighborhood has its tipping point—a threshold well below a 40 percent poverty rate—beyond which crime explodes and other severe social problems set in. Pushing a greater number of neighborhoods past that tipping point is likely to produce more total crime. In 2003, the Brookings Institution published a list of the 15 cities where the number of high-poverty neighborhoods had declined the most. In recent years, most of those cities have also shown up as among the most violent in the U.S., according to FBI data.

The “Gathering Storm” report that worried over an upcoming epidemic of violence was inspired by a call from the police chief of Louisville, Kentucky, who’d seen crime rising regionally and wondered what was going on. Simultaneously, the University of Louisville criminologist Geetha Suresh was tracking local patterns of violent crime. She had begun her work years before, going blind into the research: she had just arrived from India, had never heard of a housing project, had no idea which were the bad parts of town,

and was clueless about the finer points of American racial sensitivities. In her research, Suresh noticed a recurring pattern, one that emerged first in the late 1990s, then again around 2002. A particularly violent neighborhood would suddenly go cold, and crime would heat up in several new neighborhoods. In each case, Suresh has now confirmed, the first hot spots were the neighborhoods around huge housing projects, and the later ones were places where people had moved when the projects were torn down. From that, she drew the obvious conclusion: “Crime is going along with them.” Except for being hand-drawn, Suresh’s map matching housing patterns with crime looks exactly like Janikowski and Betts’s.

Nobody would claim vouchers, or any single factor, as the sole cause of rising crime. Crime did not rise in every city where housing projects came down. In cities where it did, many factors contributed: unemployment, gangs, rapid gentrification that dislocated tens of thousands of poor people not living in the projects. Still, researchers around the country are seeing the same basic pattern: projects coming down in inner cities and crime pushing outward, in many cases destabilizing cities or their surrounding areas. Dennis Rosenbaum, a criminologist at the University of Illinois at Chicago, told me that after the high-rises came down in Chicago, suburbs to the south and west—including formerly quiet ones—began to see spikes in crime; nearby Maywood’s murder rate has nearly doubled in the past two years. In Atlanta, which almost always makes the top-10 crime list, crime is now scattered widely, just as it is in Memphis and Louisville.

Rosin concludes that her research and that of the criminologists and housing experts she cites points to a “deeper sickness,” one that has much to do with federal, state, and local government efforts during the last two decades to alleviate poverty simply by moving poor people around, the results of which many social scientists now describe as “baffling,” “disappointing,” and “puzzling.” Like all efforts to end or reduce poverty, the destruction of housing projects and the subsequent relocation of residents to “mixed income” developments or neighborhoods was initiated with the best of intentions and based on the noblest of instincts. But as with most such efforts, things didn’t go exactly as planned, and many of the results have been disastrous, to say the very least.

So why do we bring all of this up today, in the pages of *Politics, Et Cetera*? Well, there are a number of reasons.

For starters, we think it’s important to have a clear understanding of what is happening throughout the country and why. Ten years ago, we wrote about the “Superpredators,” the exceptionally ruthless and violent and emotionally detached young male criminals that criminologists like former White House official John Dilulio had observed in their work and were expecting to wreak havoc on the nation’s cities. And although the Superpredators and the violent crime epidemic that Dilulio and others predicted has generally been dismissed in the face of falling nationwide crime rates, clearly violent crime and especially violent criminals are not the historical relics some would have us believe.

Second, we, like Rosin, were troubled not just by the patterns emerging in mid-sized cities, but by the unwillingness of the political class to accept or even to acknowledge these patterns. We have written many times about the potential deadliness of “political correctness” as it applies to Islamic terrorism. But terrorism is not the only instance in which the ruling class has refused to recognize the danger and the foolishness inherent in their treasured nostrums and the policies spawned by them.

One of the defining characteristics of post-modern American liberalism is its unwavering refusal to acknowledge, much less to learn from, its tragic mistakes. Being a liberal means never having to say you're sorry, and they never do. In fact, they just keep plugging along, proposing one "solution" after another, oblivious to the law of unintended consequences.

It is no coincidence that the urban and housing policies described by Rosin began in the early 1990s and gained momentum throughout that decade. It is no coincidence either that they were met with enthusiasm by then-Housing and Urban Development Secretary Henry Cisneros (later convicted of lying to federal investigators), who championed the policies and led the Clinton administration's efforts to "reform" public housing. Cisneros and, by extension, Clinton were instrumental in the creation of "Hope VI" (Housing Opportunities for People Everywhere), described by Rosin as plan by which "the federal government encouraged the demolitions [of housing projects] with a \$6.3 billion program to redevelop the old project sites."

There is, we should warn, a very real chance that just over six months from now, the party of Bill Clinton and Henry Cisneros, this time purged of its moderating influences, will be back in control of all of the levers of the federal government, ready, willing, and unfortunately able to embark on similar projects to "reform" the nation. Will further increases in violence follow these "reforms"? No one knows. Certainly, we don't.

But what we do know one thing. Whatever is proposed, whatever is done, whatever reforms are foisted upon the nation, there will be unintended consequences. There always are. Sometimes the great reform movements eat away at the social fabric of the nation; sometimes they destroy unfortunate and targeted industries (see vaccine makers, for example); sometimes they precipitate violence; and almost always they lead to corruption. How could they not? With so much money and so much influence and so much power being doled out, corruption is inevitable.

And this brings us to the last reason why we wanted to discuss Hanna Rosin's piece and the deleterious effects that previous efforts at housing reform have had on the nation. As we note in the above piece this week, it is likely that "corruption will flourish" in the coming years. And should Barack Obama win the presidency and should the Democrats strengthen their majority in both houses of Congress, the "reforms" that follow will all but certainly be one of the greatest founts of that corruption.

We should note here that this is not mere idle speculation on our part, the feverish ranting of two conservatives spooked by the possible return of liberal governance. No, sadly our expectations are based in history, some of it very specific and very recent history.

Consider, for example, what *The Boston Globe* turned up last week in its own in-depth and lengthy investigation of the housing reforms of the 1990s and the governmental efforts to replace the old housing projects with something new and better. *The Globe's* findings are not quite the same as Rosin's, but they are, we're afraid, equally disturbing. To wit:

The squat brick buildings of Grove Parc Plaza, in a dense neighborhood that Barack Obama represented for eight years as a state senator, hold 504 apartments subsidized by the federal government for people who can't afford to live anywhere else.

But it's not safe to live here.

About 99 of the units are vacant, many rendered uninhabitable by unfixed problems, such as collapsed roofs and fire damage. Mice scamper through the halls. Battered mailboxes hang open. Sewage backs up into kitchen sinks. In 2006, federal inspectors graded the condition of the complex an 11 on a 100-point scale - a score so bad the buildings now face demolition.



Grove Parc has become a symbol for some in Chicago of the broader failures of giving public subsidies to private companies to build and manage affordable housing - an approach strongly backed by Obama as the best replacement for public housing.

As a state senator, the presumptive Democratic presidential nominee coauthored an Illinois law creating a new pool of tax credits for developers. As a US senator, he pressed for increased federal subsidies. And as a presidential candidate, he has campaigned on a promise to create an Affordable Housing Trust Fund that could give developers an estimated \$500 million a year.

But a *Globe* review found that thousands of apartments across Chicago that had been built with local, state, and federal subsidies - including several hundred in Obama's former district - deteriorated so completely that they were no longer habitable.

Grove Parc and several other prominent failures were developed and managed by Obama's close friends and political supporters. Those people profited from the subsidies even as many of Obama's constituents suffered. Tenants lost their homes; surrounding neighborhoods were blighted.

Sadly, the *Globe* notes that Obama continues to take pride in his role in the housing policies of the last decade and boasts of his plans to "restore the federal government's commitment" to such reforms. Who will benefit from such reforms? The *Globe* clues us in:

Among those tied to Obama politically, personally, or professionally are: Valerie Jarrett, a senior adviser to Obama's presidential campaign and a member of his finance committee. Jarrett is the chief

executive of Habitat Co., which managed Grove Parc Plaza from 2001 until this winter and co-managed an even larger subsidized complex in Chicago that was seized by the federal government in 2006, after city inspectors found widespread problems.

Allison Davis, a major fund-raiser for Obama's US Senate campaign and a former lead partner at Obama's former law firm. Davis, a developer, was involved in the creation of Grove Parc and has used government subsidies to rehabilitate more than 1,500 units in Chicago, including a North Side building cited by city inspectors last year after chronic plumbing failures resulted in raw sewage spilling into several apartments.

Antoin "Tony" Rezko, perhaps the most important fund-raiser for Obama's early political campaigns and a friend who helped the Obamas buy a home in 2005. Rezko's company used subsidies to rehabilitate more than 1,000 apartments, mostly in and around Obama's district, then refused to manage the units, leaving the buildings to decay to the point where many no longer were habitable.

Campaign finance records show that six prominent developers - including Jarrett, Davis, and Rezko - collectively contributed more than \$175,000 to Obama's campaigns over the last decade and raised hundreds of thousands more from other donors. Rezko alone raised at least \$200,000, by Obama's own accounting.

One of those contributors, Cecil Butler, controlled Lawndale Restoration, the largest subsidized complex in Chicago, which was seized by the government in 2006 after city inspectors found more than 1,800 code violations.

Butler and Davis did not respond to messages. Rezko is in prison; his lawyer did not respond to inquiries . . .

Allison Davis, Obama's former law firm boss, dabbled in development for years while he worked primarily as a lawyer. He participated in the development of Grove Parc Plaza. And in 1996, Davis left his law firm to pursue a full-time career as an affordable housing developer, fueled by the subsidies from the Daley administration and aided, on occasion, by Obama himself.

Over roughly the past decade, Davis's companies have received more than \$100 million in subsidies to renovate and build more than 1,500 apartments in Chicago, according to a *Chicago Sun-Times* tally. In several cases, Davis partnered with Tony Rezko. In 1998 the two men created a limited partnership to build an apartment building for seniors on Chicago's South Side. Obama wrote letters on state Senate stationery supporting city and state loans for the project.

In 2000 Davis asked the nonprofit Woods Fund of Chicago for a \$1 million investment in a new development partnership, Neighborhood Rejuvenation Partners. Obama, a member of the board, voted in favor, helping Davis secure the investment.

The following year, Davis assembled another partnership to create New Evergreen/Sedgwick, a \$10.7 million renovation of five walk-up buildings in a gentrifying neighborhood. The project, a model of small-scale, mixed-income

development, was subsidized by almost \$6 million in state loans and federal tax credits.

Conditions deteriorated quickly. Chronic plumbing failures consumed the project's financial reserves while leaving undrained sewage in some of the apartments. In October, after repeated complaints from building residents, the city government sued the owners, and a judge imposed a \$5,500 fine.

New Evergreen/Sedgwick is managed by a company run by Cullen Davis, Allison Davis's son and also a contributor to Obama's campaigns.

We wish we could say that we're surprised by any of this. But we're not. Like we said, this is about par for the course with liberal government "reform."

Does this mean that Obama himself is a crook? Or that he is corrupt and has been corrupted by the money made available to his friends and supporters? Of course not. We have no reason whatsoever to believe that he is anything but honest. But he's an honest "progressive" and an honest "reformer." And that means trouble.

So while the residents of Memphis and Orlando and Kansas City fear for their safety, Obama's friends are getting rich – well, all except Rezko, who is doing time. And all of this has taken place in the name of government reform. Is it any wonder, then, that we worry about what the next decade will bring and worry particularly if we are graced with another reformer in the White House? If you're on the right side of this calculus, we guess, you could end up in *Forbes* among the richest people in the country. But if you're on the wrong side, you could end dead, the victim of a crime wave the reformers started and now refuse to acknowledge.

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