

Graffiti for intellectuals



SIMON SAYS



JULY
21
2008



By Si Frumkin

THE STINKY ROSE

SHAKESPEARE ONCE CONCLUDED THAT A NAME WASN'T IMPORTANT, THAT A ROSE BY ANY OTHER NAME WOULD SMELL AS SWEET. SORRY, WILL, YOU ARE WRONG – A NAME IS IMPORTANT; A PERFUME THAT SMELLS LIKE ROSES BUT IS SOLD AS “ESSENCE OF ROTTEN FISH” WOULD NOT BE POPULAR.

I am not alone. Most of us consider names important. This is why slaughter houses become processing plants, garbage collectors - sanitation engineers, prisons – detention facilities and garbage dumps – landfills.

Globally, there were all those tyrannical, oppressive dictatorships that called themselves *Democratic People Republics*. There are also all those post-colonially independent and free African entities that changed heir colonial names to the native-sounding Burundi, Burkina Faso, Myanmar, Ghana or Zimbabwe. No one was fooled. Here I agree with Shakespeare – “garbage will smell as rotten by any other name”. Few will claim that life was really better in the Democratic German Republic, is better now in the Peoples Republic of North Korea than in South Korea, or in Myanmar or Zimbabwe since they are no longer Burma or Rhodesia.

Zimbabwe has been in the news lately as a land of widespread starvation, where political opposition is jailed or killed, where the inflation rate is the world's highest – one U.S. dollar was worth one Zimbabwe dollar (\$Z) in 1983; in 2006 it was worth \$Z 500,000, in May Of 2008 - \$Z 778 million and in June 2008 - \$Z22 billion!

Prior to 1980, Zimbabwe was known as Rhodesia, named after Cecil Rhodes, the British politician and empire builder who in the 19th century colonized much of Africa. He founded Rhodesia as a self-administered British colony that became one of the more prosperous African countries – often referred to as the “bread basket of southern Africa”. It was not a democracy – by the 1980s there were about 230,000 whites and 7 million blacks living there, with an electorate of just 12,000 blacks and 85,000 whites.

White farmers who controlled most of the agriculture produced enough food to feed the growing population, including the 500,000 immigrant workers who annually came looking for jobs and usually remained there and still, there was enough left over to export corn, wheat, tobacco and coffee to the rest of the world.

In the 1960s the colonial powers had to face a growing armed resistance from natives demanding independence. In 1965, as Britain pressured Rhodesia to grant more rights to the black majority, Rhodesian Prime Minister Ian Smith declared Rhodesia's unilateral independence.

A civil war followed. The black rebels were helped by the Soviet Union with arms, training and advisors, and the North Korean Peoples Republic provided detachments of troops. Meanwhile, international sanctions against Rhodesia were imposed by the U.S., Britain and the U.N. Finally, after 27,000 lives were lost and 1,000,000 refugees flocked to the cities, Smith conceded and in 1980, the leader of the rebels, Robert Mugabe, came to power. Shortly after the newly renamed Zimbabwe was internationally recognized, Mugabe used the North Korean troops and his own fighters to massacre tens of thousands of civilians from the rival Matabele tribe. Twenty eight years later, he is still in power.

During the 28 years of “freedom” and “democracy” the country's agriculture was destroyed. The farms owned by whites were confiscated as mobs of civil war veterans evicted the owners but were unable to run them. Furthermore, Mugabe's ruling elite eventually evicted the black squatters who had taken over the farms and transferred the land to themselves. There was massive unemployment and there was little that was produced to export.

In 1999, Morgan Tsvangirai, who had been a steady Mugabe supporter and an important political figure in the ruling ZANU party, created an opposition party, MDC, to oppose Mugabe. He lost in elections of 2002 amid claims of fraud. In 2008, as the economy collapsed, he tried again, won a majority of votes in the Parliament but was forced into a rerun for the Presidency by the official election commission that gave him 48% of the votes to Mugabe's 43%. This was followed by arrests, beatings and murders of Tsvangirai's supporters. The election was scheduled for June 27 but Tsvangirai, who is in hiding at the Dutch embassy, decided to

withdraw saying that the election would be fraudulent since Mugabe himself had said that he would not withdraw under any circumstances.

There has been international criticism. It was ignored by Mugabe.

The only outside force that may have influenced Mugabe is the larger and stronger neighbor, South Africa. Its president, Thabo Mbeki, an old friend and colleague had not been willing to act. On June 25, ANC, the ruling South African party released an unsigned declaration that warned against outside interference in Zimbabwe's internal affairs as counterproductive.

So what next? Probably nothing good – I do not anticipate that life will ever be as good and tranquil in Zimbabwe as it was in the bad old Rhodesia. The old Chinese saying, “Be careful what you wish for – you just might get it!” surely applies to most of the independent, liberated, free, non-colonial countries of Africa. I believe, sadly, that Mugabe and ZANU will not relinquish power to Tsvangirai and the Movement for Democratic Change (MDC) and that it will be a long wait before there will be the peace and prosperity of the bad, old, despicable colonial villains.

P.S. I wrote this in June. Since then elections were held but only after several thousand men, women and children were murdered, mutilated and imprisoned by Mugabe's thugs. MDC refused to participate in the elections and Mugabe ran unopposed, winning with about 90% of the vote.

The world was outraged. The U.N. deliberated. On July 11, Russia and China vetoed the move to sanction the Zimbabwe regime and there will be no action. South Africa, Vietnam and Libya voted with Russia and China—“democracies” all!

The Russian ambassador used the occasion to reprimand the U.S. for interfering in the “internal affairs” of Sudan (Darfur genocide) and Myanmar (refusal to allow humanitarian aid to help cyclone victims).

Some world we live in...

IN 1965, the POPULATION OF ITALY WAS 52 MILLION, OF WHICH 4.6 MILLION, OR JUST UNDER 9 PERCENT, WERE CHILDREN YOUNGER THAN 5. A DECADE LATER, THAT AGE GROUP HAD SHRUNK TO 4.3 MILLION - ABOUT 7.8 PERCENT OF ITALIANS. BY 1985, IT WAS DOWN TO 3 MILLION AND 5.3 PERCENT. TODAY, THE FIGURES ARE 2.5 MILLION AND 4.2 PERCENT.

Young children are disappearing from Italian society, and the end isn't in sight. According to one estimate by the UN's Population Division, their numbers will drop to fewer than 1.6 million in 2020, and to 1.3 million by 2050. At that point, they will account for a mere 2.8 percent of the Italian nation.

Italy isn't alone. There are 1.7 million fewer young children in Poland today than there were in 1960, a 50 percent drop. In Spain 30 years ago, there were nearly 3.3 million young children; there are just 2.2 million today. Across Europe, there were more than 57 million children under 5 in 1960; today, that age group has plummeted to 35 million, a decline of 38 percent.

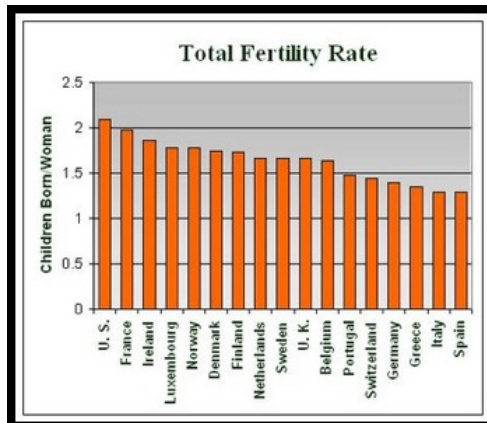


many. Among them:

As the number of women in the workforce has soared, many have delayed marriage and childbearing, or decided against them altogether. The Sexual Revolution, by making sex readily available without marriage, removed what for many men had been a powerful motive to marry. Skyrocketing rates of divorce have made women less likely to have as many children as in generations past. Years of indoctrination about the perils of "overpopulation" have led many couples to embrace childlessness as a virtue.

Result: a dramatic and inexorable aging of society. In the years ahead, the ranks of the elderly are going to swell to unprecedented levels, while the number of young people continues to dwindle. The working-age population will shrink, first in relation to the population of retirees, then in absolute terms.

Now a determined optimist might take this as good news. In theory, fewer people in the workforce



"But the smaller supply has not made younger workers more valuable; their unemployment rate has increased relative to that of their older counterparts."



Far from boosting the economy, an aging population depresses it. As workers are taxed more heavily to support surging numbers of elders, they respond by working less, which leads to stagnation, which reduces economic opportunity still further.

"Imagine that all your taxes went for nothing but Social Security and Medicare," says Longman in "Demographic Winter," a new documentary about the coming population decline, "and you still didn't have health care as a young person."

Gary Becker, a Nobel laureate in economics, emphasizes that nothing is more indispensable to growth than "human capital" - the knowledge, skills, and experience of men and women. That is why baby booms are so often harbingers of economic expansion and vigor. And why businesses and young people drain away from regions where population is waning.

A world without children will be a poorer world - grayer, lonelier, less creative, less confident. Children are a great blessing, but it may take their disappearance for the world to remember why.

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The world's population is still growing, thanks to rising longevity. But fertility rates - the average number of children born per woman - are falling nearly everywhere. More and more adults are deciding to have fewer and fewer children. Worldwide, reports the UN, there are 6 million fewer babies and young children today than there were in 1990. By 2015, according to one calculation, there will be 83 million fewer. By 2025, 127 million fewer. By 2050, the world's supply of the youngest children may have plunged by a quarter of a billion, and will amount to less than 5 percent of the human family.

The reasons for this birth dearth are



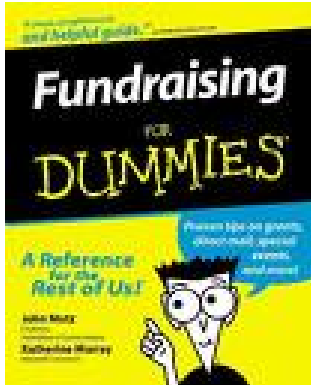
should increase the demand for employees and thus keep unemployment low and the economy humming.

But the record tells a different story. In Japan, where the fall in fertility rates began early, the working-age population has been a diminishing share of the nation for 20 years. Yet for much of that period, unemployment has been up, not down

"Similarly, in the United States, the number of people between the ages of 15 and 24 has been declining in relative terms since 1990," demographer Phillip Longman observed in the Harvard Business Review.

Barack OBAMA SELLS THE DEMOCRATIC PARTY SHORT. HE TALKS ABOUT HIS FUND-RAISING SUCCESS AS IF HIS DONORS WERE PART OF A SPONTANEOUS MOVEMENT OF SMALL-MONEY ENTHUSIASTS WHO COHERED AROUND HIMSELF. IN FACT, DEMOCRATS HAVE SPENT YEARS BUILDING THEIR DONOR NETWORK. OBAMA'S FUND-RAISING BASE IS BIGGER THAN JOHN KERRY'S, HOWARD DEAN'S AND AL GORE'S, BUT IT'S NOT DIFFERENT.

As in other recent campaigns, lawyers account for the biggest chunk of Democratic donations. They have donated about \$18 million to Obama,



compared with about \$5 million to John McCain, according to data released on June 2 and available at OpenSecrets.org.

People who work at securities and investment

companies have given Obama about \$8 million, compared with \$4.5 for McCain. People who work in communications and electronics have given Obama about \$10 million, compared with \$2 million for McCain. Professors and other people who work in education have given Obama roughly \$7 million, compared with \$700,000 for McCain.

Real estate professionals have given Obama \$5 million, compared with \$4 million for McCain. Medical professionals have given Obama \$7 million, compared with \$3 million for McCain. Commercial bankers have given Obama \$1.6 million, compared with \$1.2 million for McCain. Hedge fund and private equity managers have given Obama about \$1.6 million, compared with \$850,000 for McCain.

When you break it out by individual companies, you find that employees of Goldman Sachs gave more to Obama than workers of any other employer. The Goldman Sachs geniuses



are followed by employees of the University of California, UBS, JPMorgan Chase, Citigroup, National Amusements, Lehman Brothers, Harvard and Google. At many of these workplaces, Obama has a three- or four-to-one fund-raising advantage over McCain.

When he is swept up in rhetorical fervor, Obama occasionally says that his campaign is 90 percent funded by small donors. He has indeed had great success with small donors, but only about 45 percent of his money comes from donations of \$200 or less.

The real core of his financial support is something else, the rising class of information age analysts. Once, the wealthy were solidly Republican. But the information age rewards education with money. There are many smart high achievers who grew up in liberal suburbs around San Francisco, L.A. and New York, went to left-leaning universities like Harvard and Berkeley and took their values with them when they became investment bankers, doctors and litigators.

Political analysts now notice a gap between professionals and managers.



Professionals, like lawyers and media types, tend to vote and give Democratic. Corporate managers tend to vote and give Republican. The former get their values from competitive universities and the media world; the latter get theirs from churches, management seminars and the country club.

The trends are pretty clear: rising economic sectors tend to favor Democrats while declining economic sectors are more likely to favor Republicans. The Democratic Party (not just Obama) has huge fund-raising advantages among people who work in electronics, communications, law and the catchall category of finance, insurance and real estate. Republicans have the advantage in agribusiness, oil and gas and transportation. Which set of sectors do you think are going to grow most quickly in this century's service economy?

Amazingly, Democrats have cultivated this donor base while trending populist on trade by



forsaking much of the Clinton Third Way approach and by vowing to raise taxes on capital gains and the wealthy. If Obama's tax plans go through, those affluent donors could wind up giving over 50 percent of their income to the federal government.

They've managed to clear these policy hurdles partly by looking out for tort lawyers and other special groups. But mostly they have taken advantage of the rivalry between the two American elites.

Over the past several years, the highly educated coastal rich have been engaged in a little culture war with the inland corporate rich. This is a war over values, leadership styles and social networks.

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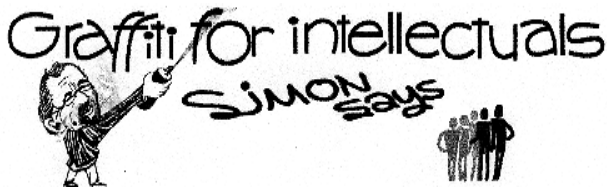


"PLEASE HELP, MA'AM. I NEED SUPPORT TO WRITE MY PH.D. DISSERTATION ON 'SUCCESSFUL FUND-RAISING TECHNIQUES.'"

Socially liberal knowledge workers naturally want to see people like themselves at the head of society, not people who used to run Halliburton and who are supported by a vast army of evangelicals.

If the Democrats are elected, this highly educated class will have much more say over policy than during the campaign. Undecided voters sway campaigns, but in government, elites generally run things. Once the Republicans are vanquished, I wouldn't hold your breath waiting for that capital gains tax hike or serious measures to expand unionization.

Over the past few years, people from Goldman Sachs have assumed control over large parts of the federal government. Over the next few they might just take over the whole darn thing. \$\$



JULY 21 2007

NON- PROFIT ORG. U.S.POSTAGE PAID STUDIO CITY CA PERMIT NO.62

Southern California Council for Soviet Jews publication (affiliate member of Union of Councils for Soviet Jews) P.O.Box 1542, Studio City, CA 91614 (web: www.sifrumkin.com)

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AT THIS RESTAURANT TAXPAYERS ARE COOKED By Ed Feulner, Townhall, 6/10/08 or, WHAT IF McDONALDS OR STARBUCKS WERE RUN BY THE GOVERNMENT?

RECENTLY, AN ATTENDANT ON MY UNITED AIRLINES FLIGHT DREW GROANS WHEN SHE ANNOUNCED THAT THE PRICE OF OUR IN-FLIGHT MEAL HAD GONE UP. HER CAPTIVE AUDIENCE WOULD HAVE TO PAY \$7 INSTEAD OF \$5 FOR A BOX LUNCH WITH SOFT DRINKS AND COFFEE.

Still, those of us in the air were better off than those who have their meals catered by the U.S. Senate restaurant. There, a simple sandwich and chips commands a hefty \$11.50. Of course, that includes coffee or tea. Good thing, too, since a gallon of brewed coffee costs \$26. And you thought \$4 gasoline was expensive!

Apparently even those prices aren't high enough. "In fiscal year 2007, the restaurants lost \$1.3 million, and we could easily see losses topping \$2 million this year," the chief clerk of the Senate Rules and Administration Committee warned in a recent e-mail. "The prices for food and other items may need to be increased at least 25 percent."

This isn't a new development. "Since 1993, losses have averaged over \$900,000 annually, and taxpayers have been required to provide \$18.1 million in operational subsidies," the clerk wrote. That means taxpayers have bought a lot of sandwiches over the years -- ones they couldn't even enjoy.

Of course, the Senate isn't alone. Other government-supported businesses also lose money selling food. The General Accounting Office reports that in 2003 Amtrak lost \$80 million on food. Yet the actual cost to taxpayers may be much higher. As Heritage Foundation transportation specialist Ronald Utt wrote

\$11.50 for a sandwich and chips but the Senate restaurant lost \$1.3 million of taxpayers money in 2007!

last year, "Amtrak spends another \$50 million annually to operate and maintain its dining, snack and lounge cars." That's over-and-above what it loses on food.

Our government could save us a lot of money by simply getting out of the restaurant business. And, as this column was going to press, the Senate finally voted to privatize its restaurants. "There are parts of government that can be run like a business and should be run like businesses," Sen. Dianne Feinstein, D-Calif., explained. That's certainly true but, unfortunately, Amtrak remains a financial black hole.

But never fear: The same people who have been losing our money in government-restauranting are confident they'll do a much better job handling the even more demanding energy business.

During recent hearings on Capitol Hill, Rep. Maxine Waters, D-Calif., gave oil company executives a piece of her mind: "This liberal will be all about socializing, uh, uh ... would be about ... basically taking over and the government running all of your companies." This isn't merely a pipe dream.

Senators recently debated a bill (Lieberman-Warner) that would have effectively given Washington control of our nation's energy supply. In order to reduce carbon-

dioxide emissions, the federal government would have decided which companies could produce energy. In short, it would have adopted Waters' solution and given the government virtual control of energy production.

Would bureaucrats do a better job developing energy sources?

Yes, oil companies are indeed making big money. They're also paying out plenty in taxes. Exxon Mobil paid \$9.3 billion in worldwide taxes in the first quarter of this year. That's an astounding 49 percent of its first-quarter gross income. (Full disclosure: Some oil companies have contributed to The Heritage Founda-

tion. Their combined donations last year accounted for a paltry one-quarter of 1 percent of our revenues.)

Oil companies make big money by doing the increasingly hard work of getting petroleum out of the ground and turning it into gasoline, something everybody wants. The government, meanwhile, manages to lose money selling something else everybody wants -- food.

Federal policies already make food and energy far more expensive than need be. That's one reason United Airlines had to hike the price of its lunches. Any new federal scheme to further regulate our energy production would simply make matters worse. \$

