

The Change They Believe In
Speech for Harlem Tenants Association, November 14, 2008
By Robert Fitch

Nellie asks us to foretell what an Obama Administration is going to do for cities, housing and neighborhoods. Of course we can't really know what's going to happen in the future. We can only know what's already happened. So it's an exercise that reminds me a little of Johnny Carson's old late night TV routine with his sidekick Ed McMahon. Carson played Karnak the Magnificent. McMahon would give him an answer. And Karnak, wearing a giant turban, and holding an envelope to his forehead, would guess the question inside the envelope. Ed would give an answer like. "A B C D E F G." Karnak would reply with the question: "Earlier versions of Preparation H."

What's President-elect Obama's prescription for urban pains? I'm going to put on my urban turban and try to play Karnak. It's a difficult role not only because the future is hard to predict; but because Obama himself is not easy to read. In my lifetime, we haven't had a politician with his gifts: his writing talent; his eloquence; his charisma; his mastery of public policy; his ability to run a national campaign against formidable rivals. Obama projects so brilliant an aura that it's almost blinding. He's become the bearer of pride for forty-five million African Americans who want to be judged by the content of their character. He's the prophet of hope; the apostle of change and the organizer of "Yes We Can."

All this makes Obama's actual politics very hard to put in any critical perspective. By actual politics I mean above all, the principal interests he represents; his authentic political philosophy. Where he fits on the on the Left-Right political spectrum. Obama resists being identified with either the Right or the Left. Even when he talks about his mom's liberalism, it's with a certain irony. "A lonely witness for secular humanism, a soldier for the New Deal, Peace Corps, position-paper liberalism." Obama is a partisan of the Third Way. In Europe, the Third Way means you're neither socialist nor capitalist. In the U.S. it means you're neither for liberalism nor conservatism. The Third Way is expressed very well in Obama's 2004 convention speech.

"Well, I say...tonight, there's not a liberal America and a conservative America; there's the United States of America.

"There's not a black America and white America...there's the United States of America.

"The pundits like to slice and dice our country into red states and blue States: red states for Republicans, blue States for Democrats. But I've got news for them, too.

"We are one people, all of us pledging allegiance to the stars and stripes, all of us defending the United States of America."

Are traditional political vocations now obsolete? The Left stands for the interests of those who have to work for a living; for the tenants and the poor. For the victims of discrimination. The Right in America stands for the interests of the employers and the

investing class. For those who own the land, the houses, the banks and the hedge funds. For Joe the plumber who was really Joe the plumbing contractor. And for those who see themselves as the victims of affirmative action.

In a way, though, the Left and the Right have more in common with each other than they do with the advocates of the Third Way. The Left and the Right argue that different interests matter. The Third Way says they don't. According to them, the oppressed and the oppressors, the lions and the lambs should set down together and celebrate their unity in one great post-partisan, multi-cultural 4th of July picnic. One of Obama's most repeated mantras resonates here: "a common good and a higher interest," he says. "That's the change I'm looking for."

Where in the world most of us reside do we find that higher interest? I don't know except perhaps in the higher interest rates that kicked in with variable rate mortgages.

What is the common good that tenants and landlords share? Not a lot I can think of. Maybe that the building doesn't burn down? But some of you remember the '70s when landlords burned down their buildings in poor neighborhoods to cash in on the insurance.

The haves and the have-nots have different and opposing interests—landlords want to get rid of rent stabilization; tenants have an interest in keeping it. Workers want to save their jobs; bosses want to save their capital, which means cutting workers. In pursuing their opposing interests, the have-nots are forced take up the weapons of the weak—demonstrations, direct action; filling the jails with conscientious objectors; taking personal risks. Who benefits when one side gives up without a struggle? The Haves or the Have nots? Frederick Douglass reminds us: "Power concedes nothing without a demand. It never did. It never will."

When the Third Way advocates insist that we share a common good; when they refuse to recognize that the interests of the oppressed and the interests of the oppressors don't exist on the same moral plane; when they counsel us to stop being partisans of those interests—they're not being non or post partisan; they're siding with the powers that be.

In the same way, Obama's notion of change claims to transcend the politics of interest while it steers sharply to the right. What kind of change does America need? Above all, America needs a change of heart: her people need to give up selfishness; all Americans rich and poor, white and black; the hod carrier and the hedge fund operator must give up self-interest; stop always asking "what's in it for me?"

In a word, with his emphasis on change coming from people giving up group egoism and together pursuing the common good, while practicing old fashioned virtues, Senator Obama is a communitarian. In *The Audacity of Hope* he invokes the legacy of Ronald Reagan who, Obama believes, recognized America's need to rediscover the traditional values of the American community: hard work, patriotism, personal responsibility, optimism and faith.

Communitarianism flows from belief that we all share a common good. What's needed to achieve the common good, communitarians insist, is sacrifice. But some parts of

the community have to show the way in giving up their selfish, anti-communitarian habits. For communitarians, the first responders must be the poor. For black communitarians like Bill Cosby and Barack Obama it's chiefly the black poor.

Obama insists that the key to change is not resistance to oppression; not a battle against the exploitation of workers; or against institutional racism, or the domination of unaccountable financial elites; or the interests promoting gentrification.

These all fade away compared to the need for community self-help, strengthening the community by building strong families; by the need to convince the African American poor to pull up their socks. And stop engaging in anti-social behavior. Speaking recently to a group of black legislators, Obama said, "In Chicago, sometimes when I talk to the black chambers of commerce, I say, 'You know what would be a good economic development plan for our community would be if we made sure folks weren't throwing their garbage out of their cars.'"¹

In fact, as Obama knows very well, for most of the last two decades in Chicago there's been in place a very specific economic development plan. The plan was to make the South Side like the North Side. Which is the same kind of project as making the land north of Central Park like the land south of Central Park. The North Side is the area north of the Loop—Chicago's midtown central business district—where rich white people live; they root for the Cubs. They're neighborhood is called the Gold Coast.

For almost a hundred years in Chicago blacks have lived on the South Side close to Chicago's factories and slaughter houses. And Cellular Field, home of the White Sox. The area where they lived was called the Black Belt or Bronzeville—and it's the largest concentration of African American people in the U.S.—nearly 600,000 people—about twice the size of Harlem.

In the 1950s, big swaths of urban renewal were ripped through the black belt, demolishing private housing on the south east side. The argument then was that the old low rise private housing was old and unsuitable. Black people needed to be housed in new, high-rise public housing which the city built just east of the Dan Ryan Expressway. The Administration of the Chicago Housing Authority was widely acclaimed as the most corrupt, racist and incompetent in America. Gradually only the poorest of the poor lived there. And in the 1980s, the argument began to be made that the public housing needed to be demolished and the people moved back into private housing.

For a while, the election of the city's first black Mayor, Harold Washington, blocked the demolition. But Washington died of a heart attack while in office, and after a brief interregnum, the Mayor's office was filled in 1989 by Richard M. Daley—whose father had carried out the first urban renewal. Daley was his father's son in many ways. By 1993, with subsidies from the Clinton Administration's HOPE VI program, the public housing units began to be destroyed. And by 2000 he'd put in place something called The Plan for Transformation. It targeted tens of thousands of remaining units. With this proviso: That African Americans had to get 50% of the action—white developers had to have black partners; there had to be black contractors. And Daley chose African Americans—as his top administrators and planners for the clearances, demolition and re-settlement. African

Americans were prominent in developing and rehabbing the new housing for the refugees from the demolished projects—who were re-settled in communities to the south like Englewood, Roseland and Harvey. Altogether the Plan for Transformation involved the largest demolition of public housing in American history, affecting about 45,000 people—in neighborhoods where eight of the 20 poorest census tracts in the U.S. were located. ²

But what does this all have to do with Obama? Just this: the area demolished included the communities that Obama represented as a state senator; **and** the top black administrators, developers and planners were people like Valerie Jarrett—who served as a member of the Chicago Planning Commission. And Martin Nesbitt who became head of the CHA. Nesbitt serves as Obama campaign finance treasurer; Jarrett as co-chair of the Transition Team. The other co-chair is William Daley, the Mayor’s brother and the Midwest chair of JP Morgan Chase—an institution deeply involved in the transformation of inner-city neighborhoods through its support for—what financial institutions call “neighborhood revitalization” and neighborhood activists call gentrification.

If we examine more carefully the interests that Obama represents; if we look at **his core financial supporters; as well as his inmost circle of advisors, we’ll see that they represent the primary activists in the demolition movement and the primary real estate beneficiaries of this transformation of public housing projects into condos and townhouses: the profitable creep of the Central Business District and elite residential neighborhoods southward; and the shifting of the pile of human misery about three miles further into the South Side and the south suburbs.**

Obama’s political base comes primarily from Chicago FIRE—the finance, insurance and real estate industry. And the wealthiest families—the Pritzkers, the Crowns and the Levins. But it’s more than just Chicago FIRE. Also within Obama’s inner core of support are allies from the non-profit sector: the liberal foundations, the elite universities, the non-profit community developers and the real estate reverends who produce market rate housing with tax breaks from the city and who have been known to shout from the pulpit “give us this day our Daley, Richard Daley bread.”³

Aggregate them and what emerges is a constellation of interests around Obama that I call “Friendly FIRE.” Fire power disguised by the camouflage of community uplift; augmented by the authority of academia; greased by billions in foundation grants; and wired to conventional FIRE by the terms of the Community Reinvestment Act of 1995.

And yet friendly FIRE is just as deadly as the conventional FIRE that comes from bankers and developers that we’re used to ducking from. It’s the whole condominium of interests whose advancement depends on the elimination of poor blacks from the community and their replacement by white people and—at least temporarily—by the black middle class—who’ve gotten subprime mortgages—in a kind of redlining in reverse.

This “friendly FIRE” analysis stands in opposition to the two main themes of the McCain attack ads. Either they try to frighten people into believing that Obama is a dangerous leftist who hangs with Bill Ayers the former Weatherperson; or they assert he’s a creature of the corrupt Chicago machine.

There are a few slivers of meat floating in this beggar's broth of charges. Yes, Obama worked with Ayers, but not the Ayers who blew up buildings; but the Ayers who was able to bring down \$50 million from the Walter Annenberg foundation, leveraging it to create a \$120 million a non-profit organization with Obama as its head. Annenberg was a billionaire friend of Ronald Reagan and Margaret Thatcher. Why would he give megamillions to a terrorist? Perhaps because he liked Ayers' new politics. Ayer's initiative grew out of the backlash against the 1985 Chicago teachers' strike; his plan promoted "the community" as a third force in education politics between the union and the city administration. Friendly FIRE wants the same kind of education reform as FIRE: the forces that brought about welfare reform have now moved onto education reform and for the same reason: crippling the power of the union will reduce teachers' salaries, which will cut real estate taxes which will raise land values.

Is Obama a minion of Richie Daley? It's true that Obama has never denounced Daley. He actually endorsed him for Mayor in 2007. Even after federal convictions of Daley's top aides. After the minority hiring scandals. And after the Hired Truck scandal which showed that the Daley machine shared its favors with The Outfit.

But the Daley dynasty has expanded far beyond wiseguy industries. The Mayor's brother, William Daley, who served on Obama's transition team, also serves now as a top executive of J.P. Morgan Chase. He heads the Midwest region. And chairs J.P. Morgan Chase Foundation, the core of friendly FIRE. Here's an excerpt from a recent report:

...[we] achieved significant progress toward our 10-year pledge to invest \$800 billion in low- and moderate income communities in the U.S.—the largest commitment by any bank focused on mortgages, small-business lending and community development. In 2006, we committed \$87 billion, with total investment to date of \$241 billion in the third year of the program.

Played a leadership role in the creation of The New York Acquisition Fund, along with 15 lenders and in conjunction with six foundations and the City of New York. The Fund is a \$230 million initiative to finance the acquisition of land and buildings to be developed and/or preserved for affordable housing."⁴

It's also true that key Black members of the Obama inner circle are Daley Administration alumnae—but they've moved up—now they're part of Chicago FIRE. Like Martin Nesbitt. Obama is Nesbitt's son's godfather. He's the African American chairman of the CHA. But his principal occupation is the vice presidency of the Pritzker Realty group. Although they're not well known outside of Chicago, the Pritzkers rank among the richest families in the U.S. There are ten Pritzkers among the Forbes 400: Thomas is the richest at 2.3 billion. Anthony and J.B. are next at \$2.2 billion; Penny in fourth, at \$2.1 billion—Daniel, James, Gigi, John, Karen, and Linda weigh in with \$1.9 billion.

Penny is finance chair of the Obama campaign. Martin is the treasurer.

Penny Pritzker herself has had a rocky career as a commercial banker. In 1991, she founded something called the Superior Bank of Chicago which pioneered in sub-prime lending to minorities. Superior was an early casualty of the sub-prime meltdown, though,

crashing in 2001 when it was seized by the FDIC. Depositors filed a civil suit against Penny charging that Superior was a racketeering organization. The government charged that Superior paid out hundreds of millions of dividends to the Pritzkers and another family while the bank was essentially broke. There was a complex settlement in which the Pritzkers were forced to pay hundreds of millions in penalties; but the agreement contained provisions that may enable the Pritzkers to earn hundreds of millions. Notwithstanding the Superior bank disaster, Penny is being touted as Obama's next Secretary of Commerce.

Valerie Jarrett is another black real estate executive. Described as "the other side of Barack's brain,"⁵ she also served as finance chair during his successful 2004 U.S. Senate campaign. Jarrett was Daley's deputy chief of staff – that was her job when she hired Michelle Obama. Eventually Daley made her the head of city planning. But Jarrett doesn't work for Daley anymore. She's CEO of David Levin's Habitat—one of the largest property managers in Chicago—and the court-appointed overseer of CHA projects.⁶ Habitat also managed Grove Parc, the scandal-ridden project in Englewood that left Section 8 tenants, mostly refugees from demolished public housing projects, without heat in the winter but inundated with rats. Grove Parc was developed by Tony Rezko, who's white. And his long-time partner Allison Davis, who's black.

Let's look at Rezko and then Davis. It was Rezko's ability to exploit relationships with influential blacks—including Muhammad Ali—that enabled him to become one of Chicago's preeminent cockroach capitalists. Altogether, Rezko wound up developing over 1,000 apartments with state and city money. There was more to the Obama-Rezko relationship than the empty lot in Kenwood. Rezko raised over \$250,000 for Obama's state senate campaign. While Obama was a state senator he wrote letters in support of Rezko's applications for development funds. But Obama ignored the plight of Rezko's tenants who complained to Obama's office.⁷

Rezko's Grove Parc partner, Allison Davis, was a witness in the Rezko trial, he's pretty radioactive too. But you could see why Rezko wanted to hook up with him. Davis was the senior partner in Davis Miner Barnhill & Galland, a small, black law firm, where Obama worked for nearly a decade. As the editor of the *Harvard Law Review*, Obama could have worked anywhere. Why did he choose the Davis firm?

Davis had been a noted civil rights attorney and a progressive critic of the first Daley machine. But in 1980 Davis got a call from the Ford Foundation's poorly known, but immensely influential, affiliate LISC—the Local Initiatives Support Corporation—that had just been founded. LISC, whose present chair is Citigroup's Robert Rubin, connects small, mainly minority community non-profits with big foundation grants and especially with bank loans and tax credit-driven equity. LISC wanted to co-opt Davis in their ghetto redevelopment program. He agreed and the Davis firm came to specialize in handling legal work for non-profit community development firms. Eventually Davis left the firm to go into partnership with Tony Rezko.

Meanwhile, Obama did legal work for the Rezko-Davis partnership. And for Community Development Organizations like Woodlawn Organization. In 1994, the *LA Times* reports, Obama appeared in Cook County court on behalf of Woodlawn Preservation & Investment Corp., defending it against a suit by the city, which alleged that

the company failed to provide heat for low-income tenants on the South Side during the winter.⁸ There were several cases of this type, but as the *Times* observes, Obama doesn't mention them in *Dreams from My Father*.⁹

In the 1960s, under the leadership of Arthur M. Brazier, Bishop of the Apostolic Church of God, Woodlawn gained a reputation as Chicago's outstanding Saul Alinsky-style community organization. Mainly, TWO [The Woodlawn Organization] battled the University of Chicago's urban renewal program. But gradually, Brazier's political direction changed. Now TWO is partnering with UC in efforts to gentrify Woodlawn. When Barack Obama left Jeremiah Wright's church, he switched to Brazier's Apostolic Church of God.

Brazier is typical of a much larger group—real estate reverends—who play the Community Development game and in the process have acquired huge real estate portfolios. But it's really a national phenomenon. Here in New York we have Rev. Calvin Butts whose church has a subsidiary, the Abyssinian Development Corp. In partnership with LISC, the ADC now boasts a portfolio of \$500 million in Harlem property alone. Rev. Floyd Flake of the Allen African Methodist Episcopal Church in Jamaica, Queens has a sizeable portfolio of commercial property too.

Chicago's disciples of development include Wilbur Daniel. He's the Pastor of Antioch Missionary Baptist Church in Englewood who really did exclaim "Give us this day our Daley bread," meaning free land and free capital for real estate development. Daniel's prayers were answered in 2001, when with Daley's help, Antioch was chosen to be the lead church in Fannie Mae's \$55 billion House Chicago plan for the redevelopment of the South Side.

How has Obama earned the support and allegiance of friendly FIRE? Where does he stand on the Plan for Transformation? Generally speaking, he's been careful not to leave too many footprints. If you google Obama and public housing, nothing comes up. But in 1995, a year before he ran successfully for state senate seat from South Side, in *Dreams from My Father* he wrote about his encounters with Rev. Jeremiah Wright. Obama says he was impressed by Wright's emphasis on the unity of the black community. But he's a little skeptical of too broad a unity; of achieving unity without conflict. He says, "Would the interest in maintaining such unity allow Reverend Wright to take a forceful stand on the latest proposals to reform public housing?" (Here he's referring to Clinton's Hope VI—that provided matching federal money for the demolition of public housing. And the corresponding local initiatives, which culminated in the Plan for Transformation. "And if men like Reverend Wright failed to take a stand, if churches like Trinity refused to engage with real power and risk genuine conflict, then what chance would there be in holding the larger community intact?"¹⁰

I have to stop now and put Karnak's envelope to my forehead. What we see is that the Chicago core of the Obama coalition is made up of blacks who've moved up by moving poor blacks out of the community. And very wealthy whites who've advanced their community development agenda by hiring blacks. Will this be the pattern for the future in an Obama administration? I can't read the envelope. But I do believe that if we want to disrupt the pattern of the past we have to make some distinctions: between the change they believe in and the change we believe in; between our interests and theirs;

between a notion of community that scapegoats the poor and one that respects their human rights—one of which is not to be the object of ethnic cleaning. Between Hope VI and genuine human hope.

Footnotes:

1. Perry Bacon Jr., "Obama Reaches Out with Tough Love," *Washington Post*, May 3, 2007, p. A01. http://www.washingtonpost.com/wp-dyn/content/article/2007/05/02/AR2007050202813_pf.html
2. Pam Belluck, "End of a Ghetto, A special report: Razing the Slums to Rescue the Residents." *New York Times*, September 6, 1998. <http://query.nytimes.com/gst/fullpage.html?res=9A07E0D7173EF935A3575AC0A96E958260>
3. John Kass, "The New Mayor Daley," *Chicago Tribune Sunday Magazine*. August 25, 1996.
4. <http://www.jpmorganchase.com/cm/cs?pagename=Chase/Href&urlname=jpmc/community>
5. http://www.huffingtonpost.com/lynn-sweet/valerie-jarrett-steps-up-_b_65350.html
[back]
6. Jarrett's father was Robert Taylor, head of CHA, after whom a dozen of the now demolished projects were named.
7. <http://www.suntimes.com/news/politics/425305,CST-NWS-obama13.article>
8. <http://articles.latimes.com/2008/apr/06/nation/na-obamalegal6>
9. Ibid.
10. *Dreams*, p.286.