

# The black “insiders” and the Obama administration

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Last Thursday, the *Wall Street Journal* published a prominent article entitled, "Black Power Brokers Ready to Rise in Tandem with New President." The article is valuable in that it provides a sense of the social layer from which Barack Obama emerged and the deep social gulf dividing this extremely privileged stratum from the vast majority of working people whose votes swept him into office.

"For more than a decade," the article states, "Mr. Obama has cultivated ties with a growing circle of black power brokers who are poised—and eager—to wield greater national influence. Some of these insiders stand to gain new status in an Obama administration, and many more in law firms, big corporations and Wall Street. They believe that their proximity to the president-elect will burnish their reputations, much in the way white elites always have leveraged connections in business and politics."

As cheerleaders of the outgoing Bush administration and defenders of the most rapacious layers of the financial establishment, the *Wall Street Journal* is no doubt bitter at the fate of the Republicans. Nevertheless, it clearly recognizes political operatives on the make when it sees them.

"These black executives see a window of opportunity for themselves," Peniel Joseph, an African American political professor from Brandeis University, told the paper. "Obama being president shatters the glass ceiling."

Obama has collected supporters among the black elite throughout his career—from the close-knit black Harvard law school alumni, his connections with the administration of Harold Washington (the first black mayor of Chicago) during his days as a community organizer, and among national politicians in the recent period. "In many ways their careers mirror that of the candidate himself," states the *Journal*.

"They are graduates of Ivy League and prestigious colleges and law schools. They ascended the ranks of mainstream corporate America, often accumulating great wealth in the process. They've been adept at navigating elite white precincts while retaining ties to the black community. They are also bound by the intricate social web that operates largely out of sight from whites: family connections, black law-school alumni organizations, black fraternities and sororities, as well as popular vacation spots for affluent African Americans like Martha's Vineyard."

Many are hoping for a ripple effect in career opportunities for

black professionals once Obama enters the White House. "You'll see changes in Washington, D.C. where people are making decisions about who is running a news bureau, who is heading up a lobbying shop," stated Cassandra Butts, one of Obama's top advisors and a fellow black classmate at Harvard Law school. Butts is a Democratic Party insider who worked as a senior advisor to Representative Richard Gephardt of Missouri, the former Democratic minority leader in the House.

The Obama presidential campaign carefully cultivated the illusion that an African American president would prove sympathetic to the plight of average working people. However, the social layers that Obama represents have different class interests; far from being sympathetic to the conditions of the working class or the poor, they have used their connections to take advantage of the very people they claim to defend.

Not surprisingly, some of these supporters have been exposed as petty opportunists, people who know how to game the system by helping themselves to government subsidies in various shady practices.

This social layer is the product of affirmative action, using racial politics as a path to privilege and to secure the advantage of government largess. In a healthier society, many of them would be facing criminal charges rather than reaping millions of dollars in government contracts.

According to an investigative report in the *Boston Globe*, "Grim proving ground for Obama's housing policy," Obama has close ties to several real estate developers in Chicago, some of whom are black attorneys. All have been major fund-raisers for the Obama campaign. All of them made handsome profits from government-subsidized and privately owned low-income housing, while the tenants lived in squalor.

Government-subsidized privately owned apartment complexes have been a major means to riches for this layer, which received the continued support of Obama while he was both a state legislator in Illinois and a US senator.

The *Globe* reported that Obama as a state senator co-authored an Illinois law that created a new pool of tax credits for developers. And as a US senator, he pressed for increased federal subsidies. During his presidential campaign, the article states, he promised "to create an Affordable Housing Trust Fund that could give developers an estimated \$500 million a year."

While he was running for president, Obama's campaign told the *Globe* that the candidate supported public-private partnerships as

an alternative to public housing. The campaign said that Obama has "consistently fought to make livable, affordable housing in mixed-income neighborhoods available to all."

One of those who has greatly benefited from such public-private partnerships is Obama's closest advisor, Valerie Jarrett. Jarrett, who was co-chairwoman of Obama's transition team, was named Friday as senior White House advisor. She has been called the other side of Obama's brain, because he reportedly never makes a major decision without her consultation.

Jarrett is the CEO of The Habitat Company, one of Chicago's largest real estate development firms. Through ties with the Daley administration, she manages the infamous Grove Parc Plaza, a squalid housing development for the poor that is privately run but government-subsidized, making enormous riches for the owners.

"Government is just not as good at owning and managing as the private sector because the incentives are not there," said Jarrett to the *Globe*. Based on these "incentives"—i.e., private profit—Jarrett manages 23,000 apartments in the Chicago area. "I would argue that someone living in a poor neighborhood that isn't 100 percent public is by definition better off."

Despite Jarrett's claims, the Grove Parc Plaza project, located in a predominantly black working class district that was a part of Obama's constituency when he was a state senator, had to demolish one fifth of the units because they were uninhabitable due to a lack of maintenance.

The *Globe* article states: "About 99 units are vacant, many rendered uninhabitable by unfixed problems such as unfixed roofs and fire damage. Mice scamper through the halls.... Sewage backs up in the kitchen sinks. In 2006 federal inspectors graded the condition of the complex an 11 on a 100-point scale."

Another lawyer with close ties to Obama is Allison Davis, identified in the *Boston Globe* article as Obama's former law firm boss and a participant in the Grove Parc Plaza development. Through ties with Obama and the Daley administration, Davis received more than \$100 million in subsidies to refurbish 1,500 apartments in Chicago.

In one of Davis's North Side buildings, city inspectors cited Davis after chronic plumbing problems that resulted in raw sewage spilling into several buildings.

The worst case exposed in the article was the housing development known as Lawndale Restoration, a collection of more than 1,200 apartments in 97 buildings spread out over 300 blocks. It is Chicago's largest subsidized housing development. The company is owned by Cecil Butler, an attorney who claims to have been a civil rights activist but is reviled as a slumlord in the Chicago region.

Lawndale Restoration was founded in the early 1980s when the federal government granted Butler a \$22 million loan to take over and redevelop the buildings. In 1995, Butler received an additional \$51 million for renovations. In 2000, Butler brought in Jarrett's company, Habitat, to help manage the complex. However, the housing complex continued to degenerate.

In 2006, city inspectors found 1,800 code violations in the units, including leaky roofs, exposed electrical wiring and pools of sewage in the buildings.

Another Obama supporter and public-private housing developer

was Tony Rezko, a Syrian-born developer who is now in jail for fraud and bribery. Rezko founded a real estate company named Rezmar. He received \$87 million over nine years in government grants, loans and tax credits to renovate 1,000 apartments in 30 different buildings. The conditions in these units were similar to those at Parc Grove and Lawndale Restoration.

Rezko became an early supporter of Obama in 1995 when he first ran for the state senate. Several of his buildings were in Obama's district where the residents regularly complained about the rats in the buildings and the lack of insulation for heat.

These conditions and Obama's close ties to the developers sparked a protest against the candidate when he was running for the US Senate. The *Boston Globe* asked Paul Johnson, who organized the protest, if Obama knew about the problems.

"How didn't he know?" stated Johnson. "Of course he knew. He just didn't care."

Butler's role in Lawndale Restoration is a potent illustration of the class interests of the layer of black businessmen who formed a key base for Obama. In a 2004 article on North Lawndale, the *Chicago Tribune* exposed how Butler amassed a personal bonanza as the housing unit deteriorated, resulting in unlivable conditions for many of the residents. Of the \$51 million Butler received in 1995, court papers reviewed by the *Chicago Tribune* revealed, barely one-third went to repairs, "\$14.7 million to attorneys, accountants, underwriters reserves and closing costs. The rest paid off previous debt to the buildings."

The article went on to state that the bond the state issued for the housing development was a benefit for ChevronTexaco and Butler. The oil company paid \$20.6 million in cash for the bond and in exchange received \$27 million in government-authorized tax write-offs.

"About \$9.5 million of the cash the oil company invested went to a real estate company Butler owns as a fee for its services and reimbursement of its expenses," the *Chicago Tribune* reported.

Ironically, Martin Luther King briefly lived in the North Lawndale area in 1966 in an effort to expose "slum-lordism" and expose the conditions that it imposed upon masses of black workers in the North.

Both race and the constant refrain of "helping the middle class" have been used in this election campaign to obscure the real class divisions in society. The layers of the black elite around Obama are in fact part of a grasping bourgeoisie, which defends the capitalist system and the drive for wealth, many at the expense of the black workers they claim to defend.



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