

# CounterPunch

JAN. 1-15, 2012

ALEXANDER COCKBURN AND JEFFREY ST. CLAIR

VOL. 19, NO. 1

## Paul Krugman Learns the Facts of Life On Health Insurance

By Rob Urie

Princeton economist and *New York Times* editorialist on economics and politics, Paul Krugman, is the preeminent mainstream economist of this era. While no innovator, Krugman is a knowledgeable defender of the Keynesian economic framework that melded some elements of Marxian analysis, such as the recurrent crises of capitalism, with traditional capitalist economics. Like Keynes, Krugman seeks to patch the crumbling façade of the economic orthodoxy, not to repair its rotting foundation. The absence of political struggle in his economics is one of the hallmarks of Keynesian analysis that Krugman has dutifully carried forward.

Krugman has also been, and not just coincidentally, a leading proponent and defender of Barack Obama's subsidy of private health insurers, informally called Obamacare, under the premise that there exists some necessary relationship between forcing people to buy health insurance and their receiving health care. It wasn't until the inventor of Obamacare, Republican presidential hopeful Mitt Romney, made his public faux pas about "firing" health insurance companies that the reality of political struggle between them and their victims, sometimes referred to as customers, ever occurred to Krugman.

The purpose here is not to criticize Krugman, who seems from his public persona and work to be an entirely decent fellow. But it is to argue that once political struggle is brought back in, the economics that make the most sense to the mainstream are flipped on their head. What seems like the pragmatic solution, given the perceived realities of health

URIE CONTINUED BOTTOM OF PAGE 7

## After Russia's Winter Break Liberals and Communists Regroup

By Israel Shamir

Moscow

Midwinter recess stopped everything in Russia. It was like August in France some years ago, *mutatis mutandis*, with snow instead of sand, fir trees instead of palms, and vodka instead of pastis. For two weeks, the whole country laid off work and relaxed. Moscow was blissfully empty of its crowds, though Red Square was thronged by hundreds of Tajik and Philippine "guest workers." Usually busy shifting snow loads and washing floors, the invisible class was free to view the tourist sights of the capital and to be seen

in broad daylight.

As for the natives, there was the boisterous New Year celebration, quite similar to the Western Christmas, the feast of partying, booze, presents and corporate events. Coming a full week later, the Russian Christmas retained all the quality of a religious feast, so peaceful, so tranquil with its well-attended midnight service. And afterward there was another week for skiing and relaxing.

People also traveled a lot. Ordinary masses descended on Turkey and

SHAMIR CONTINUED ON PAGE 2

## The Change They Believed In How Obama Got His Start

By Robert Fitch

Listen to a powerful voice from the grave, Robert Fitch. An excellent journalist and all-around left troublemaker, he died in March last year at the age of 72.

Fitch wrote a great deal on the role of Wall Street and the real estate elite in planning New York City, and laid out the full criminal saga in *The Assassination of New York*, published by Verso in 1996. As Doug Henwood wrote of a central theme of book, "So many of the things that were attributed to anonymous global forces, like the deindustrialization of the city and its transformation into the prototype of the globally oriented post-industrial metropolis, were consciously guided by bankers, developers, and their hired hands. They used all the instruments of state power – subsidies, zoning laws, eminent domain – to get their way."

True of New York; true of Chicago where Barack Obama began his journey to the Chicago state legislature, to the U.S. Senate and finally to the White House.

On November 14, 2008, right after Obama had been elected, Fitch gave a speech to the Harlem Tenants Association. The warm glow ignited in countless progressive and left hearts by the "Change we can believe in" candidate had not yet been extinguished by the chill embrace of reality. Fitch had no illusions about Obama, and expressed none that day to the Harlem tenants. Better still, with a wealth of detail, he set the rise of Obama in the context of a city – Chicago – in the throes of the racket known as "urban renewal." We are printing that little-known speech now. Who, really, is Obama? Here's an important part of the answer. AC/JSC.

What is an Obama administration 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

FITCH CONTINUED ON PAGE 3 COL. 3

SHAMIR CONTINUED FROM PAGE 1

Egyptian Red Sea beaches. Nationalists went to Ustyug the Great, a tiny ancient borough in the permafrost Russian North. The Facebook revolutionaries flew away to Bali, Goa and Acapulco. Only now have they begun to trickle back to Moscow and other big cities. The moment of an “orange revolution” – if it ever was – has been lost, perhaps irrevocably. The long winter break calmed people down and cooled their spirits. It is also too cold for demonstrations. But some changes are likely to occur.

The Communists finally decided to initiate some demos of their own, while inviting other activists to join them. The first Communist-led demonstration was scheduled for January 22, to build up the party chairman Gennady Zuganov as a credible alternative to Putin in the forthcoming elections. Zuganov promised, if he wins, to free the jailed oligarch Mikhail Khodorkovsky and to hold new elections to the Parliament, these being main demands of the liberal demonstrators. Thus, the Communists try to attract the restless liberal Frondeurs to their side. For pro-Western forces in Moscow, that will be a difficult choice: they will have to decide whom do they hate more: Putin or Communists?

The opposition has lost its momentum,

but now they are trying to regroup, while negotiating with Putin’s government behind the scenes. Their numbers are small, but they are well positioned. Though ex-Finance Minister Kudrin is now out of power and with the protesters, all his former minions are still installed in the upper echelons. The opposition has a lot of media at its disposal barring the powerful federal TV channels, and the latter are mainly putting out entertainment. The opposition has its supporters among the ultra-rich, and within the inner sanctum of the Secret Service as well. Liberal anti-Putin papers receive quite a lot of advertising from friendly oligarchs.

Alexei Navalny is a new, rising star of the opposition movement, though he has received some negative publicity

## **The opposition has its supporters among the ultra-rich, and within the inner sanctum of the Secret Service as well. Liberal anti-Putin papers receive quite a lot of advertising from friendly oligarchs.**

too. He made his name on disclosures of the barely legal tricks of Russian officialdom integrated with the moneyed crowd. These disclosures would hardly amaze Americans who remember Enron and the Brits who follow Tony Blair’s tax saga. Apparently, that is in part where the Russians learned the features of real capitalism, mainly warts.

“Windrush Ventures No. 3 LP, for example, consists on paper of a partnership between an entity owned by B. himself and an anonymous off-the-shelf company. This off-the-shelf company, which appears to have been set up by B’s lawyer is merely called BDBCO No. 819 Ltd. Set up as a nominee company to act as a trustee, or an executor of a will, this entity does not reveal its ownership on records at Companies House. Instead, its shares are listed as held by a second off-the-shelf entity, BDBCO No. 822. This company, in turn, conceals its true ownership. Its shares are listed as held by the lawyers, acting as nominees. This partner company does not appear to have made any

significant investments on its own behalf. The register shows that its sole contribution to the partnership when it was set up in December 2007 was the sum of £19.”

This is actually an excerpt from the *Guardian* article on Tony Blair, but it could be, with slight change of names, a Navalny report on “Russian corruption.” Such ugly arrangements – together with profiteering, usury and asset-stripping – are the mainstay of the current world political economical system. They should be disclosed, outlawed and punished, no doubt, but they are not uniquely or predominantly Russian, rather “modern-capitalist.” The U.S. ambassador in Moscow reported on Navalny some years ago to his bosses, calling him “a Russian Don Quixote” (o8MOSCOW2632), for he fought a widely spread and common injustice.

Interestingly, this cable was first published by the *Guardian* team led by their Russian correspondent Luke Harding, but Navalny’s name was excised – a habitual protective tactic by Harding for Russians connected with Western power structures. Navalny spent a few months on some education program at Yale. Many conspiratorially minded Russians are suspicious of Navalny and view him as a “Washington’s agent,” but, for our part, we shouldn’t fault Navalny for his muckraking but rather congratulate him on his work.

Navalny’s other line was the uncovering of shady oil deals. The U.S. Embassy was not impressed by his results: they checked his findings, according to the wikileaked cable o8MOSCOW3380, with Western managers who told them in confidence that Russian seaborne oil trade had become “open and transparent,” in the words of Dave Chapman, general director of oil trading for Shell Russia.

The idea of Navalny as a new savior ran into obstacles, as his liberal supporters were visibly upset by his ties with Russian nationalists. An old Moscow liberal lady, a respected widow, reported that he called an Azeri party member by a racist term and was expelled from the liberal Yabloko party. Navalny reportedly made snide remarks about Georgian poets qua Georgians. However, the Russians are quite tolerant of racist abuse and probably this story did not hurt him much.

In a long interview with another liberal luminary, the best-seller writer B. Akunin (a Russian Harold Robbins), Navalny

## **CounterPunch**

EDITORS

**ALEXANDER COCKBURN**  
**JEFFREY ST. CLAIR**

ASSISTANT EDITOR  
**ALEVTINA REA**

BUSINESS  
**BECKY GRANT**  
**DEVA WHEELER**

DESIGN  
**TIFFANY WARDLE**

COUNSELOR  
**BEN SONNENBERG**  
**1937-2010**

CounterPunch  
P.O. Box 228  
Petrolia, CA 95558  
1-800-840-3683  
counterpunch@counterpunch.org  
www.counterpunch.org  
All rights reserved.

tried to dispel such fears, but he did not denounce nationalism. Perhaps Navalny's nationalism is a clever card well played: at the top of the new Fronde there are not many ethnic Russians, and a "real Russian" with nationalist background would be a good thing to have in the front of a revolutionary movement which is blessed by many Jews.

"Ethnic origin" is not a major consideration in Russia – the country has been led by Tatars (Ivan the Terrible was a son of a Tatar princess), Germans (Catherine the Great was a German princess by birth), Jews (Trotsky and Sverdlov), by Georgians (Stalin) and Ukrainians (Brezhnev, also Khrushchev). Ethnic Russian nationalism was actively discouraged in Soviet times. Still, it is an advantage to have an ethnic-Russian personality at the helm of a movement.

It seems that the anti-Putin movement flirts with Russian nationalists of a new post-Breivik sort: violently anti-Muslim and rather pro-Jewish. The liberals hope that these nationalists will become their storm troopers. Moscow liberals are strongly anti-Muslim and in particular they foam against the North Caucasians, a hot-tempered mountain folk somewhat similar to Sicilians and Corsicans. Their foreign supporters in the State Department and elsewhere hope this new breed of Russian nationalists will break Russia's ties with Iran and Syria, and, not impossibly, will cause dismemberment of Russia proper by splitting off its Muslim-populated regions of Tatarstan and North Caucasus.

Putin is aware of this trend: he has brought home from his Brussels assignment Dmitri Rogozin, Russia's envoy to NATO, and made him a deputy prime minister. Rogozin, like Navalny, has a Russian nationalist background, but, as opposed to Navalny, he stands for Russia's friendship with its Muslim neighbours, for he perceives the U.S.A. poses the greatest threat to Russia. Though they both are nationalists, for Rogozin, Caucasus is an asset, for Navalny, a liability.

Many liberals and non-ethnic Russians are deeply suspicious of Navalny. But their presentation of Navalny as a "new Hitler" is far-fetched. Blue-eyed, good-looking, a dash of the racist, yes, but not an especially silver-tongued one. Navalny tried to talk to the demonstrators in December but was catcalled more than

once. His manner was too rude, as if he were talking to a street gang. His "program," as it was presented to Akunin, is concentrated on legal matters: independence of judiciary, subordination of police to municipalities, honest elections – hardly the stuff revolutions are made of.

Even more odd, when asked for a model state Russia should follow, Navalny said, "Singapore." This is an odd choice for a person fighting Putin's strong-arm style, as Lee Kuan Yew was probably more authoritarian than Putin. As fond as I am of Singapore street cooking, I can't imagine a less suitable model for a vast multinational ex-empire than the tiny Chinese polis.

If Alexei Navalny is the strongest champion the liberal opposition can field to challenge Vladimir Putin, there is little danger to the present regime

## **Blue-eyed, good-looking, a dash of the racist, yes, but not an especially silver-tongued one, Navalny tried to talk to the demonstrators in December but was catcalled more than once.**

from this corner. Still, some unseen authority, call him a master of discourse, gave the green light to pounce on Putin. Previously obsequious politicians and journalists refer to the prime minister as if he were already in disgrace. A songwriter who composed a year ago a hit "All Girls Dream of a Husband Like Putin" now penned another hit, "Our Madhouse Votes for Putin." A governor appointed by Putin dared to reply to his criticism with scathing, "He does not understand things." Columnists made a short shrift of his program. In order to stabilize his hold on power, Putin must reinstall respect and fear, and this can be done by initiating corruption trials against his subordinates – or by strong stand against the U.S. plans regarding Iran and Syria. The visiting Russian warships in the Syrian port of Tartus and delivery of shore-to-ship missiles imply that Putin does not intend to act like a lame duck. CP

**Israel Shamir** has been sending dispatches to *CounterPunch* from Moscow.

FITCH CONTINUED FROM PAGE 1

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 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. The oppressed and the oppressors, the lions and the lambs – so the Third Way proclaims – should sit down together and celebrate their unity in one great post-partisan, multicultural 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 in which 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 to 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, opti-

mism 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... if we made sure folks weren't throwing their garbage out of their cars.'"

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 in New York 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. Their 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 slaughterhouses. 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 southeast side. The argument then was that the old low-rise private housing was

### Subscription Information

Subscription information can be found at [www.counterpunch.org](http://www.counterpunch.org) or call toll-free inside the U.S. 1-800-840-3683

**Published twice monthly except July and August, 22 issues a year.**

- 1 - year hardcopy edition \$45
- 2 - year hardcopy edition \$80
- 1 - year email edition \$35
- 2 - year email edition \$65
- 1 - year email & hardcopy edition \$50
- 1 - year institutions/supporters \$100
- 1 - year student/low income \$35

Renew by telephone, mail, or on our website. For mailed orders please include name, address and email address with payment, or call 1-800-840-3683 or 1-707-629 3683. Add \$17.50 per year for subscriptions mailed outside the U.S.A.

**Make checks or money orders payable to:**

CounterPunch  
Business Office  
PO Box 228, Petrolia, CA 95558

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 (CHA) was widely acclaimed as the most corrupt, racist and incompetent in America. Gradually, only the poorest of the poor lived in these high-rises. 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 per cent 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.

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 Chicago Housing Authority. Nesbitt serves as Obama campaign's 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 J.P. 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 farther into the South Side and the south suburbs.

## **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.**

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 nonprofit sector: the liberal foundations, the elite universities, the nonprofit 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.”

Aggregate them, and what emerges is a constellation of interests around Obama that I call “Friendly FIRE” – firepower 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 be 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 an \$120 million nonprofit organization with Obama as its head. Annenberg was a billionaire friend of Ronald Reagan and Margaret Thatcher. Why would he give mega millions 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 conventional 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."

It's also true that key black members of the Obama inner circle are Daley administration alumni, but they've moved up – now they're part of Chicago FIRE. Like Martin Nesbitt. Obama is the godfather of Nesbitt's son. 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.A. 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 is fourth, at \$2.1 billion – Daniel, James, Gigi, John, Karen, and Linda weigh in with \$1.9 billion each.

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 subprime lending to minorities. Superior was an early casualty of the subprime meltdown, 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," 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 the CEO of David Levin's Habitat – one of the largest property managers in Chicago – and the court-appointed overseer of CHA projects. 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 business 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. [On November 23, 2011, Rezko was sentenced to 10 1/2 years in prison, convicted in a federal court of "corrupt use of power and influence," soliciting kickbacks. *Editors.*]

Rezko's Grove Parc partner, Allison Davis, was a witness in the Rezko trial. He's pretty radioactive too. You could see why Rezko wanted to hook up with him since 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 little 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 nonprofits with big foundation grants, and especially with bank loans and tax credit-driven equity. LISC wanted to coopt 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. There were several cases of this type, but, as the *Times* observes, Obama doesn't mention them in *Dreams from My Father*.

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 size-

able portfolio of commercial property.

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, which 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?"

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. CP

URIE CONTINUED FROM PAGE 1

care politics, has the opposite of its intended effect when insurance companies wield social power and their customers don't.

In September 2007, in an article entitled "The Insurance Hoax," by David Dietz and Darrel Preston, *Bloomberg Business* reported that major Property & Casualty insurers had hired the giant consulting firm McKinsey to figure out how they could continue to take in insurance premiums without paying out legitimate claims. The hiring of McKinsey, the article makes clear, wasn't about increasing operational efficiency but straightforwardly about the insurance companies using their political power to systematically pay out less than the contractually agreed upon amounts on legitimate claims.

Property & Casualty insurance isn't exactly health insurance but it's close enough. The relevant points from the article are that there is no effective regulation of insurance companies and that there is little recourse for customers when insurance companies simply refuse to pay legitimate claims. It really doesn't matter what "safeguards" are written into Obama's health insurance law, unless they make insurance companies do what they have dedicated their existence to not doing, that is, paying claims.

It apparently takes Mitt Romney's public delusion about "firing" insurance companies to make apparent to healthcare

economists the fact that ordinary citizens can't even get their health insurance companies to answer their telephones, let alone to provide the healthcare for which they receive premiums.

The uniting characteristic between Barack Obama, Mitt Romney and Paul Krugman is their deference to and use of hegemonic social power. Barack Obama thought he was playing the clever politician by handing our health care more fully to the health insurers under a

## **Barack Obama handed us over to the health insurers because doing so created the appearance of providing a public service while actually strengthening the hand of the insurance companies.**

plan devised by Romney. Mitt Romney played the same game as governor of Massachusetts. (Massachusetts was busy removing the poor and dispossessed from the rolls of the insured as of a few months ago, per multiple local news stories.) And Paul Krugman uses his political friction-free economics to facilitate the illusion that Obama and Romney have provided more health care when

what they have provided is more customers for insurance companies.

So, yes, Mr. Krugman, Barack Obama handed us over to the health insurers because doing so created the appearance of providing a public service while actually strengthening the hand of the insurance companies that stand between Americans and health care. It took Mitt Romney's slip of the tongue to bring this paradox to light (for you). And now that it has, the insertion of political struggle into the models that you cherish renders your friction-free economic program more than a little dubious. Sure, the plan might have worked if health insurance was really health care, but it isn't.

Take a look at the world through this new-found prism and ask yourself how politically neutral the Fed is being when running up the prices of financial assets through the Quantitative Easing program for the few hundred families who own all of the financial assets? In mainstream economics, you have the "wealth effect" and growth of the money supply. In the 99.7 per cent's political economy, we have rich folks more empowered to inflict misery by cutting social programs that we have paid for, to take from us with impunity, and to start needless wars that murder a few million people. Mitt Romney has shown you the light, Paul Krugman. CP

**Rob Urie** is an artist and political economist in New York.

**return service requested**

---

## ***“A cockleshell adrift on the ocean”***

# **Presidents Who Don't Preside**

## **By Serge Halimi**

European summits come and go, and the White House and Congress bicker endlessly, to no effect. “The markets” are well aware of this, they see the elected representatives of the American people running around like headless chickens, at the mercy of forces they created but are now unable to control. Yet, there will soon be presidential elections in the U.S.A., France, Russia and elsewhere. The media are concentrating on these, creating a surreal sense of disconnection between words and action. Ordinary people may not expect the candidates to do much, or anything at all, but they do, at least, know all about their records, their faults, their friends, associates and networks. The attention

is on Barack Obama and Newt Gingrich, Nicolas Sarkozy and François Hollande, rather than the hedge funds and credit institutions.

But what use are the candidates? Sarkozy, whose monetary policy reflects the interests of BNP Paribas, has accused the British prime minister, David Cameron, of trying to make the U.K. “an off-shore zone in the heart of Europe.”

The German finance minister, Wolfgang Schäuble, angrily attacked “the boundless greed, the quest for ever-increasing profits on the financial markets, which are to blame for the economic and banking crisis we have been facing since 2008, a crisis that has come to affect whole countries.” It did not stop him from exposing ruined and penniless European nations to that “boundless greed.” The comfortable future lined up for capital doesn't save it from verbal abuse. This is now the paradox that marks all pre-election periods. Last month, Obama warned fellow citizens of threats to social mobility and democracy: “Inequality distorts our democracy. It gives an outsize voice to the few who can afford high-priced lobbyists. ... The

wealthiest Americans are paying the lowest taxes in over half a century ... Some billionaires have a tax rate as low as 1 per cent. One per cent!” He also insisted that “the free market has never been a free license to take whatever you want from whoever you can” and that he considered it essential “to rebuild the middle class.”

No one thinks he will achieve that objective, or reduce the hold that money has on the political system, or impose progressive tax reforms. He has done nothing about these for the past three years, and has not said how he means to achieve them if he is re-elected. In this respect, he is a living incarnation of what the system has become: a cockleshell adrift on the ocean, with a demoted captain shouting orders as the hurricane brews. If this election year does not produce the political will and necessary means to regain the powers currently held by finance, all future elections will be to no avail. **CP**

**Serge Halimi** is director of *Le Monde Diplomatique*. By agreement, *CounterPunch* features two or three articles from *LMD* every month.