

# NOBLESSE OBLIGE VERSUS CAPITALISTE OBLIGE



## DOWNTOWN MARKETING & DEVELOPMENT

By Barry Cassidy

The term noblesse oblige was first used in 1835. It is a term belonging to an earlier time of medieval generosity, referring to a lord's responsibility because of their hereditary inheritance of privilege. I became familiar with it when some guy named Mike used the term in all the classes I shared with him when I was seeking a graduate degree in public policy at Carnegie Mellon University.

I mean that the answer to everything was noblesse oblige. Maybe it was because Andrew Carnegie, who made money on the backs of many mill workers in Pittsburgh, once said, "The man who dies rich, thus dies disgraced. "Maybe he was trying to draw some parallel from how he treated his workers like serfs during the Homestead Strike in 1892, which resulted in Pinkerton agents and strikers being killed and injured.

Mike and his counterpart in class, "the other Mike," were constantly asking for the nobility to step in under the term noblesse oblige, applying it to almost every case study. It was tough to sit through some of the discussions concerning the nobility.

As I remember those classes, I still relish the moment when one of the case studies was about the Memphis sanitation worker's strike in 1968. I was in Memphis as a business agent for a union

from 1972-1974, so I knew all the players in the case study.

The term philanthrocapitalist is now used to identify capitalists wanting to do social investing. Most times, an up-front developers fee makes it worth cashing out for people experiencing poverty. "Yeah, we are going to help the poor but don't forget to give me \$1 million off the top." In most cases, these are affordable housing in low-income neighborhoods.

I thought that maybe there should be a different way of thinking. I understand two things as I deal with my baseball park project, which I will try to do in Norristown on the 68 acres which was the former home to the criminally insane. The first is that 16.7 percent of the population of Norristown is at or below the poverty income designation. There is little appetite for more low-income housing to be built to accommodate this population.

(Continued on page 64)



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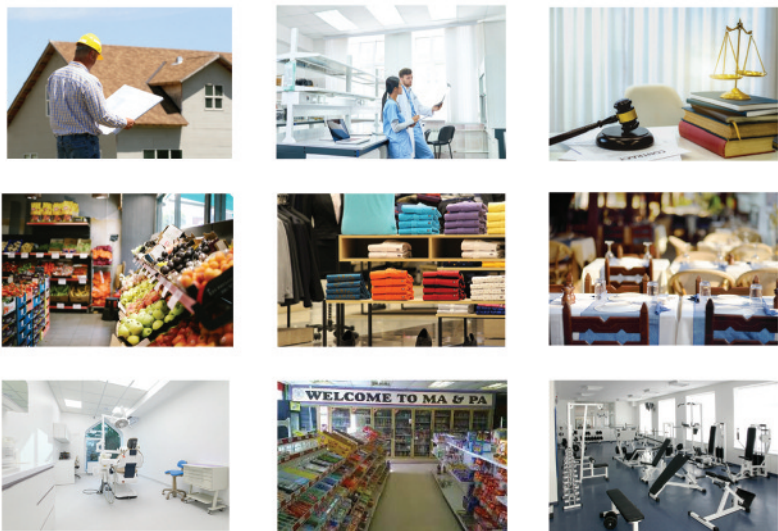
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(Continued from page 63)

As a person who has spent much of his public life helping low-income and underserved populations, I am sensitive to the needs of that population. I spent time analyzing what benefit low-income people would have by creating more housing for low-income. It is a clustering of low-income and marginalized people, which I do not favor.

Although trying not to be “like Mike” but consider taking a “Mike-like Solution,” I have derived a new paradigm for dealing with these situations. I call it Capitaliste Oblige. I had my wife go over it with me as she speaks French, and I want to recognize her contribution to my being verbally correct, although I am seldom politically correct.

Under the new theory of Capitaliste Oblige, whatever is taken out on the front end as a developer fee would be matched with a similar amount divided between families living at 100 percent poverty in the town. People 100 percent poverty or below would become a partner in a sense.

Let's take Norristown (in 2019), with

approximately 7,500 families and 17.3 percent of those families living below the poverty line, or approximately 1,300 families, which would split one million dollars — So it would be about \$770 per family. Let the housing be market rate and put the subsidized housing in New Hanover Township, which has about 1.3 percent of the families living in poverty, or Upper Hanover Township, which has 3.1 percent of the families in poverty.

Not clustering low-income should be a major priority in public policy. Instead of using low-income tax credit monies with the big developer's fee to cluster low income, it would serve a public purpose and help the families that live in those existing low-income units experience a different lifestyle. It is the obligation of the capitalist to be responsible and take their million-dollar developers' fee and match it up for the low-income population. In New Hanover, with a population of approximately 2,500 households, approximately 35 households would split \$1 million and receive about \$29,000 per family.

Low-income people want more money in their pockets. The system is




  
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capitalism; money is capital. The more capital they have, the easier their life decisions become. People will say, "Well... what will they use the money to buy?" It does not matter what they do with the money. It is private money, not government money.

What I am talking about is wealth... not race. There appears to be a disproportionate number of poor people of color, but you think that because they are clustered. Although when you consider redlining, restrictive covenants, discriminatory zoning, and all of the obstacles to getting a mortgage if you were a minority in the '40s, '50s, and '60s, you can discern that there was an attempt to limit where minorities lived. But Capitaliste Oblige is about money and people experiencing poverty, not money and race — a private transfer protocol as part of a real estate deal.

Think of an area that has a lot of real estate development deals. But let's use the Montgomery County examples above. I know that New Hanover has 2,500 residents and do not want to see low-income developments, so they would opt out of being exposed to low income and use this mechanism. Say someone sold a farm, and you had three

or four units of 350, say 1,050-1,400 apartments. And for argument's sake, say that each of the developers of the units had a million-dollar up front developer fee at closing. The higher the rental income/the higher return type of thing. Then look at the 1.3 percent of the families in poverty at \$29,000 a clip. They are picking up close to \$90,000 on a one-time payment. That changes life for these families.

In Norristown low income, people would get around \$2,500 per family. If Norristown repositions in the regional marketplace, I do not think ten new market-rate apartment buildings is out of the question. At \$770 per apartment building, it would net them somewhere around \$8,000 per family. Again, direct aid to people experiencing poverty.

Maybe all along, it has not been about race but the clustering of people experiencing poverty. And, instead of the New Hanover developments providing direct payments, perhaps they should ask for a mixed-income development and provide some diversity to the location by increasing the number of poor.

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