

A BRIEF STUDY OF CORPORATE BODIES

BY PRUDENCE KATZE

The photo below shows the funeral for New York Tammany Hall politician Timothy (Big Tim) Daniel Sullivan (1862-1913) which took place at St. Patrick's Old Cathedral, New York City, Sept. 15, 1913. The New York Times reported the funeral with the headline "CLASS LINES VANISH AT SULLIVAN BURIAL; Judges and Senators Mix with Thieves and Gangsters for Last Tribute to Dead Leader."



THE CORPOREAL BODY

Up until around the fifteenth century there was no distinction between a “private” or “public” corporation: the medieval town or city was seen as a corporal body unto itself—everyone who lived and worked inside the city’s walls collectively encompassed a united set of interests, an autonomous corporation just the same as the East Indian company would be in the seventeenth century.¹ The rise of Mercantilist bureaucracies whose domain spanned many countries and colonies, such as the aforementioned East Indian Company, coupled with philosophical meditations on the burgeoning idea of the inherent rights of an individual, fractured the “self-sufficient unit”² of the municipal corporation. Correspondingly, the state increasingly sought a role to protect individual rights by mediating the conflict of private versus public identities.

These different corporate identities were cemented in 1872 when the New York State Judge F. Dillon declared that there must be a strict distinction between the public and private sector.³ In his book *City Making: Building Communities Without Building Walls*, Gerald E. Frug, explains how Dillon placed “cities in the sphere of the state and private corporations in the sphere of the individual in civil society.”⁴ More importantly, Dillon’s “rule” placed the ultimate power of a city’s life (and death) not by the city’s own government, but on the state that the city resided in. This state, Dillon wrote, “breathed into [the city] the breath of life” ignoring the fact that many of our nation’s cities, such as Boston or New Amsterdam, were created long before the formation of the United States of America.⁵

Dillon viewed the state in terms of both a concerned parent and an impartial and judicious disciplinarian that had the private citizens' best interest at heart—this was in contrast to how Dillon saw the often “unwise and extravagant” decisions that came from the city’s own local government.⁶ Private corporations, on the other hand, deserved to be protected from the potential ramifications of the city administration’s “unwise” decision-making just as much as the individual private citizen. Dillon did not see any reason to regulate the powers of a private corporation since their corporate bodies, as he understood it, do not influence the laws and policies of a locality. It was a reformist measure to control the powers of a city while also allowing a private company to flourish and prosper.

LOCAL CITY GOVERNMENT AND “HONEST GRAFT”

In 1905, William L. Riordan, a “newspaperman,” published a series of conversations with George Washington Plunkitt, “a successful politician of New York City’s Tammany Hall.”⁷ Plunkitt was frank in his political machine shoptalk and saw no problem explaining how he got rich off of what he called “honest graft.” Plunkitt goes on to explain, “I might sum up the whole thing by sayin’: I seen my opportunities and I took ‘em.”⁸ One example of a fruitful opportunity is when Plunkitt was tipped off that the city was planning to build a new park. He is able to quickly buy up all of the land in the area before any official announcements are made, and is then able to sell the land to the city at a handsome profit. Plunkitt rightly asks, “Ain’t it perfectly honest to charge a good price and make a profit on my investment and foresight?”⁹ Honest or not, Plunkitt the politician could be seen as a Dillon example of why mob-rule cities needed to be nannied and disciplined by the state.

In the nineteenth century, New York City’s governmental power was highly decentralized and distributed through all of its neighborhoods, via the appointment of neighborhood Aldermen, Councilmen, and Supervisorsto name just a few positions that competed with each other and the mayor for power.¹⁰ There were many confusing laws—a government “hodgepodge”—and it was sometimes unclear who the responsible authority was over a particular jurisdiction of policy.¹¹ Corrupt officials were able to get away with graft, skimming the till, and other outrages. Yet much was accomplished during the high point of the reign of Boss Tweed’s notorious Tammany Hall and, in the words of Jon Teaford, the city was able to meet the challenges “of diversity, growth, and financing with remarkable success.”¹² streets were lit, water was abundant because of an amazing public water works project that surpassed the Roman aqueducts, and one could get from point A to point B through newly constructed public transportation projects.

Nineteenth century New York City was also dealing with a constant flow of poor immigrants, but these people were not ignored. Boss Tweed and his cronies welcomed them to city life by greeting them at the dock, offering them something hot to eat, and quickly indoctrinating them into local politics. One did not need millions of dollars to run for office in those times. According to Alexander B. Callow, for a citizen of Boss Tweed’s New York, “civic responsibility was an understanding

[of the poor immigrant’s] plight, justice was a playground for the children, or something to eat when times were bad.”¹³ The nineteenth century political machine turned out thousands of patriots who loved both their newly adopted city and country, patriots who felt proud of the fact that they were influencing local neighborhood policies.¹⁴

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Turn of the 20th century reformers took away the local power of the alderman and centralized the city government in the name of streamlining the city’s functions. Bureaucratic efficiency was a major goal in the reform government, and the efficiency of these various city agencies were all aimed towards a pro-growth agenda. But this white, middle to upper-class agenda was done in the service of an imaginary unified ideal for a singular city vision. Thus, under the Housing Acts of 1949 and 1954, slums were cleared, many of the older or undesirable city residents were dislocated and scattered through “urban renewal,” and often times commercial facilities or upper income housing was built instead of lower income housing replacements.¹⁵

WHO IS PROTECTING WHOM?

Is there much honest graft to come by in the 21st Century? What if the state aids and abets a private entity in creating its own opportunity for honest graft? In December of 2008, reporter Jonathan V. Last, writing for “The Weekly Standard,” delved into this very scenario when he examined Nick Spraygren’s battle against Columbia University.¹⁶ Spraygren, who owned “a thriving self-storage business”¹⁷ in the neighborhood of Manhattanville, was a last man standing in a secret land grab Columbia had been undertaking since at least 2003. Five years later, all of the properties that Columbia had acquired were vacant even though these properties “were nearly all fully occupied” before Columbia became their landlord.¹⁸ Columbia had purposefully wished for the whole neighborhood to be declared “blighted” (otherwise known as “planner’s blight”) so New York state could exercise the use of eminent domain to forcefully acquire the other reluctant properties. After the land was acquired, Columbia would have the happy task of building a beautiful new campus expansion—thus erasing all traces of blight.¹⁹

Columbia was already smoothing out the scheme with the New York state Empire State Development Corporation (ESDC), whose state office staff helped Columbia to coordinate a blight study after a previous outside firm had reported that what blight there was was Columbia’s own fault.²⁰ Using persuasive information obtained from Freedom of Information Law (FOIL) requests, Spraygren waged a lengthy legal battle against both the University and ESDC. But, in December of 2010, Spraygren’s “six-year battle” ended when the United States Supreme Court refused to hear his appeal against an earlier ruling in favor of Columbia University’s eminent domain land grab.²¹ It was a “done deal,” as they say: Dillon’s vision of a state needing to control a rowdy city is upended by the fact that both city and state collaborated in a neighborhood land-grab for a private entity.

NEW FORMS OF HONEST GRAFT?

Now, in the twenty-first century, a highly evolved and embedded form of “honest graft” continues unabated in New York City. But it is only those who are already rich who are allowed to profit from this model as the march towards exorbitant developments at the expense of working class neighborhoods continues—as Kim Moody observed, “there is no public figure like Robert Moses behind this.”²² The process is now intertwined throughout the city’s embedded nervous system.

It is understood that the city’s political power is concentrated almost solely in the hands of the mayor (with the City Council simply acting as a back-up chorus). This, as Moody explains, provides a “clearer focal point for the organizations of the [city’s] elite, their lobbyists, their money, and themselves both during election time and throughout the year.”²³ This corporate and real estate elite have made good use out of the mayor’s centralized power as they tap into a combined \$3 billion dollars in annual tax breaks, and benefit from a real estate tax that fell from 50% of the city tax levy in the 1970s to 30% in 2005.²⁴

Conversely, the centralized power of the mayor makes it harder for New York City’s various fragmented neighborhoods of poor, working class, and lower-middle class communities to get political attention as a whole, and thus resources are distributed piecemeal—when they are distributed at all—and policies and land use decisions are often made without taking the lower classes into account.²⁵ Spending on redistributive services has dropped from 35.8% of the city’s budget in 1969 to 22% in 2005. As of 2005, less than 1% of the city’s budget is devoted to CUNY, where in 1975 it was 4.5% of the budget. Labor wages and costs fell from 53% to the budget in 1975 to 45% in 2005.²⁶ These are just a few examples of how New York City prioritizes selected members of its populace as it neglects the rest.

Columbia University is a master in the art of real estate (it was the university that leased the land that Rockefeller Center now occupies to the Rockefellers for development)²⁷, but this deal was also helped by the fact that in 2004 New York City’s Economic Development Corporation (EDC) was working on its own plan for West Harlem as a whole. In contrast to what Dillon had imagined, the state of New York was able to collude with the City, an entity it was supposed to monitor, in

having a neighborhood condemned as blighted for the sake of a private corporation: private citizens were being supplanted by a private corporate body through the generous aid of public entities. Nick Spraygen was wealthy and could afford to spend a few million on a legal battle, but even he could not break through the bear hug of private interests and the New York City government.

Prudence, who finds the city to be a perpetual delight, is working towards her Masters of Urban Planning at Hunter College.

1. Gerald E. Frug *City Making: Building Communities without Building Walls*. Princeton, NJ: Princeton UP, 1999., 27
2. Frug, 28
3. Frug: 46
4. Frug: 27
5. Frug: 46
6. Frug: 47
7. William L. Riordan, “Honest Graft and Dishonest Graft,” *Writing New York: A Literary Anthology*, ed. Phillip Lopate [New York: Library of America, 1998], 347
8. Riordan: 347
9. Riordan: 348
10. Seymour J. Mandelbaum, *Boss Tweed’s New York*, (Ivan R. Dee, 1990), 50.
11. Mandelbaum: 51
12. John Teaford, *The Unheralded Triumph: City Government in America, 1870-1900*, (John Hopkins University Press, 1985), 7.
13. Alexander Callow, *The Tweed Ring*, (Oxford University Press, 1965), 71.
14. Callow: 73
15. Robert F Pecorella, *Community Power in the Postreform City: Politics in New York City*, (M.E. Sharpe, 1994), 70.
16. Jonathan V. Last “Columbia University, Slumlord” *The Weekly Standard* December 8, 2008, Volume 014, Issue 12, < <http://www.weeklystandard.com/print/Content/Public/Articles/000/000/015/863igkhq.asp> >
17. Ibid.
18. Ibid.
19. Ibid.
20. Ibid
21. Bagli, Charles V. “Columbia Wins Fight for West Harlem Campus.” *The New York Times*, December 13, 2010.
22. Kim Moody, *From Welfare State to Real Estate*, (New York: The New Press, 2007), 287.
23. Moody: 285
24. Moody: 286
25. Moody: 285
26. Moody: 287
27. Robert Fitch, *The Assassination of New York*, (Verso, 1993), xvi.