

PUBLIC MONEY, POLITICALLY DIVERTED

PRIVATE PROFITEERS

One of my favorite quotes from an area journalist relative to how Philadelphians see their city and its political system was that of Clea Benson who was an Inquirer reporter covering the second election cycle for former mayor John Street.

“Just about every voter knows that Philadelphia’s city government is corrupt from top to bottom, but they leave it that way for the day they need it for themselves”.

Of course that only amplifies turn-of-the-Century Lincoln Steffens description of Philadelphia as “Corrupt but Contented” - - and that was long before the city politicians and their insider friends had direct access to so much public money through the tax structure.

The manipulation of the process in the distribution of those funds over the last 25 years is one of the most blatant examples of how the few have benefitted at the expense of the many, and these politically arranged frauds destroyed the quality of life in many of Philadelphia’s neighborhoods in the process.

Don’t let anyone tell you that Philadelphia lost 700,000 residents and created large dependent neighborhoods because of technological changes that drove business out since the 1970s. Sure, there were many one-industry towns that did suffer that exact experience, but Philadelphia was not one of them.

In point of fact there was an economic boom in industry and employment at all levels from the late 1930s, expanded during the Second World War and quickly adapted to the consumer economy from 1946 forward through the 50s and 60s. The rising tide definitely lifted all boats and a political revolution postwar brought fresh ideas and reform in 1951 - - but it only lasted about 20 years.

The no-show patronage and pay-to-play culture begins in 1968 and soon the once citizen focused government is contaminated like the one it replaced. However, what few realize is that even with that kind of first tier political skimming, Philadelphia actually grew industry in the North more quickly than most after the

crash of 1929-1934 and did not suffer unemployment at the national rate of 25% or worse because the pilferage by the political class had limits, and it was more farsighted about keeping the machine alive through thriving industry, jobs and businesses that paid taxes. A story for another day is the very quiet merger of an industrial plan in the mid-thirties between the controlling City Republicans and Roosevelt's Democratic national government.

That has not been the case for the current political machine that has now had control as long as the one it replaced. I believe it is fair to say that the two parties made a deal between themselves to end competitive elections and share the access to power in proportion of voter registration. Simply put, the minority Republicans get 15-20% of the graft, grease, and power to tax, levy fees and return to themselves, while the Democrats get the larger proportion to do the same thing. The other half of that Faustian bargain is that neither will ever attempt to run a candidate that might come close to winning in the other's territory, and those territories and "designated turf" were agreed upon long ago.

The worst part of the story though is that of public money derived from all levels, but strained through city agencies and distributed by the politicians themselves. A significant portion of that funding is in the form of federal dollars under some broad brush program. Then often recast as a state project and finally distributed to the ultimate beneficiary by local politicians who have the power of the machine I just described to send it to the recipients of their choosing, despite what the guidelines and the rules of compliance of the feds and state might be.

Getting away with this over extended periods has become an art form. The multiple administrative distribution process by its very nature lends to obfuscation, as the oversight and compliance regulations of the source can be easily by-passed if no one ever follows up. So, if the same individual, and the same political party holds an office for 20-30 years, and the other party never even tries to compete, who is there to ask the simple questions about use of public funds in accordance with guidelines? If you are going to jump to the conclusion that the mainstream press will do that investigative journalism, you are living in the long-distant past. The local press today is owned and controlled by the same political machines to a degree that would make former Inquirer owner Moses Annenberg's paper of the 1930-40s look like Woodward and Bernstein at the Washington Post.

So, we eliminate oversight and investigative journalists at the top, and then bring the money to the politicians and the players at the street and local level. The sole purpose of this post 1970s machine is to get as many public dollars in the hands of the few so that it can be distributed to a “few more” who will use newer tactics like non-profits and faux social programs to use the funds they get in the dark for what is advertised as urban renewal or general public economic jump starts. Again, since no one questions the initiation or application for these funds, they get granted largely in some back room meeting with the insider developers or front CDCs who then promise to kick back percentages as campaign contributions, some of which show and some that don't. Again, the same *tool to fool the public applies*: No opposition candidates, no questions asked, and any investigations that might get started to satisfy local outrage never see a conclusion or a courtroom, as most in law enforcement and the courts owe their futures to the machine as well.

Running out of new money to keep fueling this engine that gobbles dollars faster than anyone ever counts becomes a challenge as the tax base evaporates in the communities that lost those 700,000 residents and employed folks over the last 30 years. The next domino to fall is that neighborhoods become less livable and drive more folks out, but this is the goal of the political class all along - - for then they can have the area designated “blighted” - - and they have rejoiced ever time it happens. For you see, once so designated, you then qualify for much more money, distributed even more easily, and *with even fewer compliance requirements!*

Now we have the favored local developers, best friends of the politicians who have two kinds of deals. One is that any zoning and licensing needs that may come up are “taken care of” with no protracted and expensive legal complications or delays. Another is that these favored folks also control many of the local Community Development Corporations, which purport to prioritize public needs, but actually want to find the quickest access to any sort of public money that may keep their image alive even if they accomplish very little, but employ friends and family. Again, the *never ask questions about compliance or application of funds program rules the day*. I have heard developers say, “Why should I invest any of my money in a project when there is always a way to get public money even if you bend the rules or change the address?” Multiple CDCs and non-profits under narrow umbrella control have siphoned off hundreds of millions without compliance for periods as long as 35 years and never been investigated despite having 10 or 15

years of tax liens and judgments on the court dockets in the 10s of millions. In point of fact, federal and state money keeps coming from the same elected sources when federal law precludes continued funding if they are in default. The City DA, the State Attorney General, and the U.S. Attorney's Office in Philadelphia know all of this, but do nothing.

It's been happy day for elected leadership at all levels to be able to claim they funded this and funded that, but does anyone ever look back over their terms in office and ask how come your district in Philadelphia or Pennsylvania has lost its economic base, its social fabric, its school system and is so unsafe that business types say they would not locate there, even with tax incentives and start-up subsidies, as no one would want to come work there, particularly if any night shifts are part of their employment production cycle. We have committed economic suicide and I have not even touched on underfunded pensions, a broken and unfair tax system and contracts left for years without negotiation.

Last, but far from least, is the practical application of that quote from the Inquirer that was my intro. You see, things have broken down so far that a significant portion of those who are employed in this city are directly or indirectly part of the corrupt political public funding program; that if anything were to ever change the monolith they work for might not be on the "funded end" of the deals made in the back rooms that I refer to. We are not talking about entry level jobs at stake if they don't build a Wendys in the city, but 6 and 7 figure comfortable income streams that come from either direct subsidies to entities that really don't need it, (Read University of Pennsylvania and the like) and/ or sweetheart tax deals (like 10 year abatements, read Comcast) that make the difference between massive profits and questionable break even. You see lots of folks in the more comfortable communities vote the same charlatans in year after year for it may be their meal ticket and difference between a country club membership and private school for the kids (Who would want to send them to *public school*?)

Clea Benson had it just right - - they know it might work for them on any given day, so why change?

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