



## Another \$1 Billion Wont Help Buffalo, New York

Cuomo failed to say where the money was going to come from, but that didn't stop politicians from salivating. Said Buffalo's Mayor, Bryon Brown: "I think you heard that the governor's commitment was for the City of Buffalo. He didn't say 'Buffalo and other communities.' He said a billion dollars is [coming to] Buffalo." The director for Erie County where Buffalo is located, Mark Poloncarz, wanted it all to stay in Buffalo: "As the city goes, so goes the whole county, so we need to strengthen the city. I think if you take a billion dollars and say we're going to invest in the City of Buffalo and then you put it in other parts of the county, you defeat the purpose of helping the City of Buffalo."



There are many problems with Cuomo's promise. First of all, the state legislature cannot bind future legislative spending. Second, the money wouldn't come in all at once but would, according to Cuomo, be spread over the next five years or so. Third, the offering would consist of tax breaks, cash grants, and access to low-cost energy. Much of it is out of Cuomo's hands because federal matching job-creation funds would be involved.

But the one problem which Cuomo can't solve is the primary one in Buffalo: political corruption. [Back in 2004](#) the *Buffalo News* estimated that the city had received more federal redevelopment money per capita than any other city in the country — more than half a billion dollars — but had virtually nothing to show for it. According to the *Wall Street Journal*, politicians "squandered millions granting loans and subsidies that went bust." The *Journal* added:

There was a proposed trade center near the famed Peace Bridge that was never completed even after the city granted it federally backed loans....

A failed shopping plaza on William Street....

Several hotels that defaulted on their government loans ... [and]

A dozen or so businesses [that failed] in the theater district.

Tens of millions of dollars of Urban Development Action Grants failed to generate a sustained development boom, and some ideas were so wasteful and extravagant that they actually harmed the local economy. The federal government invested \$530 million to build a 6.2-mile light-rail system through downtown Buffalo that banned automobiles from the streets. The traffic the system was estimated to generate never came close to meeting its objectives, causing the center to dry up. One local landlord wrote in 2009: "Walk down Main Street on the transit mall; aside from a few necessities like drug and cell phone stores, blight dominates."

Aside from the fact that Buffalo has the fifth-highest sales tax in the country among cities over 250,000



Written by [Bob Adelman](#) on January 17, 2012

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population, and property tax rates which rank in the top 10 percent nationwide, it also has a teachers' union [with such influence](#) that even when enrollment was declining by 15,900 between 2000 and 2008, the New York State Teachers Union added 5,000 new teaching jobs and another 7,400 new nonteaching positions over the same period.

The corruption got so bad that in 2003 the state took over the management of Buffalo's finances and appointed the [Buffalo Fiscal Stability Authority](#). The report from that commission accused city officials of financial mismanagement, inadequate oversight, poor record-keeping, and wasteful practices such as loading city employee contracts with expensive benefits. For instance, the teachers' union negotiated a \$6-million perk that pays for elective cosmetic surgery for its teachers and staff. John Faso, a former member of the commission, lobbied to have that perk removed, without success. He observed wryly, "Buffalo must have the best-looking teachers in the country."

The corruption goes way back. James Ostrowski was born and raised in Buffalo and learned first-hand how wide and deep the unscrupulous dealings were. He helped his father, a respected judge, with his campaigns and saw "the machine" at work. [He wrote](#),

Perhaps the clearest example of the machine's brazen economic motivation was the no-show job scandal that hit Buffalo in the early 1970's. I came to know the details well because a family friend was charged in the scandal and I attended his trial. (He was acquitted.) The scheme worked this way: a few higher-ups in City Hall would give people jobs and tell them they don't have to show up, merely kick-back half their salaries to the ringleaders. They called it the "50-50 Club.

A year or two later, there was the Model Cities scandal. The scam was similar, although this time the thieves didn't bother to cut in the "workers." They put 62 non-existent employees on the payroll and pocketed the funds. These scandals involved only renegade elements of the machine and were notable for their illegality. Most of the self-seeking activities of the machine were perfectly legal. The no-show job scandal, however, is a useful symbol which captures the essence of machine politics: get as much money as possible for the least amount of productive work.

That's why local politicians are licking their chops at the insertion of another billion dollars and are already at work figuring out ways to capture part of the pork for themselves. That's why Cuomo's blatant generosity with other people's money won't work to save Buffalo. The politicians are in too deep.



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