

# A big scandal hits Michael Dukakis

by Katherine Notley

In the second week of January, on the eve of the New Hampshire Democratic presidential primary, the National Democratic Policy Committee (NDPC) released a special report on Democratic presidential hopeful Michael Dukakis, and how, as governor of Massachusetts, he systematically set out to destroy the city of Boston—and did—reaping millions in profits for his friends in the process.

Under Dukakis's administration, over \$25 million in federal funds was siphoned off by Model Cities "developers," and the city was deprived of revenues from the builders of corporate headquarters, who were on the receiving end of billions in tax exemptions granted by Dukakis appointees. They also enjoyed tax reductions obtained by fraudulent underreporting of rental income figures to city assessors. The resulting loss in city revenues forced one budget crisis after another upon Boston's municipal government, gutting city infrastructure and services.

Dukakis peopled his administration with the heads of think tanks that were interlocked with realty trusts, such as Massachusetts Tomorrow, Bison Associates, and Citizens Housing and Planning Association. What the think tanks proposed ("a serious commitment to energy conservation could stimulate development of high-density housing") the realty trusts disposed, "rehabbing" targeted working class neighborhoods with public funds, and turning them into high-rent districts.

Dukakis's friends ran the Boston Redevelopment Authority, which dispensed tax breaks with abandon, by designating as "blighted areas" any place a speculator wanted to "upscale."

Commercial towers, such as Prudential and 1 Beacon St., were given exemptions from property taxes under the 121A law, granted by the friends of the Dukakis machine at the Boston Redevelopment Authority. From the aggregate of downtown commercial properties under 121A, with an estimated valuation of nearly \$800 million for fiscal 1983, the city received barely \$23 million in state-collected excise payments in lieu of property taxes!

The estimated total for the 121A excise for fiscal 1984 somehow slipped to \$18 million, of which only \$10.7 million was actually paid. While the assessable value of the properties rose beyond the \$800 million mark, the city received

only \$10.7 million in revenue from them in 1984. By comparison, that same year, Boston's motorists paid \$23.323 million in parking fines!

The Bank of Boston, which was not exempt, for its 100 Federal St. building, paid a property tax of only \$3 million in 1983, yet by the most charitable assessment, it owed nearly \$11.3 million. Not to be outdone, John Hancock paid less than \$4.7 million of a tax bill exceeding \$15 million. In 1987, the same pair were paying nearly \$10 million less than they owed in 1983.

It is estimated that most of the major commercials continue to underreport their actual rental income by 25-30%.

Under such circumstances, the city's vital services such as police, fire, sanitation, and hospitals, were depleted nearly to the point of collapse.

## Getting White

Dukakis was only able to secure giant concessions for his real estate friends by forcing Boston's four-term Mayor Kevin White out of office. White, with a battered constituency and few concessions left to make, had become noticeably hostile to "the Vault," the self-appointed committee of Boston's financial elite. In 1982, under a new requirement of 100% of market valuation, the White administration prepared to tax Boston's speculative skyscrapers at twice the rate of residential properties. Mayor White was also preparing to run for an unprecedented fifth term.

Meantime, the voters of Massachusetts, displeased by Governor Dukakis's first performance as governor from 1975 to 1979, defeated him in the 1978 gubernatorial primary, nominating conservative Ed King. But by 1982, Dukakis was recycled, defeating King, after a corruption scandal was cooked up on his behalf.

No sooner was Dukakis sworn in to his second term, than the guns were turned on White. A grand jury investigation, run by then U.S. Attorney William Weld, came up blank. Undaunted, Weld managed to convict a former city budget official on a minor charge. The two-year-long scandal forced White to withdraw from the race in 1983. An article in the *National Law Journal* evaluated Weld's actions as "a textbook example of a prosecutor misusing his powers to bully witnesses and manipulate the political process." When the conviction was overturned in July 1985, the U.S. Court of Appeals stated that the U.S. Constitution prohibits the application of Soviet legal principles such as "crimes by analogy."

Thus, using a combination of tax swindles, legal and judicial strongarming, and fabricated media scandals, Dukakis and his friends rolled over all opposition to turn Boston into a "post-industrial" real estate speculators' paradise. For decades, Boston had been used as a guinea pig for "social control" programs churned out of Harvard University and MIT. But, when Paul Volcker's high interest rate policies set the pace for the destruction of the nation's industry and infrastructure, Michael Dukakis was tapped to make Boston the exemplar. He performed admirably.