

# Merrill Lynch pulls out of World Trade Center redevelopment

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Dealing yet another blow to the terminally crippled rebuilding of the World Trade Center site by the New York Port Authority and billionaire developer Larry Silverstein, Merrill Lynch announced last week that it would not be moving its headquarters to one of the office towers planned, but not yet built, at ground zero.

The announcement came the day before Merrill—the nation’s largest brokerage firm and rumored to be on the short list of potential bank defaults—unveiled a fourth consecutive quarterly loss of \$4.65 billion. This brings its losses for the year to \$19 billion.

The economic crisis that has gripped Wall Street as the housing bubble collapses has already necessitated a government-organized buyout of Bear Stearns by JPMorgan Chase in March, followed by the federal assumption of mortgage giants Fannie Mae and Freddie Mac’s debts, and the default of IndyMac Bank in July.

Chase was potentially another anchor tenant at the redeveloped World Trade Center, but with its new \$30 billion acquisition, it too is unlikely to put up money for new offices.

As hundreds of billions of fictitious capital vanishes overnight, the gleaming glass towers envisioned in the architectural renderings for the World Trade Center site likewise threaten to dissolve, bringing to mind Marx’s description of capitalism in the *Communist Manifesto*—“all that is solid, melts into air.”

Yet a grim reality remains on the ground. As the seventh anniversary of the 9/11 attacks on the World Trade Center fast approaches, the 16-acre site remains surrounded by chain-link fence, a huge construction zone humming with heavy machinery on which no permanent structure has been completed.

The redevelopment of the site presents an enormous challenge objectively that cannot be addressed in any rational fashion under present conditions. The financial interests that are the driving force behind any real estate development in the city are being gripped by the worst financial crisis since the Great Depression of the 1930s, while the residents and workers in the area, as well as the families of those killed, never had any real control over what was to be built on the site in the first place.

As a result, the process has stumbled from one debacle after another. In the beginning of July, city officials acknowledged the obvious: that the project is years behind schedule and billions of dollars over budget. New York Governor David Paterson, who replaced former governor Eliot Spitzer in the wake of a sex scandal this spring, has promised to issue “firm projections for the planned memorial, museum, five skyscrapers and transit hub ... by

the end of September” (Reuters, July 1, 2008).

In other words, seven years after the attacks on the World Trade Center—which became the *casus belli* for a “war on terror” in which nearly a trillion dollars has been spent to mobilize hundreds of thousand of troops, transport them halfway around the world to Iraq and Afghanistan, and build and equip the massive US embassy in Baghdad’s Green Zone—they can’t get it together to build anything on ground zero!

Instead, the rebuilding process has exposed the incestuous relationships that exist between city and state government and powerful corporate interests, the arrogance of real estate developers and high-profile architectural firms, and their shared hypocrisy in appealing to popular sentiment that is then simply ignored.

In the immediate aftermath of the event, then-New York Governor George Pataki and then-Mayor Rudolph Giuliani established the Lower Manhattan Development Corporation (LMDC) to distribute \$10 billion in federal funds allocated by the Bush administration for the redevelopment.

However, complications were created by the fact that while the land is owned by the Port Authority of New York/New Jersey, which had built the first World Trade Center by issuing government bonds, the authority had privatized the property by leasing it for 99 years to developer Larry Silverstein just seven weeks before the 9/11 attacks. Under the terms of the lease, Silverstein has the right to rebuild the structures should they be destroyed as long as he pays the \$102 million annual base rent. This he has done out of the roughly \$4.6 billion in insurance money awarded him in 2004 after acrimonious litigation with his insurers over whether the attacks by two planes constituted one “occurrence” or two.

So final say over what is built rests with the developer, despite the fact that the site is technically public land financed with government funds. Responsibility is passed like the proverbial buck between them, with the true costs borne mostly by the people who work and live in the area and the people who wish to commemorate those who died.

The first phase of work on the site was the excavation of more than a million tons of rubble from the collapsed Twin Towers and five smaller buildings that made up the original World Trade Center, which totaled 11.2 million square feet. In addition to the iconic towers, the complex extended deep under ground, housing the largest mall in Manhattan, as well as the terminal for the

NY/NJ PATH trains and municipal subway lines.

It took nearly nine months to clear the debris away—a mountain of glass, steel, marble, granite, plastic, melted computers, wiring, and potentially asbestos and other hazardous waste. The grueling and dangerous work, often carried out without proper respirators and safety equipment by workers working around the clock, has resulted in health claims of a minimum of \$350 million, which the city has repeatedly attempted to shirk. (See “Fearing new 9/11 scandal—Bush forced to cover World Trade Center health claims” )

Most recently, in the beginning of July, attorneys for 9/11 workers filed millions of pages of documents in response to a new city report which calls their health claims bogus. More than 10,000 workers say they have suffered respiratory injuries, asthma and cardiac conditions caused by their work on “the pile.” The city, which insists their symptoms are nothing more than those of a common cold, is unlikely to reevaluate its decision to deny payment.

In addition, the recovery of the remains of the nearly 3,000 victims complicated the excavation work, as families sought to recover any traces of lost loved ones. Despite the crocodile tears shed by officialdom for those who died in the attacks, the demands of their families that some kind of meaningful memorial be created have often been treated as a nuisance. This past month, another case brought by families seeking to recover the approximately 1.2 million to 1.8 million tons of rubble dumped in the Fresh Kills landfill in Staten Island to have it moved to a more suitable location and a cemetery created was dismissed by a US judge.

Furthermore, little has come of the official plans for a memorial. Nothing has been built yet of *Reflecting Absence*, the Michael Arad/Peter Walker design for twin reflecting pools to fill the base of the former towers. The choice of Arad’s design in 2003 over that originally proposed in Daniel Libeskind’s master plan exposed the sharp tensions between the high-profile architectural firm selected with much fanfare by a worldwide competition held in 2002 and Silverstein’s architect David Childs of Skidmore, Owings & Merrill. The latter has intervened repeatedly to modify the original design.

The \$3 billion Freedom Tower was to be the linchpin of the design, its much-hyped torqued glass tower to soar 1,362 feet—the exact height of the original World Trade Towers—with a radio antenna extending it to a symbolic 1,776 feet. It is unclear how much of Libeskind’s design remains on the drawing board. In 2005, when construction was at last about to get under way, the New York Police Department announced that the vaulting glass lobby was vulnerable to a terrorist attack, so it was hastily reconfigured by Childs to have a 20-story concrete base, i.e., the height of a high-rise building *in itself*, with narrow slits instead of windows, disguised with mirrored panels. The ominous result has been derided as the Freedom Bunker, or Tower of Impregnability.

Merrill Lynch’s pullout of one of the other three towers that Silverstein is obligated to rebuild—the Port Authority is technically responsible for the Freedom Tower—puts the whole project in jeopardy. The economic crisis only further winnows the number of potential tenants willing to take on the inconvenience of relocating to a site that is projected to be under construction until 2013 at a

minimum.

Other components of the design are either on hold or being pared down. The grandiose transportation hub designed by Santiago Calatrava has been trimmed in size and complexity. By the time it is built, it may look like little more than the perfectly serviceable “winged” tent that has served as the entrance to the PATH train for the 50,000 daily commuters since 2003. The entrance was last moved to its third temporary site in April 2008 to make way for construction of the Calatrava station, which is supposed to be completed by 2011.

Progress on the two-part arts complex has imploded after a series of setbacks. In April 2004, the LMDC quietly announced that the performing arts center, which was to be designed by internationally renowned architect Frank Gehry to showcase the Joyce International Dance Center and the Signature Theater, would not be included in the \$500 million fundraising drive for the memorial and museum, but was being held for an indeterminate “phase two.” The financial decision sought to mask the ongoing conflict between those who felt all aspects of the site’s redevelopment should be subordinated to the memorial, the most extreme position insisting that the whole site be consecrated as hallowed ground, and the neighborhood’s desire for cultural institutions and other improved amenities in the area.

In 2005, the conflict burst into the open when one of the most right-wing of the survivors’ families groups demanded the right to vet all the art displayed or performed in the complex. A group called “Take Back the Memorial” was formed—in part due to frustration over the failure to follow through with anything to commemorate the victims. It alleged that the Drawing Center and the International Freedom Center would show “inappropriate” art and host controversial debates and programs in conjunction with the Tribeca Film Festival that were not sufficiently respectful and patriotic. As a result, the Drawing Center pulled out, its exit followed by that of the Signature Theater in 2007.

Finally, plans for the museum have also been warehoused. The most that has been accomplished is the recent transfer of the so-called “Survivor’s Stair” to a temporary storage space to await relocation to the future museum. The staircase was used by many people to reach safety on 9/11, and it remained intact after the collapse. It has also been called a “silent witness” to that day’s events.

With nothing but a whitewash provided by the 9/11 Commission’s Report, there has yet to be a credible official explanation of the crashing of two airplanes into what had been acknowledged to be likely targets for a terrorist attack, by terrorists whose presence in the US was known at the highest levels of the Bush administration. It would seem that those most responsible would prefer all their witnesses be silent ones and their memorials thin air.



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