

\$100 million contribution to New York's Central Park

Hedge fund billionaire Paulson spruces up the front lawn

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Billionaire hedge fund manager John Paulson has given \$100 million to the private non-profit conservancy that maintains Central Park in New York City last week, in what is the largest ever donation to any public park, and indeed to any cultural institution in the city according to the *Wall Street Journal*.

Paulson's remark that the park was the "most deserving of all New York's cultural institutions," as well as its most democratic, has been praised by political and business circles, even as the outsized gift underscores the inequality that prevails in a city that is home to the world's largest concentration of millionaires and billionaires.

While technically free and open to the public, and apparently the most-used park in the world with 40 million visitors a year, Central Park is nonetheless the front yard of the super-rich. Surrounded by some of the wealthiest US zip codes, it is the "neighborhood park" of the elite, which includes Paulson, who bought his 28,500-square-foot townhouse overlooking the park at East 86th Street for \$14.7 million in 2004.

Paulson's gift was applauded by his Upper East Side neighbor and fellow billionaire, Mayor Michael Bloomberg, who has championed the privatization of many of the city's services—from hospitals and homeless shelters to schools and parks—in part through the establishment of such "public-private" partnerships as the Central Park Conservancy.

New York City devotes just \$291 million—less than half a percent (.005%) of its operating budget—to parks, despite having the largest municipal parks system in the United States, leaving facilities outside of Manhattan's upper-income areas severely under funded.

Holly Leicht, the executive director of the advocacy group New Yorkers for Parks, called Paulson's donation good for all parks because it highlighted "how important parks are to people" and said it would hopefully inspire other generous donations.

City officials promote the farcical notion that conservancies can be replicated to similar effect in poor and working class boroughs such as the Bronx where, for example, a local "friends of the park" group struggles to raise a pittance to care for Pelham Bay Park, which is three times larger than Central Park.

Such public-private partnerships work only for parks located in affluent neighborhoods, said Geoffrey Croft of NY Park Advocates in *Bloomberg Businessweek*. Friends of the High Line in Chelsea or Brooklyn Bridge Park Conservancy in Brooklyn Heights in fact played an active role in financing new parks as part of their high-end housing developments.

As one possible solution, Melissa Mark-Viverito, a Democrat who heads the City Council's Parks and Recreation committee and whose Manhattan district of East Harlem includes a portion of Central Park, called for the formation of a city-wide conservancy for the rest of New York parks.

Such an institution does in fact exist. The City Parks Foundation augments the Parks Department budget primarily with arts, education and sports programming, as well as by supporting volunteer efforts in parks citywide. Its main revenue generator is the SummerStage concerts at Central Park, with sponsorship from such major corporations as AT&T, Disney, Time Warner, ConEdison, Bloomberg, and JP Morgan Chase, all of whom benefit from low cost advertising in exchange for their donations.

The Central Park Conservancy model which is being promoted is one in which a small top staff is handsomely paid. Doug Blonsky earns \$500,000 year as chief executive, while his top eight staffers each earn \$150,000 and the remaining staff of 250 is augmented with 3,000 unpaid volunteers.

On the other hand, Parks Department staff for the entire city has been cut by 25 percent since 2009 to 5,744 employees.

They are responsible for maintaining 29,000 acres of park land, including 1,800 parks, more than 2,500 greenstreet sites, nearly 1,000 playgrounds, more than 800 athletic fields, more than 550 tennis courts, 54 outdoor swimming pools, 12 indoor swimming pools, 31 indoor recreational centers, 12 field

houses, six community centers, more than 600 comfort stations, 14 miles of beaches, 13 golf courses, six ice rinks, five major stadiums, 17 nature centers, 13 marinas and four zoos. The department is also responsible for approximately 650,000 street trees and two million park trees, 23 historic house museums and more than 800 monuments, sculptures and historical markers.

It has become increasingly obvious that such a small staff on such a small budget—only three times Paulson’s single donation to a single park—cannot possibly maintain the city’s parks. Instead, such conservancies have become a “shadow” parks department, a source of supplemental income and labor directed to the parks of their wealthy donors’ choosing.

NYC Parks was mandated by City Council legislation four years ago to disclose all of its contributions from private donors on a park-by-park basis. However, according to the *New York Times*, “Of the over three dozen park conservancy groups listed in a 2007 study by the Citizens Budget Commission as having expenditures high enough to meet the law’s reporting thresholds, the parks department included only seven in its 2010 report.”

And those omitted include some of its largest donors, like the Central Park Conservancy, which had spent \$28 million in the period, as well as other well endowed groups like Union Square Partnership, the Madison Square Park Conservancy and the Friends of Washington Square Park, all in Manhattan.

“Whether it’s for schools, or parks or any public place, the public should know where the private money is coming from and what it’s buying. It’s basic good government,” said Mr. Gerson, a Manhattan Democrat and former councilman who sat on the parks committee in 2008.

But having established that the rich are buying what they want for themselves in parks as in everything else, so what? Gerson and his fellow Democrats propose nothing or are indifferent.

Just as Obama’s Race to the Top program, under the pretense of “education reform,” has been used by the ruling elite to dismantle the public education system and replace it with for-profit charter schools subsidized with public money, conservancies likewise pave the way for the privatization of public space and parks.

A similar pattern emerges. After chronically under-funding a resource upon which the majority of working people depend with the claim that “there is no money,” the ruling elite then uses its deterioration as a pretext to promote “public-private” partnerships. This allows them to funnel greater resources to their own parks and then argue that it is necessary to open public space up to private investors, such as food concessions, major league sports stadiums, even malls, as has been proposed in Flushing Meadows-Corona Park in Queens, in order to generate revenue, from which they also profit.

Indeed, upon receiving news of Paulson’s gift, Blonsky of the Central Park Conservancy commented, “John is a man who knows a good investment when he sees one.” Paulson became a trustee last year, and while the conservancy declined to comment as to whether he would have direct control over the money he donated, it is unlikely with his history that he would be hands-off.

Paulson, it will be remembered, made his fortune by suckering investors at Goldman Sachs into buying a subprime mortgage-backed collateralized debt obligation (CDO) called Abacus, marketed by Goldman in April of 2007, while betting that the debts would fail. Paulson ended up pocketing \$1 billion from the collapse of the mortgages and the losses of those who bought into the CDO. Along with profits from other investments, this enabled him to pocket \$4 billion in 2007.

Rather than bring any criminal charges against Wall Street speculators like Paulson, who made off with billions with the help of the Obama administration’s bailout of the banks in 2008, the Securities and Exchange Commission settled its civil indictment of Goldman by merely fining the investment house \$550 million in 2010.

In the so-called economic recovery since 2008, 93 percent of which has flowed to the very bankers and hedge fund managers who caused the collapse, Paulson has continued to do very well. According to the *Wall Street Journal*, in 2010 his salary was almost \$5 billion, and he was ranked No. 61 on the 2012 Forbes list of the world’s wealthiest people, with a net worth of \$12.5 billion.

In this context, \$100 million for Central Park is small change, and an easy way to launder some ill-gotten gains, while sprucing up the front lawn.

Indeed, Paulson remarked of his domain to the *New York Times*, “I like the park in all the seasons. ... It’s very peaceful when it snows. But you have to wear the right shoes.”



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