

USA, Inc.?



by Paul Engel

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- There are some who claim that the United States became a private corporation in 1871.
- What about The District of Columbia Act of 1871? Did that turn America from a constitutional republic into a corporation?
- Does the Constitution allow Congress to incorporate the United States of America?

One concept that I often see or hear people express is that the United States is now a private corporation. Those who make these claims often cite [The District of Columbia Act of 1871](#) as proof. This “fact” is then used to support various positions or explain why or how certain acts of government take place. So let’s look at [The District of Columbia Act of 1871](#) and the Constitution of the United States to see for ourselves if we are no longer citizens of a union, but subjects of a corporation.

I will not be reviewing all of the text in [The District of Columbia Act of 1871](#) for one simple reason: It’s long. In fact there are 41 sections spanning eleven pages. Since most of this legislation is a charter for the new government of the District of Columbia, it’s not pertinent to this conversion. However, Section 1 is.

The District of Columbia

To understand this piece of legislation, it would help to know

the special role the District of Columbia plays within the United States.

To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States,

[U.S. Constitution, Article I, Section 8, Clause 17](#)

The Founding Fathers expected the states to quarrel. To prevent one state from holding undue influence over the government of the new union, Congress was given exclusive legislative control of a district no larger than ten miles square that would become the seat of the government of the United States. In 1788, Maryland ceded land for this federal district, and in 1789, Virginia did the same. Then, in 1790, the Residence Act mandated that this ceded territory would be the permanent seat of the government of the United States. In 1801 the "Act concerning the District of Columbia" divided the district into two counties, Alexandria and Washington, each with their own courts, judges, and justices of the peace. The act left the cities of Washington, Alexandria, and Georgetown in place, each with their own municipal governments.

As early as 1803 we find legislation that would return the territory south of the Potomac River (Alexandria County) to Virginia, though there was little support until the 1830s. In 1846 Congress, with the approval of the Virginia General Assembly, returned the territory to Virginia.

The District of Columbia Act of 1871

Thus the stage was set for [The District of Columbia Act of 1871](#).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all that part of the territory of the United States included

within the limits of the District of Columbia be, and the same is hereby, created into a government by the name of the District of Columbia, by which name it is hereby constituted a body corporate for municipal purposes, and may contract and be contracted with, sue and be sued, plead and be impleaded, have a seal, and exercise all other powers of a municipal corporation not inconsistent with the Constitution and laws of the United States and the provisions of this act.

The District of Columbia Act of 1871

So, if the District of Columbia already had two county governments, what was the purpose of the 1871 act? The 1801 act created two counties, but did not governments for them. During and after the Civil War the population of the District grew tremendously. Congress determined that the local governments were not capable of handling the increasing demands of the new population. Their response was The District of Columbia Act to create a new unified government for the District. Section 40 of the act repealed the charters for the cities of Washington and Georgetown, but left the cities and laws generally intact. The rest of this act was primarily the charter establishing this new government.

So what did this act actually create and why do people claim that this legislation made the United States a private corporation? It seems the idea that the United States is now a private corporation stems from the language "is hereby constituted a body corporate for municipal purposes". In other words, the District of Columbia is a municipal corporation.

A municipal corporation is a city, town, village, or borough that has governmental powers. A municipality is a city, town, village, or, in some states, a borough. A corporation is an entity capable of conducting business, Cities, towns, villages, and some boroughs are called municipal corporations because they have the power to conduct business with the private sector.

[Municipal Corporation – The Free Legal Dictionary](#)

While the idea of a municipal corporation is something most Americans will never truly consider, The Free Legal Dictionary breaks it down fairly simply. A corporation is an entity capable of conducting business. For example, The Constitution Study is a sole-proprietorship, meaning I alone own it. While I do business in the name The Constitution Study, it's me and me alone doing business. Should I one day form a partnership with someone, although we'll be doing business in the name of the partnership, it's the partners who are doing business. Should I want to create a separate entity to do business, I would create some form of corporation. Then, when the corporation did business, it would be the corporation rather than the owners who are doing business.

While we often think of corporations as large businesses, there are many different types of corporations. One type of corporation is a municipal corporation. This is where a city, town, or village, incorporates so that it can do business separately from its citizens. Another example is that I live in an unincorporated town in Tennessee. My town cannot contract with someone, because it is not a legal entity. If the people of my town want to contract to do something, we have to choose individuals who will contract with others to get the work done. Since this is not a very good way to do business, we often see that as cities and towns get larger, they tend to incorporate. Not far from where I live is a small city that is incorporated. There are city employees, city property, city vehicles, and the city can contract with vendors to get work done like maintaining the streets or handling garbage. Also, as a municipal corporation, that city has governmental powers such as legislating and executing their laws.

So what [The District of Columbia Act of 1871](#) did was nothing more than create a government called the District of Columbia as a municipal corporation. Meaning the district can

legislate, enforce, and contract with others.

Did the Act Create Corporate USA?

Most people who tell me that the United States is a corporation seem to be merely repeating something they were told. The few examples I've found where people try to explain how [The District of Columbia Act](#) created a private corporation, their reasoning falls flat.

One claim is that the District of Columbia had already been municipally incorporated, so the 1871 act must have created something else. However, the [District of Columbia Act of 1801](#) doesn't actually say it created a municipal corporation.

Section 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the laws of the state of Virginia, as they now exist, shall be and continue in force in that part of the District of Columbia, which was ceded by the said state to the United States, and by them accepted for the permanent seat of government; and that the laws of the state of Maryland as they now exist, shall be and continue in force in that part of the said district, which was ceded by that state to the United States, and by them accepted as aforesaid.

[District of Columbia Act of 1801](#)

So the laws of the states that ceded that land to the district would remain in place. Furthermore, the [District of Columbia Act of 1801](#) did not create a district government, it created two counties based on the land of the original states.

SEC. 2. And be it further enacted, That the said district of Columbia shall be formed into two counties; one county shall contain all that part of said district, which lies on the east side of the river Potomac, together with the islands therein, and shall be called the county of Washington; the other county shall contain all that part of said district, which lies on

the west side of said river, and shall be called the county of Alexandria; and the said river in its whole course through said district shall be taken and deemed to all intents and purposes to be within both of said counties.

District of Columbia Act of 1801

Yes, courts were set up for these counties and a U.S. Marshal and Attorney were assigned to the district, but there were no governmental powers delegated to the district itself.

Another claim is that the 1871 act was unlawful since you cannot have an organic (or first) act when an act is already in place. As I've shown, there was no government for the District of Columbia. In fact, the only governmental offices authorized by the 1801 act were judges in the two counties. The existing charters for the cities of Georgetown, Washington, and Alexandria were left in place. Section 40 of the 1871 act repeals the charters for the cities of Washington and Georgetown (Alexandria having been receded to Virginia in 1846), with the new corporation the District of Columbia being the successor of those two cities. Since there was no government or corporation called The District of Columbia before 1871, [The District of Columbia Act of 1871](#) is an organic act, creating a new entity.

The last argument for a corporation called the United States is the assumption that, even though [The District of Columbia Act of 1871](#) specifically states that it's creating a municipal corporation, somehow it magically became a private corporation owned by the government. Some have gone so far as to claim that since, in their opinion, the seat of the federal government is actually a private corporation, then the entire country somehow became one. I have yet to have anyone provide a cogent basis for that argument.

Conclusion

The easiest way to rebut the claim that [The District of](#)

[Columbia Act of 1871](#) turned the United States into a private corporation comes from the legislation itself.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all that part of the territory of the United States included within the limits of the District of Columbia be, and the same is hereby, created into a government by the name of the District of Columbia, by which name it is hereby constituted a body corporate for municipal purposes, and may contract and be contracted with, sue and be sued, plead and be impleaded, have a seal, **and exercise all other powers of a municipal corporation not inconsistent with the Constitution and laws of the United States** and the provisions of this act. (emphasis added)*

[The District of Columbia Act of 1871](#)

There's nothing in the Constitution or laws of the United States that allows the District of Columbia to be a private corporation or to exercise any power over another city or state. This appears to be little more than a tactic to scare the American people into believing their control over government has been taken away by some mysterious cabal of evil doers. Sadly, the truth is even worse. Our power to control government was not been taken away, we are merely unwilling to wield it or to wield it justly.

Hopefully this will be an example of why it's so important to go back to the original documents to see if what you are being told is true. As Ronald Reagan said, trust, but verify.

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[BIO: Paul Engel founded The Constitution Study in 2014 to help everyday Americans read and study the Constitution. Author and speaker, Paul has spent more than 20 years studying

and teaching about both the Bible and the U.S. Constitution. Freely admitting that he “learned more about our Constitution from School House Rock than in 12 years of public school” he proves that anyone can be a constitutional scholar. You can find his books on Amazon and Apple Books. You can also find his books, classes and other products at the Constitution Study website (<https://constitutionstudy.com>).]