

Bankers Wield Ax on New York

As the June 30 contract expiration date for 150,000 New York municipal workers approaches, the New York banks have launched an all out offensive against the New York unions and population to assert their political hegemony over the city as a show of force to their debts around the world. The banks and their henchmen are being impelled in this direction by the full weight of international political and financial pressures upon them. Backing up the bankers' dictates to the city, Treasury Secretary William Simon has reiterated his threat to cut off New York's Federal credit line on July 1 should the city grant the union any concessions.

Last week the banker-run Municipal Assistance Corp., the Emergency Financial Control Board, and the "advisory boards" planted by them over the last year in the New York City government stepped up their efforts to sweep away existing governmental institutions and simultaneously opened direct fire against the unions. On June 4, echoing charges made by MAC Chairman Felix Rohatyn of Lazard Freres two days earlier, EFCB executive director Steven Berger called Mayor Abe Beame's \$12.5 billion budget wholly inadequate and ripped up the budget and the Mayor's proposed three-year austerity plan. Calling on Beame to plan an additional \$150 million in "standby" cuts should there be "slippage" in the proposed budget, both Rohatyn and Berger emphasized the need for improved "management" of the city. The aim of such management reform is to remove city officials who are susceptible to political pressures and replace them with individuals who are susceptible to political pressures and replace them with individuals like Steven Berger who are professional fascist administrators. Such administrators have no ties to any constituency except their employers — the banks.

"No matter what is set forth in the budget," Rohatyn said in what the New York Times called "eloquent Churchillian prose," "its content and performance will depend, in the final analysis, upon the quality of the management of the City. When we speak of management, we are concerned with the establishment of priorities, productivity, and control of program direction. The role of the chief executive is crucial; the quality of program direction is important, and the expertise of middle management is vital. The efficacy of all these components will be significantly increased if and when the civil service is made more flexible." On June 4 the New York Times reported that the Management Advisory Board, chaired by MAC board member and president of Metropolitan Life Insurance Company Richard Shinn, is preparing a plan to reform civil service in New York, including changing hiring regulations to eliminate so-called patronage abuses. The first overhaul of the civil service system in the city was effected during the Lindsay administration and allowed the Mayor to remove Democratic Party stalwarts and install his own crew of "whiz kids" in vital posts.

On June 3, the Temporary Commission on City Finances released a 112-page research report documenting fringe

benefit and pension "excesses." The next day, the Times editors strongly endorsed the report, praised its authors for blowing the whistle on the waste and called for the benefits to be swept away in the new municipal contracts.

This other critical front of the bankers' assault — the containment of the municipal unions — is being taken care of by Victor Gotbaum, AFSCME District Council 37 executive director. On June 5 Gotbaum called off a scheduled June 7 strike against the closing of three more city hospitals by 20,000 hospital workers in AFSCME Local 420. Instead Gotbaum referred the matter to an "arbitration panel" headed up by Basil Paterson, chairman of the Institute for Mediation and Conflict Resolution at Theodore Kheel's Automation House.

One day later, city negotiators, sitting down to talk contract with the unions, presented a list of 54 demands straight out of the Temporary Commission Report, leading off with a demand for a five hour increase in the work week. This amounts to a straight 15 per cent pay cut, since Rohatyn's cronies on the state EFCB have already ruled out any wage increase for city workers, a decision Gotbaum allowed to be enforced against New York transit workers earlier this spring.

In addition, the city demanded the reduction of vacation time from four weeks or more to one week for nearly all city employees, reduction in city payments to the employees welfare funds and the complete elimination of these payments for retired employees, and the deduction of one quarter of the health insurance premiums for city workers from their paychecks. Allowing for the erosion of wages through inflation, as well as these reductions in so-called fringe benefits, the city's demands add up to at least a 30 per cent across the board pay cut for its unionized workforce.

Speaking brazenly of "one-way" collective bargaining, chief negotiator for the city Anthony Russo added, "There are further layoffs in the offing. We cannot guarantee there will not be more layoffs no matter how much more we give up." Gotbaum, after delivering himself of his ritual howls of agony — "I'll be goddamned if we will take any more cuts!" — in the next breath whimpered "what we want is for collective bargaining to survive, even in depressed conditions."

After a full year of "collective bargaining" a la Gotbaum under Big MAC bankers' rule, debt service payments — on behalf of which MAC is circulating ever larger whirlwinds of worthless paper, and Gotbaum is sacrificing ever larger portions of workers' living standards — have grown from about \$2 billion annually to nearly \$2.5 billion. Adding the increase in debt service to the \$379 million in official cuts, and taking into consideration that according to the city's own 6 per cent inflation figure, this year's budget should have been increased by some \$650 million to compensate for inflation, it is obvious that the city has actually reduced its budget for services by at least \$1.5 billion, or about 12 per cent.