

'Doomsday' Budget For New York City

by Mary Jane Freeman

Fire! It's blazing in your Brooklyn neighborhood. It's 7:00 at night. Four and a half minutes later the New York Fire Department (NYFD) company arrives, the fire is brought under control, and no lives are lost. You were lucky. By the end of May, under the announced budget cuts of New York City Mayor Michael Bloomberg, your local fire company will close. Response time for a company farther away will be longer and lives will likely be lost.

On April 3, Bloomberg issued a two-tiered 2004 budget. The first immediately cuts \$600 million. Thousands of layoffs of city workers have begun, along with the closure of eight firehouses, and cuts to health, education, and seniors programs. The second tier, dubbed a "doomsday" contingency plan, slashes \$1 billion if promised state aid fails to materialize and/or new tax revenue streams devised as a temporary fix, fall short, which is likely in these depression times.

The bursting of the stock market bubble has hurt the city's revenue base, as it became heavily dependent on the Wall Street speculative economy after its 1970s fiscal crisis. (In 1975, a bankers' dictatorship, known as "Big MAC"—the Municipal Assistance Corp./Emergency Financial Control Board—took over the city, and imposed a policy called "planned shrinkage." Shrunk was the city's productive workforce, especially its manufacturing sector, and city services.) Bloomberg, raising the specter of Big MAC, warned, "We must not . . . surrender our destiny to the Financial Control Board." So, instead, he will impose the austerity himself. His cuts will include immunization programs and sanitation jobs, the loss of which will expose citizens to potential epidemics, amidst collapsing physical and social infrastructure.

Over a year ago, the city had a \$7.5 billion deficit. To "fix" it, the Mayor slashed the budget, streamlined services, and raised property taxes by 18.5%. Still, revenues kept falling, and so the deficit hole grew again. By January it grew another \$2.9 billion, and as of March 30 it was \$3.8 billion. This shortfall is fueled by steep unemployment, which is now at 8.8% citywide, 2.8% higher than the official national rate; it is up to 11% in the Bronx and 9% in Manhattan!

Public Safety and Health Care Jeopardized

Bloomberg blames the labor unions for the new cuts because they failed to capitulate to his demand for \$600 million in concessions. The \$600 million plan will: lay off 194 Fire Department positions and reduce fire marshals by 25%, down

to 83 for the whole city; lay off 1,631 non-teacher school employees; close 4 child service facilities; close 12 of the 30 child health clinics; cut 165 school health jobs; end a hepatitis B immunization initiative; end a take-home weekend meals program for 7,500 senior citizens; and close two seniors centers. Cuts to the Transportation and the Parks and Recreation departments will reduce rush hour services and close the city zoos. These new cuts, combined with the \$3.2 billion axed over the last 16 months, mean 17,700 jobs are gone and programs reduced.

Even this first level of Fire Department cuts will jeopardize adequate protection for city residents. "After all the cuts . . . already made to fire marshals, and proposed firehouse closings, [we] will not be able to provide the level of fire protection that citizens need," said Stephen Cassidy, president of the Uniformed Firefighters Association. These staff and facility reductions mean the NYFD would be unprepared "for a possible terrorist attack or to handle two or more disasters at the same time."

'It's Going To Be Hell'

Bloomberg's \$600 million plan factors in getting about \$2.7 billion in new revenues from various state aid programs and/or taxing powers for the city. If the "doomsday" plan goes into effect, here's what can be expected. Cuts under this plan will result in 10,000 more job losses, shutter up the 18 remaining child health clinics, and close 30-40 more firehouses, as well as shut fire houses at night! The insanity of such a move was ridiculed by Cassidy: "The fact is, 73% of fire deaths occur between 6:00 p.m. and 9:00 a.m."

Police Department funds have already been cut by \$413,000 and would now be cut another \$155.3 million. Its July 2003 cadet class would be scrapped, severely reducing the police force to below 36,000. Patrick Lynch the president of the Police Benevolent Association (PBA), said, "We won't be able to stay up on crime. There are not enough police officers to man the radio cars in precincts. We're losing 300 officers every month," and there's already "a spike in homicides." Al O'Leary, a PBA spokesman, added, "New York is still the number-one terrorist target. Reducing the already dangerously low staffing levels . . . is sheer lunacy that will cost this city thousands of times in losses what it will save today." Sanitation Department cuts will mean 1,057 layoffs affecting collection, recycling, and street-cleaning functions. "You're talking about flies [and] . . . rats, etc. when pickup is once a week. It's going to be hell," a Queens resident railed. In this day of SARS and West Nile viruses, such cuts will hearten only the Grim Reaper.

Compounding this threat to the health of city residents are the planned cuts to Human Resources, eliminating city-funded HIV/AIDS and emergency food assistance programs, and Homeless Services' outreach programs and cleaning staff for homeless shelters.

Not only will child health clinics and school nurses be

cut, but Education Department after-school programs and Summer school for 29,500 students will, too. Children will have nowhere to play but garbage-cluttered streets, as the Parks and Recreation cuts will close all outdoor pools and city-funded recreation centers by Summer. Rose Anello of the Citizens' Committee for Children of New York summed it up: "It will create a domino effect. . . . The elimination of child care for low-income working parents will force many to give up their jobs, creating higher unemployment and swell the welfare rolls. We can expect a drastic increase in homelessness, too, if single parents have to quit their jobs."

Whether the Mayor's \$1 billion "doomsday" plan, slashing "virtually every service," will be implemented won't be determined until May 14, when Gov. George Pataki (R) decides to grant or veto a budget deal concluded on May 5. A \$2.7 billion bailout deal agreed to by Bloomberg, the New York City Council, and the state legislature authorizes the city to raise the sales tax rate by 0.08%, and to hike an income tax surcharge on city residents earning \$100,000 or more. Estimates are that the sales tax hike will raise \$115 million a year, and the income tax surcharge another \$400-600 million. Other, smaller taxing powers were granted, some aid for education agreed to, and the state will assume \$500 million of the city's Big MAC debt interest payments.

Pataki, a GOP tax-cut devotee, considers the deal a "fiscal disaster," and has strongly hinted that he will veto it in part or whole. Were the legislature to override his veto and the deal to go ahead, it remains to be seen whether the expected new revenues would materialize. As more people join the ranks of the unemployed or lose their shirts in the stock market, it is indeed a fool's errand to expect that such tax revenue streams will fill the void.

The state legislature's Black, Puerto Rican, and Hispanic Legislative Caucus even proposed re-instituting a stock-transfer tax which was repealed in 1981. The Caucus estimates it would generate up to \$2.75 billion a year. In itself, such a tax is not a bad idea; but it fails to address the underlying breakdown of the city's economy. Democratic Presidential pre-candidate Lyndon LaRouche, years ago, had called for a similar tax at the height of the stock market bubble, as a way to destroy this speculative succubus which has bled investments out of the physical economy. Bloomberg, a Wall Street tycoon himself, has flatly rejected the idea, arguing that it will "kill" jobs—i.e., Wall Street jobs.

If Bloomberg truly doesn't want a return to a Big MAC bankers' dictatorship when "we cut services so the streets weren't safe any more," as he told WNBC.com in an interview, then he'll have to listen to LaRouche. Over the years, LaRouche has called for a city-building project to restore New York to its greatness. Today that would mean instituting his "Super-TVA" infrastructure-vectored job-creation approach, with bankruptcy reorganization of the doomed monetary system as the only human solution to Federal, state, and local budget crises.