

Mayor Bloomberg Readies Budget Axe

by Mary Jane Freeman

In the footsteps of fascist Felix Rohatyn's 1970s New York City budget gouging, would-be 2008 Presidential contender and New York City Mayor Michael Bloomberg is readying a deadly budget axe as the City's 2009-11 fiscal budget deficits explode. Sounds of the sharpening of Bloomberg's axe surfaced again on Jan. 7 when the City's Independent Budget Office (IBO) estimated the fiscal year budget deficit at \$3.1 billion, "roughly \$360 million more than the Bloomberg Administration estimated in October," the IBO report stated. Almost immediately, various media outlets began the drumbeat to rescind tax cuts and rein in labor costs and other expenses.

But the City's poor are already suffering: The number of homeless families in New York City shelters is now at a record 9,500. Yet on Oct. 12, the Bloomberg Administration announced that those who are awaiting "certification" that they are officially homeless would no longer be admitted to stay in a shelter for one night on an emergency basis.

In November, a spokesman for Councilman William De Blasio told *EIR* that New York has lost 12 million pounds of food for the poor since 2004 as a result of reduced Federal aid. Yet, Bloomberg is adamant that he will continue to require fingerprinting for recipients of Federal food stamps. This Kafkaesque practice ends up blocking food aid to many needy people, but the Council was told that it is needed to combat "food fraud."

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De Blasio's spokesman said that 1.1 million people get food stamps in New York City, and there have been 31 documented cases of "food fraud."

In October, Bloomberg's budget director Mark Page put the City's 2009 fiscal year (beginning July 1, 2008) deficit at \$2.7 billion, as the housing market collapse hit the financial services sector from which the City derives more than 25% of its revenues. Another \$11.3 billion in revenue shortfalls were added to Page's estimates for fiscal years 2010 and 2011. As revenues continue to plummet, with a credit freeze by the world's biggest banks spurred on by the demise of the housing bubble, Bloomberg has responded with "belt tightening" measures, a hiring freeze, and 2.5% cuts in spending by City agencies for the rest of this fiscal year and a 5% cut of the FY 2009 budget. Later in December, with revenues still shrinking, Bloomberg warned "tough times" are ahead.

The reality is that the IBO estimate is too low; it assumes no "recession," that Wall Street firms will "break even" for 2007, and that "commercial real estate" will "remain strong." Reality is otherwise: Wall Street write-offs, already in the multi-billions, mount by the day—on Jan. 8 Citigroup reported fourth-quarter 2007 losses of at least \$16 billion, on top of the \$3.8 billion losses, collectively, for the New York Stock Exchange firms from their November third-quarter loss reports. Were Wall Street firms to "break even," the resulting \$5 billion profits in 2007 would be a 75% decline from record profits in 2006! This decline has led to the City's personal income tax collections being down \$207 million this current budget year.

But such losses will be even greater. Credit default swaps/credit derivative markets are expected to lose from \$250 billion to \$1 trillion, according to mid-January reports by PIMCO and Moody's. Add to this, collections of the City's two key real estate taxes—mortgage recording tax and the real property transfer tax—being short by \$174 million and \$82 million, respectively. The other big revenue hole to date is the City's general corporation tax, which is \$145 million short of the budgeted level.

Bloomberg's 'Big MAC'-Style Fix

Bloomberg is notorious for slashing budgets and imposing austerity measures. Following the bursting of the 2000-01 IT bubble and the 9/11 attacks, FY 2003 revenues plummeted and the cutthroat investment banker-turned-mayor "fixed" a



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Even before the new round of deep cuts in New York City's budget, threatened by Mayor "Benito" Bloomberg, the effects of his economic policies over the past six years in office can be seen in the proliferation of the "underground" economy. Shown, one of the ubiquitous street vendors, largely homeless people, on Fifth Avenue.

\$7.5 billion deficit by gouging the budget, streamlining services, and raising property taxes by 18.5%.

In January 2003, Bloomberg raised the specter of the 'Big MAC' "planned shrinkage" policy of fascist austerity imposed on the city by a bankers' cabal headed by Lazard Frères' Felix Rohatyn. (In 1975, a bankers' dictatorship, known as "Big MAC"—the Municipal Assistance Corp./Emergency Financial Control Board—took over the city, shrinking its productive workforce and cutting city services.) Bloomberg, in announcing the FY 2004 budget, warned, "We must not ... surrender our destiny to the Financial Control Board." So, instead, he imposed the austerity to plug a \$3.8 billion budget, cutting immunizations, hundreds of sanitation and civil fire department jobs, over a 1,000 school jobs, closed health clinics, and cut a seniors' food program, on top of 14,000 other layoffs and additional program cuts.

Bloomberg's next target is city services. He will release his FY 2009 Preliminary Budget and Four Year Financial Plan on Jan. 16, and deliver his State of the City speech on Jan. 17. By law, his preliminary budget must patch the \$2-3 billion budget gap. It is a sure bet Bloomberg's speech will call for "sacrifice," the very theme of the just-concluded Oklahoma "national unity" rally which promoted kinder gentler fascism as well as a Bloomberg Presidential bid. "Fiscal pain is ahead," a Jan. 7 *New York Times* piece noted, referring to Bloomberg's plans.