

Christmas in New York

Billions in bonuses for Wall Street execs, mayor denounces “selfish” transit workers

By Jerry Isaacs

23 December 2005

Earlier this week New York’s Mayor Michael Bloomberg denounced striking transit workers as overpaid and selfish “thugs” who were indifferent to the impact of their walkout on the city’s working poor. These comments were rather rich coming from a mayor who, with a net worth of \$5 billion, is rated number 34 on Forbes magazine’s list of wealthiest Americans.

But Bloomberg wasn’t speaking just for himself. The transit strike was viewed as a virtual slave rebellion by New York’s entire financial elite, which has been enriching itself beyond imagination for the last quarter century.

For transit workers, already struggling to make ends meet in one of the costliest cities in world, this Christmas will be a toned down affair, particularly with the threat of heavy fines hanging over their heads, including the loss of two days pay for every day on strike. For Wall Street executives, however, this will be a very merry Christmas.

December is the month for year-end bonuses for Wall Street’s traders, brokers and investment bankers and this year the top layers are expected to pocket some \$17 billion in incentive payouts. According to Johnson Associates Inc., a compensation consulting firm, the average bonus for a managing director will be \$1.2 million, with top investment bankers and prime brokers seeing checks padded by as much as 20 percent more than 2004’s bonuses. Specialists in energy markets, hedge funds and proprietary trading will likely earn even more.

According New York magazine, Goldman Sachs has put aside \$11 billion for bonuses. With 22,000 employees worldwide, that would amount to \$500,000 a piece. But not everyone makes the same. Goldman’s top officials—250 partner managing directors—get an average bonus of \$2 million to start. Top producers can expect incentive awards of up to \$40 million. The next tier of management—executive managing directors—can ring in 2006 with bonuses of up to \$3 million.

After the Enron and other corporate scandals there was a certain media and legal attention paid to the mas-

sive payoffs on Wall Street. As the scrutiny of such excesses has all but disappeared, so has any reticence over grabbing as much as possible.

“People have had enough of listening to bad news,” said Glenn Mazzella of World Wide Yacht Corporation. “They want to go yachting, and they want to go skiing and they want to drive a Maybach (a German car that retails for \$325,000). They’re tired of feeling embarrassed.”

“There’s someone on Wall Street that’s taking 20 of his closest buddies for his bachelor party, renting a yacht, cruising the Caribbean and ending up in Sandy Lane in Barbados on the golf course,” says Tatiana Bryon, president of the New York event planner 4PM Events. The cost: \$200,000.

The windfall has also sparked sales of Hummer sport utility vehicles and luxury sports cars. John Bruno Jr., general sales manager of Hummer of Manhattan, says he sold 29 percent more of the General Motors Corp.-made sport utility vehicles this September compared with a year ago. The majority of sales are of the H2, with luxury packages starting at more than \$61,000, and the military-specification H1, which sells for \$129,000 or more. “We get a lot of Wall Street guys,” says Bruno.

The \$200,000 Italian-made Lamborghini Gallardo is this year’s hottest car at Gotham Dream Cars LLC, says Noah Lehmann-Haupt, president. Clients including mortgage brokers and traders pay \$1,750 a day to drive the 200-mile-per-hour machines. Lehmann-Haupt says he is planning to almost double the Upper West Side exotic car rental company’s fleet next year to 11, including the new Gallardo Spyder.

The mayor of New York has nothing to say about this grotesque consumption while he denounces transit workers who earn \$50,000 a year. Bloomberg, like the rest of New York’s elite, lives in an entirely different universe from the working class of the city who struggle to meet the high cost of living.

According to salary.com, New York is the least affordable metro area in the US. “Employers in New York typically pay 15.5 percent higher than the national aver-

age, BUT the cost of living in New York is 94 percent higher. This means that an average worker currently earning \$50,000/year in the average US city would have to earn approximately \$37,000 more a year in New York to maintain his or her standard of living. A \$37,000 raise is a hard thing to come by, even in the Big Apple.”

It’s a hard thing to come by for most, but it’s a pitance for some, particularly on Wall Street.

On the transit picket lines, workers readily answered the billionaire mayor’s remarks. “Bloomberg is a jerk,” said Grant, a train repairman in Queens. “He’s talking like we’re his servants and we’re getting out of hand. They have all the money. They’ll never see the wear and tear on their bodies that we go through. They work in clean rooms, in cushy chairs, with temperature control. On some days during the summer it’s over 100 degrees in the depot. It’s like you’re in a box and have to be bent over every day.

“What’s Christmas like for New York’s elite? They fly their friends to the Bahamas and buy their girlfriends

drinks costing thousands of dollars, like the one I saw on TV that is a glass of diamonds with alcohol poured over them. In one drunken night some of these guys spend more money than we earn all year.

“More than half of our incomes go for housing. It costs \$1,500, \$1,600 or \$1,700 a month for rent. People are going to have to live in group communes just to afford the rent. Then you have to pay higher prices for food, gas and things our children need. We work to pay our bills so we can go to work again. There’s never enough just to go to a movie or buy some new shoes or take the kids where you really want to go.

“Four percent wage increases hardly keep up with the rate of inflation of food and other costs. Now they want to mess with our pensions so one day when you’re in a nursing home they’ll just shove you in the street when you run out of money.

“That’s why we went on strike. We shut down the city to show them that we won’t take any more.”