New York City mayor announces 3400 layoffs

Six firehouses, two companies to be closed

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New York City's billionaire Mayor Michael Bloomberg issued notices Monday to 3,400 city workers that they will be laid off in 30 days. Job cuts will affect everyone from secretaries to sanitation workers, welfare office staff, teachers' aides, computer technicians and civilian employees of the Fire Department.

On the same day, Bloomberg issued a 45-day notice on the closing of six firehouses and two other firefighting companies, consolidating the disbanded units into others for a cost savings of $10.8 million a year.

The layoff notices were issued after Bloomberg rejected proposals from the public employee union umbrella group, the Municipal Labor Committee (MLC), for $600 million in "productivity savings" that the city had demanded. Bloomberg is insisting on longer workdays and health care cost sharing, while union leaders proposed an early retirement program for teachers, higher medical co-payments for many workers, a loan to the city out of union pension funds, and switching outside work from high-cost contractors to low-paid city workers.

City budget officials indicated that the layoffs would not be rescinded even if the unions agreed to the concessions demanded, in view of the ballooning budget deficit, now estimated at $3.5 billion and growing. Revenues continue to drop, as the bursting of the Wall Street bubble has virtually dried up tax receipts on capital gains while reducing both corporate and personal income taxes. The economic slowdown has increased the city's official unemployment rate to 8.6 percent, nearly 50 percent higher than the national average. This, on top of a decade of corporate tax cuts and abatements carried out in the 1990s, has left the city on the brink of bankruptcy.

The layoffs come as Bloomberg has asked city agencies to prepare yet another $1 billion in cuts in the event that requested state and federal assistance does not come through. At a time when the Republicans are pushing through massive additional tax cuts in Washington, and New York State is facing an estimated $11.5 billion deficit of its own, nobody realistically expects much, if any, additional funding from either source. In fact, New York Governor George Pataki's proposed state budget calls for reductions of $450 million to the city's schools and another $200 million to public hospitals.

Bloomberg's plan to raise over $900 million by re-imposing an income tax on commuters from the suburbs is considered dead in the water in face of opposition from Governor Pataki and key state legislators, who would have to pass authorizing legislation. If it were passed, Bloomberg's proposal would substantially reduce income taxes on wealthy New York City residents while shifting the burden to mostly middle-income commuters.

Randi Weingarten, head of the New York City teachers' union and spokesperson for the MLC, proposed an alternative of taxing commuters but at a lower rate, while imposing a 1 percent tax surcharge on New York's wealthiest. The proposal is a public relations exercise, as the union bureaucracy knows full well that a tax surcharge on the rich stands even less chance of passage in Albany than Bloomberg's proposal. Weingarten, along with Dennis Rivera of the health care workers' union, were two of the most prominent union officials who endorsed and actively campaigned for Governor Pataki's reelection last fall.

Although Bloomberg—whose election campaign promised layoffs only as a "last resort"—has laid off 600 workers and cut another 14,000 jobs through attrition in the 15 months he has been in office, these new job cuts are the first broad-based layoffs imposed on New York City workers since 1991. Then, when the city was gripped by recession in the aftermath of the first Persian Gulf War, former mayor David Dinkins axed 6,000 jobs.

In the fiscal crisis of the mid-1970s, some 65,000 municipal jobs were lost, and the unions gave massive concessions and opened up their pension funds to bail the city out from bankruptcy. City's finances were taken over by the State Financial Control Board. The board still exists and stands at the ready to take over once again and impose the most draconian solutions should the city fail to produce a balanced budget by the July 1 deadline.

Indeed, rumors are circulating that bond rating agencies are demanding that the Bloomberg administration show its ability to get tough and carry out sizeable layoffs as a condition for maintaining the city's bond rating. The financial moguls who ultimately call the shots are fully aware that the layoffs just announced represent only a down payment on what is required in the long run. In the coming months, Bloomberg aides have threatened to impose at least 15,000 layoffs in all if union concessions and hoped for state aid do not come through.

While the effects on the budget are much smaller, the closing down of six firehouses and the elimination of two other engine companies—in the face of strong public opposition—also shows the determination of the Bloomberg administration to subordinate the will of the people to that of the bankers.

The lauding of the firefighters as heroes after 343 of them died attempting to rescue people from the World Trade Center during the September 11 terrorist attacks has been shelved in the face of financial pressures. The cutbacks also expose the hypocrisy involved in the constant issuing of terror alerts, given that firefighters would be the first responders in the event of a real attack.

Long sought by the Bloomberg administration, the closings were only postponed last fall as part of the mayor's negotiations with the City Council to pass an 18.5 percent increase in the property tax rate effective January 1.

In the interim, rather than challenge the basic premise of the city's fiscal crisis, firefighter union leaders have floated the idea of "corporate sponsorship" of different firehouses. While not specific as to just what this would mean, it would likely involve corporate naming rights similar to most major sports arenas. The obvious question is whether corporate sponsors would also be able to buy special firefighting services not provided to the general public.

The idea of such corporate sponsorship, which reportedly is being considered for other city services as well, would represent a first step toward wholesale privatization. Indeed, in the nineteenth century firehouses were owned and operated by insurance companies and would only extinguish fires on the premises of their policyholders.