

# New York City: Financial meltdown brings Bloomberg term-limit maneuvers into focus

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On October 23, the New York City Council passed a bill extending to three the number of consecutive terms the mayor and other officials can serve, thus enabling Mayor Michael Bloomberg to seek another term in the 2009 elections. The council action overturned term limits legislation that had twice been approved in referendums in the 1990s, and contradicted Bloomberg's own previous backing for term limits and insistence that any change should come only through a citywide referendum.

In the month since this vote, however, the financial meltdown that has already claimed three of the city's five major investment banks has continued to deepen, and threatens to turn Bloomberg's successful end run around term limits into a Pyrrhic victory.

On November 5, less than two weeks after the city council vote, Bloomberg held a press conference to announce that the city faced an estimated \$4 billion in deficits over the next two years, and outlined \$1.5 billion in budget cuts to get through the next fiscal year. The bad news was delivered the day after Barack Obama's presidential election victory—perhaps Bloomberg hoped that the prevailing mood of satisfaction over the defeat of the Republicans would help to soften the blow of the planned cuts and tax increases.

Bloomberg announced 3,000 job cuts for next year, including 500 layoffs. There will be daycare cutbacks and numerous other spending cuts. The mayor suggested a possible 15 percent increase in the city income tax, plus the imposition of sales taxes on clothing purchases. He also called for a 7 percent increase in property taxes, to take effect in January 2009 instead of waiting for the next fiscal year in July.

These measures are clearly only the beginning, as millions of workers wait worriedly for new rounds of cutbacks accompanying skyrocketing joblessness and a deepening budget deficit over the next 6 or 12 months. Nor do

Bloomberg's proposals include the draconian measures being considered by the Metropolitan Transportation Authority, which is calling for fare increases averaging 23 percent in addition to huge service cutbacks, including the complete elimination of two subway lines.

One of Bloomberg's proposed cutbacks provoked particular outrage, the announcement that he was canceling the \$400 property tax rebate checks which have been sent each October in recent years to 600,000 property owners, the vast majority of them working people and retirees.

Within a few days, however, city officials acknowledged that the rebate checks were part of this year's budget and the mayor could not cancel or hold them up. An obviously angry Bloomberg reacted to this news at a City Hall press conference on November 19, declaring that the rebates were still "up in the air." He told struggling homeowners to "plan for the worst, and hope for the best." Critics seized on the mayor's remarks to accuse him of callous indifference to those for whom \$400 would make the difference in being able to heat their homes this winter or to buy holiday gifts for their families. One City Councilman said Bloomberg had a "let them eat cake" attitude.

A day later the mayor tried to soften his comments, saying "There's nobody who would like to send a check to every homeowner in this city more than me." Bloomberg may be seeking to use the tax rebates as a bargaining chip to secure even greater cutbacks in other areas in budget negotiations in the coming weeks.

Bloomberg says the city has no money, but his administration agreed to half a billion dollars in subsidies for new stadiums for both New York baseball teams, the Yankees and the Mets. Nor does this count the \$700 billion bailout of the big banks, or the latest package for Citigroup. Every New Yorker can see that there seems to be unlimited money for the very same financial institutions at the center

of the current economic hurricane.

Recent developments have certainly helped to expose what can only be termed the Bloomberg myth. As a self-made billionaire he was supposed to have the Midas touch and be capable of all kinds of fiscal wizardry. In reality, Bloomberg's image of technocratic efficiency is only an image. It owes much to the fact that he presided over New York in the years of the buildup of the Wall Street bubble that has now burst.

The argument that Bloomberg was the best chief executive to guide the city through the troubled times ahead is looking less persuasive. With each passing day, the emperor's clothes seem to be falling off the well-dressed billionaire mayor.

The term limits maneuvers have also revealed the almost farcical limits of democracy in 21st century America. How exactly did the mayor go about securing the overturning of the term limits legislation? Although he had extolled referendum voting in the past, he decided to dispense with it under today's conditions. Instead he worked behind closed doors, openly lining up the support of various fellow plutocrats.

Although these maneuvers don't go on in public view, there is less and less reticence in discussing them. A recent report in the *New York Times* explains that Bloomberg set up a series of meetings with the owners of the major newspapers in the city: Arthur Sulzberger of the *Times*, Mortimer Zuckerman of the *Daily News*, and Rupert Murdoch of the *New York Post*.

*Times* columnist David Carr explains: "In mid-September, after a year of talking on and off, Mr. Bloomberg and Rupert Murdoch ... met for dinner at an Italian restaurant on the Upper East Side and sealed a deal. Arthur Sulzberger Jr ... had two breakfasts with the mayor and although no specific commitments were made, an understanding was reached.

"Mortimer Zuckerman ... said he had no trouble throwing his support behind Mr. Bloomberg. He said there had been no cabal, no conspiracy, just three newspaper publishers all arriving at the same conclusion at a critical junction in the life of the city."

Bloomberg is No. 8 on the *Forbes Magazine* list of wealthiest Americans. Mr. Murdoch is No. 47 and Mr. Zuckerman is No. 147. At the same time, Bloomberg also neutralized billionaire Ronald Lauder (No. 118), the right-wing mogul who had backed the original term limits

referendum campaign and who threatened to bankroll the opposition to tampering with term limits. Lauder was convinced to support Bloomberg's proposal in exchange for a promise from the mayor that he would be appointed to a charter revision commission in 2010 that could reverse the decision after Bloomberg had secured his third term. This quid pro quo was quickly termed unethical by the Public Interest Research Group, but nothing is being done about it.

Bloomberg hopes that memories and the current anger will fade by the time the election takes place in November 2009. Political pundits have referred to the experience with then-Mayor Ed Koch in 1981. Koch's popularity didn't suffer during a time of major cutbacks in the deep recession of the early 1980s.

Conditions are very different today, however. During Koch's terms in office, New York was slowly recovering from its virtual bankruptcy in the mid-1970s. Ronald Reagan was elected president as official national politics shifted sharply to the right. Today there is widespread anger over the conditions created by the nearly three decades of wild speculation and credit expansion, and the downturn is expected to dwarf earlier recessions.

It is not yet certain that Bloomberg will be able to run for reelection. The term limits change has been challenged in court. If he is on the ballot he has made clear that he is prepared to spend up to \$100 million, a tiny part of his wealth, to buy reelection, in which he is expected to run as an "independent" this time around. He will also be counting on the political bankruptcy of his Democratic Party critics. Brooklyn Congressman Anthony Weiner and New York City Comptroller William Thompson have denounced the term limits maneuvers, but they have no essential differences with Bloomberg on the crucial issues of jobs and public services.



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