

New Chicago mayor outlines austerity agenda

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On his first day in office, Chicago's new mayor, Rahm Emanuel, promised to impose a spending freeze on everything except bills coming due and payroll. Emanuel, who was inaugurated on Monday, May 16, also announced several appointments, which underscore that his administration will serve the city's super-rich and escalate the attack on the working class.

Last week, Emanuel—former chief of staff of the Obama White House and investment banker—published a transitional report on his website, announcing the \$700 million budget gap he intends to pare in his first term. That deficit represents more than one fifth of the daily operating budget of the city of Chicago, and does not include all pensions. Underfunded pension liabilities are currently at \$14.6 billion.

When he announced its publication, Emanuel said, “Hard questions that have never been asked, we’re going to ask.”

During his campaign, Emanuel told city unions he intended to cut pensions for all city employees, not just new hires. He has also floated plans to privatize sanitation and other city services.

The new mayor expressed strong support for Illinois “school reform” legislation, which strips teachers of seniority rights, expands the use of test scores to victimize them and essentially bans strikes by Chicago teachers (see “Illinois school ‘reform’ bill passes with bipartisan support”).

As a candidate, Emanuel raised almost \$900,000 from all but two of the same individuals, families and companies that backed the anti-teacher legislation. Like his Republican counterparts in other cities and states, Emanuel intends to criminalize any form of opposition by teachers to the shutting of public schools and expansion of for-profit charter schools.

Emanuel’s report opens with a catchphrase of the new era of austerity: the city of Chicago is apparently

“living beyond its means.” It identifies several goals to be achieved in the first 100 days of his tenure, including the complete restructuring of revenue, finance, fleet management, and general services systems. The top priority is to cut \$75 million from the \$6.15 billion city budget. Emanuel has also announced plans to cut 10 percent of city management payroll and merge departments, which will result in layoffs.

In spite of reports that city tax revenue has fallen a precipitous \$250 million since the financial collapse of 2007-2008, the new mayor has refused to consider raising corporate taxes.

The budget deficit is a product of the policies undertaken by former Mayor Richard M. Daley, whose 20-year legacy is having transformed Chicago from an industrial center to a center of global finance. Over the last two decades, the deindustrialization of the city was accelerated, a large portion of the public schools and other municipal assets sold off to private interests and public housing dismantled.

Currently, the city’s tax-supported debt burden stands at \$6.9 billion. Most of this debt is underwritten by JPMorgan, Citi, UBS Securities, Bank of America Merrill Lynch, Loop Capital Markets, George K. Baum, Morgan Stanley, Barclays Capital, and Goldman Sachs, according to *Bond Buyer*. The big investors who hold the city’s bonds enjoy tax-free profits.

Private donors who paid up to \$50,000 toward the inaugural events got three days of access to the new mayor and a coterie of Obama administration and national Democratic figures in attendance, including Vice President Joe Biden, Treasury Secretary Tim Geithner, Labor Secretary Hilda Solis and White House chief of staff Bill Daley.

America’s third largest city has long served as a model of the national urban policy of the Democratic Party—the dismantling of public education and other past social reforms, gentrification and the

encouragement of private investment through tax breaks, deregulation and other measures to improve the “business climate.” As opposed to the Republicans, these reactionary policies have generally been implemented with the collaboration of the trade unions.

The close relationship between the Illinois Democratic Party and the executive branch has become more transparent in recent years. Former Chicago Mayor Richard Daley’s brother Bill, previously a JP MorganChase executive, was selected to replace Emanuel as White House chief of staff under Obama, after Emanuel left to pursue the position of mayor. Former Chicago Public Schools CEO Arne Duncan, a Daley appointee, was selected by Obama to be the US Secretary of Education based on his restructuring of public education under the former mayor.

Emanuel’s inauguration speech made heavy use of the notion of “change.” Through the days leading up to his inauguration, Emanuel has repeatedly said he is focused on three things: restructuring the public school system, increasing police presence, and cutting the city budget.

These priorities are reflected in his appointments. The new police superintendent, Garry McCarthy, has been the director of the Newark Police Department since 2006. On May 2, the US Attorney announced that department is under investigation for use of excessive force, mistreatment of detainees, discriminatory policing and retaliation against those who legally monitor police conduct.

Last September, the American Civil Liberties Union (ACLU) submitted a filing on the large number of misconduct complaints against the Newark Police Department to the US Department of Justice and called for federal oversight. The ACLU filing states that the city of Newark paid \$4.8 million over almost three years to settle 38 cases brought against police by Newark residents or department employees. More than 36 lawsuits are still pending.

Jean-Claude Brizard, Emanuel’s first appointment, is now CEO of Chicago Public Schools. Brizard was an administrator in the New York Public Schools and student of the now-infamous Superintendents’ Academy of the Broad Center for the Management of School Systems, founded by billionaire Eli Broad to train administrators undertaking the restructuring and privatization of public school systems.

Brizard comes to Chicago after a disastrous three-year term as superintendent of the Rochester, New York, public schools. When put to a vote of Rochester teachers earlier this year, 95 percent said they had no confidence in his ability to lead the district.

Brizard is currently named in two federal lawsuits that arose in the course of firing teachers and administrators in Rochester as part of the botched “reform” plan that cut budgets and closed schools.

Elizabeth Swanson has been appointed to deputy chief of staff for education. She is the executive director of the Pritzker Traubert Family Foundation, a national non-profit organization advocating merit pay for teachers, restructuring schools and coordinating private sector involvement in education, founded by billionaire heiress and hotel magnate Penny Pritzker. Swanson was previously the budget director under Arne Duncan when he led CPS.

City comptroller Amer Ahmad has served as an investment banker at Wasserstein Perella & Co., where Emanuel was once a managing director, and at William Blair & Co. until 2008, when he went to work as the deputy state treasurer of Ohio. There he oversaw pension management bids and has been cited for violating that state’s “revolving door” law regulating conflicts of interest regarding private-public sector partnerships. In the 1990s, he advised conservative Estonian President Lennart Meri in establishing diplomatic relations with Saudi Arabia.

Longtime Daley associate and county commissioner Forrest Claypool will oversee the Chicago Transit Authority. Claypool has already made statements regarding cutting the CTA budget in spite of the badly needed renewal of the infrastructure of the public transit system, which provides an estimated 1.7 million rides each day.



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