

A tale of two cities 2011

## Social reality in New York

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In the three years since the worldwide financial crisis was ushered in by the collapse of Lehman Brothers, nothing has happened to erase or even lessen the obscene levels of inequality in the US. New York City, the home of Wall Street, remains the most vivid exhibit of the misery created by twenty-first century capitalism alongside levels of parasitism and conspicuous consumption that recall pre-1789 France and pre-1917 Russia.

A look at the news pages of the *New York Times*, the voice of what passes for liberalism within today's ruling class, makes for some startling juxtapositions that illustrate the yawning gap between the ruling elite and the vast majority. This is not merely the divide between the top 1 percent and the rest of the population, revealing as that may be. The gulf between the top one tenth or even one hundredth of 1 percent and the actual living conditions of millions of New Yorkers—those who live in the city's poorer neighborhoods, or who have been forced into homelessness and must seek refuge in the city's notorious emergency shelter system—is even more dramatic.

One day last week, for instance, a front-page *Times* headline noted the “harsh” health care for the poor in Brooklyn. This New York borough of some two-and-a-half million people, far from the glittering precincts of Manhattan, has an official poverty rate of 20 percent. Forty percent of the population relies on Medicaid, the federal-state health care program for the poor.

This near majority of the population already receives substandard care at area hospitals, but even this may disappear. It seems that 5 of Brooklyn's 10 private hospitals are near bankruptcy. Most of their patients rely on Medicaid, and reimbursement rates have been

repeatedly slashed in recent years. Democrats and Republicans are bitterly disputing, not whether, but how, to make far greater cuts in this and other programs. The unemployed and the working poor, those without other health insurance coverage, will have to travel greater distances and endure longer waits for emergency care. The three public hospitals in Brooklyn will be overwhelmed if other institutions close.

Homelessness in New York City is another issue that festers, more than a quarter century after it began to emerge as a glaring social problem in New York. The same issue of the *Times* reports on a City Council hearing on the Bloomberg administration's plans to tighten eligibility for emergency shelter. The billionaire mayor wants to force single adult applicants to prove that they have exhausted “other options” before they are given access to the system.

The context for this is a further growth in the homeless population as unemployment and poverty spread in the wake of the financial crisis. When Bloomberg took office 10 years ago, the city's homeless population, as officially counted, was less than 25,000. By 2004, it had risen to 38,000. The mayor promised to cut this number by two thirds, but midway into his third term in office, the number is 41,200, according to the Coalition for the Homeless.

The response of city authorities is to look for someplace where the poor can be dumped. When one City Council member asked the commissioner for Homeless Services about homeless immigrants, the commissioner replied, “It may be that going back to where you most recently came from” makes sense. “There are people who have available options across the world.”

Not all is poverty and homelessness in New York, of

course. The newspaper reports on the same day that Sotheby's, the art auction house, has just held its semi-annual auction of contemporary art. The sale totaled \$315.8 million, the second highest figure ever. Record prices for abstract expressionist works by Clyfford Still and Gerhard Richter led the way. Many of the works of art have already proved their significance over a period of some decades, but the prices paid for them have little to do with their quality. Wealthy bidders are seeking a safe haven for their mountains of cash, amid the ever-deepening world economic crisis and jitters on the stock market.

While millions cope with permanent unemployment, hunger, homelessness and despair, the super-rich are oblivious. "People really enjoy the auction process," one art dealer told the *Times*. "It's enthralling, they get a thrill and they get to take something home besides."

In yet another example of the unbridgeable social gulf reflected in the two cities of New York, the newspaper reports on the renaming of the world-famous original-growth forest in the New York Botanical Garden. The 50-acre forest along the Bronx River is now called the Thain Family Forest, in honor of banker and businessman John Thain and his wife Carmen, who have made a large donation toward its rehabilitation.

Mr. Thain is too modest to reveal how much he has given, but he is not too modest to plaster his name over virtually every sign along the trails of the forest, according to the report. Hillside blueberries are "a favorite of birds and small mammals in the Thain Family Forest," walkers are informed. Another sign warns, "Please Stay on the Path: The Thain Family Forest is a fragile ecosystem."

Who is Mr. Thain, and why does he deserve the honor of having this natural beauty, which has been enjoyed by thousands if not millions of New Yorkers and other visitors over the generations, named for him?

Thain was the CEO of Merrill Lynch when it was "saved" from collapse in late 2008 and merged into the Bank of America. He left the merged company almost immediately, after it was revealed that Merrill Lynch had lost the sum of \$15 billion in the last quarter of 2008. Meanwhile, tens of thousands of jobs had been lost, along with the homes of many thousands lost to foreclosure as a result of the real estate bubble that made Thain much of his fortune.

His compensation in 2007 was \$83,785,000, for

instance. Before Merrill Lynch, Thain had held top positions at Goldman Sachs and The New York Stock Exchange. He is now CEO of the CIT Corporation, another international financial powerhouse.

Thain joins other billionaires, including the Koch Brothers, oil and gas billionaires and Tea Party boosters, and Steven Schwarzman, the billionaire investment banker, who have bought naming rights to the New York State Theater and the New York Public Library, respectively. The list goes on, a shameful exhibition of the power of the ruling oligarchy whose wealth is derived directly from the exploitation and misery of the vast majority in the United States and around the globe.

Looking at the great contrasts demonstrated by the above-mentioned stories, one conclusion is almost inescapable. Occupy Wall Street is only the palest and most limited reflection of the social powder keg represented by the record inequality.

This is an issue that goes far beyond obvious questions of fairness or conventional definitions of morality. The behavior of the super-rich is determined by their own position in society, which in turn is the product of the objective contradictions of the capitalist system itself. Perhaps the *New York Times* is trying to alert its influential readers to the dangers posed to the profit system by this state of affairs. The working class and its vanguard must draw a very different conclusion. The social gulf must find its political expression, and a leadership must be built for this inevitable revolutionary explosion.



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