

New York City transit workers without a contract for over eight months

Alan Whyte
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Anger is growing among New York City's 35,000 bus and subway workers, who have been working without a contract for eight and a half months.

The union which bargains for them, Transport Workers Union Local 100, recently issued a statement to its members congratulating the local leadership for having concluded that "a strike was not an option," and opting instead for a nearly nine month advertising campaign seeking to prove that the MTA is wasting money that could otherwise be spent on meeting workers' needs and improving service for public transit riders.

Last month, the Local 100 leadership took this approach into a bargaining session with the Metropolitan Transportation Authority, arguing that the transit agency is paying unnecessarily high interest rates to Wall Street and could save between \$60 million and \$100 million a year by renegotiating interest rate swaps with major banks. It formally demanded that the MTA seek better terms for the swaps.

The agency's negotiators at the September 13 session declined to discuss its financial affairs. The MTA is demanding a three-year wage freeze, the ending of the guaranteed 40-hour week with the introduction of part-time bus drivers and the doubling of workers' contributions to health plans, among other takeaways.

For members of Local 100, which in a previous period had advanced the slogan of "no contract, no work" and struck in defiance of court orders and New York State's Taylor Law, the toothless PR tactics of the union only serve to underscore its transformation into an arm of management, with its leaders specializing in finding cost savings for the MTA.

As every worker knows, each day without a settlement adds up to working another day without a wage hike, which coincides exactly with the transit authority's central demand to impose a wage freeze on its workforce.

Local 100's demand that the transit agency renegotiate

its interest rate swap agreements with the banks was the subject of a piece that appeared in the New York *Daily News* on August 15, co-authored by the president of the union, John Samuelson, and Camille Rivera, the executive director of UnitedNY, an outfit set up by the SEIU to steer protests such as Occupy Wall Street back into the fold of the Democratic Party and the unions.

Raising the manipulation of Libor—the London Interbank Offered Rate—by Barclays (which admitted its malfeasance), as well as more than a dozen banks who are currently in formal discussions with regulators, they write:

"The issue of Libor manipulation has a direct effect on many public entities like New York City and state government and the MTA—which are paying banks hundreds of millions of dollars annually on deals called interest rate swaps—complex derivatives intended to keep down interest costs related to municipal debt.

"Even without the issue of Libor manipulation, these deals have become a drag on public budgets and are backfiring thanks to the historically low interest rates driven down in response to the financial crisis caused by the big banks. As a result, as of early July, we estimate that the state, the city and the MTA combined are paying more than \$215 million net annually to banks on these deals."

They go on to state that in 2010, the MTA by itself spent nearly \$120 million on such swaps.

The transit authority purchased these interest rate swaps as insurance against the possibility of its total debt burden increasing due to rising interest rates.

Unmentioned in the union's friendly suggestion to management that it cut costs by renegotiating the derivatives deal is what the agency spends on the debt itself.

The MTA has a long term debt of more than \$32 billion, which is expected to grow to \$39 billion by 2015. For this

year alone the agency must pay \$2.1 billion in debt service, which is expected to rise to \$2.6 billion by 2015. Almost a third of all fare and toll revenues goes to paying for this debt.

More people in New York ride and depend on mass transit than any other city in the country. However, due to a lack of funding and neglect, the subway system was disintegrating very rapidly in the late 1970s and the early 1980s.

Recognizing that to allow the collapse of this infrastructure would do irreparable harm to the finance capital of the nation, the decision was made in the early 1980s to spend tens of billions of dollars to repair and rehabilitate the system.

However, all this red ink was created because the MTA did not get the public funds that it needed to do the necessary work. Now, it is the accumulation of this debt which threatens the continued existence of mass transit.

The authority has already cut back service, increased the fare numerous times and is slated to increase the fare another 7.5 percent in March of next year. Additional increases are projected for 2015 and 2017. Meanwhile, the MTA has eliminated some 3,500 jobs throughout the system and cut more than \$700 million from its nearly \$13 billion annual budget.

While cutting jobs, service and resources for mass transit in order to meet debt payments to the banks, the transit authority scapegoats workers for inevitable crises that result.

This was the significance of the August 20 arrest of eight signal maintainers and two signal supervisors, who were charged with falsifying signal inspection reports in 2009 and 2010. While not a single banker or financier has been arrested for the criminal behavior that triggered the current economic crisis, these workers are being scapegoated for the effects of this crisis, which includes the refusal of the MTA to hire enough personnel to maintain the signal system.

That maintainers are under extreme pressure to meet impossible quotas for which they are now being victimized was exposed in MTA Inspector General (IG) reports in 2000, 2006 and 2010.

The 2010 IG report recognized that supervisors were routinely forcing employees to file false reports or be punished.

The ruthlessness of management in seeking to blame and imprison workers for the crisis stands in stark contrast to the TWU's impotent PR campaign, which is nothing

more than a diversion from any real struggle in defense of both workers rights and mass transit.

Like most unions, TWU Local 100 has endorsed the reelection of President Barack Obama, and it played a prominent role in last year's attempt by the labor bureaucracy to herd the Occupy Wall Street protests behind the Democratic Party.

This political alliance with one of the two political parties controlled by Wall Street dictates the policies and actions of Local 100.

Transit workers can wage a genuine struggle only by breaking free of the political and organizational stranglehold imposed by the union and uniting with the working class as a whole, which depends upon mass transit and is on the receiving end of the continuous fare hikes and service cuts dictated by the MTA in order to assure profits for the Wall Street bondholders.

To prepare this struggle, workers need to organize their own rank-and-file committees, independent of both the existing union apparatus and the Democratic Party and based on a rejection of the claims that there exists no money to pay for improved mass transit as well as improved pay and benefits for those who run it.

This is above all a political struggle against the capitalist profit system. No matter whether it is Obama or Romney who is elected in November, the present attacks will continue and deepen.

The Socialist Equality Party is intervening in the elections with the aim of fighting for an independent socialist leadership of the working class. We urge transit workers to support our campaign and make the decision to join the SEP.



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