

New York City budget exposes contrast between mayor's rhetoric and reality

Philip Guelpa**27 February 2014**

On February 10, New York City's new mayor, Democrat Bill de Blasio, gave his first State of the City speech. Two days later he presented his proposed budget for the 2015 fiscal year, which begins July 1. Both the speech and the budget starkly illustrate the contrast between his campaign rhetoric and reality—he has always represented the city's financial-corporate elite.

The mayor used the State of the City speech to make clear that his job, more than five years after the 2008 financial collapse, is to reinforce illusions in the profit system. "New York will only work when it works as one city," he intoned. "... [T]he American dream does not work without hope. The dream that New York has always been...does not function if people believe their chance at a better future is out of reach."

De Blasio's budget includes a series of proposals, some of which had been announced previously. Among them is the issuance of identification cards for undocumented immigrants, universal pre-kindergarten and after-school programs, an increase in the minimum wage, and the creation of thousands of new units of affordable housing. There were few specifics on how most of these would be accomplished, however.

De Blasio's plans are carefully designed to satisfy the city's corporate and financial establishment. When he presented his budget he said, "There is nothing mutually exclusive between being both fiscally responsible and economically progressive." In translation, this means that workers and the poor can expect at most a few crumbs and a few gestures, while the needs of Wall Street are carefully attended to.

The nature of the mayor's "progressivism" could be seen immediately in the response from the wealthy and their media mouthpieces. A reporter for the *New York Times* said that de Blasio's performance was "prudence cubed." A spokesman for the Citizens Budget Commission, which the *Times* quite accurately described

as "a business-financed fiscal watchdog group," praised the Mayor for not proposing new spending programs.

The mayor did not indicate the minimum wage rate he is proposing. The state minimum wage is set to increase to \$9/hour by 2015. State Senate leaders have indicated that they will not allow raises beyond that poverty-level rate. Furthermore, Governor Cuomo has stated his opposition to allowing local governments to set minimum wage levels that differ from that of the state. A \$9/hour wage, given a 40-hour workweek, yields an annual income of just \$18,720, an amount that barely provides for survival given the high cost of living in the city. Even a \$10 an hour wage would not come close to allowing for a decent living standard.

According to an analysis of Census Bureau data by the Independent Budget Office, median income in the city is still below what it was before the financial crisis. In 2005, median individual income citywide was \$37,091 (half the population earns less), but it had fallen to only \$34,019 in 2012. In recent years, job growth in the city has been concentrated in the low-wage sector—food service, retail, and home health-care—leaving a growing portion of the population below the poverty level.

Not only is there a high proportion of low-wage jobs, but unemployment in the city remains quite high, 8.1 percent as compared to the current national average of 6.6 percent. Of course these are only the official figures, and do not include large numbers who have left the labor force out of discouragement and disgust. The city's labor force participation rate is approximately 60 percent, roughly three percentage points lower than the current national rate. As of 2012, the city's official poverty rate was 21.2 percent, up from 20.1 in 2010.

When compared with the astronomical rebound of Wall Street stock prices and of executive compensation, the gulf in wealth separating the city's elite from the mass of the population is staggering.

Mayor de Blasio's proposal to fund universal pre-kindergarten and after-school programs with a minimal tax increase on city residents earning more than \$500,000 per year is also unlikely to be implemented. Governor Cuomo, whose recent presentation of his proposed state budget included a \$2 billion tax cut for the wealthy, is adamantly opposed to even a tiny tax increase on the wealthy.

The accusation that de Blasio's proposal is a move to "soak the rich" is almost laughable. As the mayor himself has said, increasing the city's top marginal income tax rate to 4.41 percent would merely return the situation to roughly that which existed prior to the 2008 financial crisis. Given that share prices, corporate profits, and CEO compensation have now exceeded pre-crisis levels, de Blasio's proposal would have no noticeable impact on the wealthy.

The claim by the mayor's liberal and pseudo-left supporters that this tax increase represents a major initiative in the fight against inequality, as well as the rejoinder by some hedge fund managers and other super-rich that such a move would send the wealthy fleeing from the city in search of lower taxes, are being used in a carefully orchestrated campaign to camouflage the new administration's right-wing agenda with a "progressive" smokescreen.

Even if the proposed tax increase were enacted, the gross underfunding of public education at all levels, which became especially acute following 2008, would be left unaddressed.

Close examination of de Blasio's affordable housing proposal reveals that it is also far less than and in some ways the opposite of what is being advertised.

The Bloomberg administration was characterized by an open alliance with the city's powerful real estate interests, resulting in an explosion of high-end development for the city's wealthy and growing difficulty in finding affordable housing for the rest of the population.

De Blasio has made it clear that, despite his rhetoric, he will do nothing to fundamentally change the policies that have made New York housing unaffordable for the working class. The goal of 200,000 new affordable housing units is being used to justify giving free rein to developers regarding the height and density of buildings, thus substantially boosting profits.

In a presentation before the Real Estate Board of New York, the industry's principal trade group and prime movers in the push for luxury housing, de Blasio said, "I hope people hear me loud and clear that the only way I

can achieve my goals is if we are building and building aggressively." The new mayor has appointed Carl Weisbrod, a veteran of city government who worked for the Lindsay Administration more than 40 years ago, to head the City Planning Commission, which deals with issues of zoning and land use. Steve Spinola, the president of the Real Estate Board of New York, praised the appointment.

An indication of the anti-working class face of the de Blasio administration is his treatment of the school bus workers. Their month-long strike a year ago was unilaterally ended by the union bureaucracy on the basis of the sham promise by Democratic mayoral candidates, including de Blasio, to "revisit" the revocation of the decades-long policy which had given this section of workers a modicum of job security. During the intervening year, nearly two thousand workers have lost their jobs and the remainder have suffered severe cuts in wages and benefits. De Blasio has been silent.

Over and above the fraud behind most of de Blasio's "reforms," the city's Comptroller, Scott Stringer, acknowledged that the budget proposal was unrealistic, since it allocates only one percent per year for future pay increases and makes no allowance for the cost of settling the more than 150 city worker contracts that expired as long as four years ago.

The mayor's budget proposals underscore once more the fact that it is worse than futile to rely on a Democratic politician like de Blasio to undo the attacks carried out by his Republican predecessors. Self-styled progressives like de Blasio, aided by the unions and the pseudo-left groups, are working to defuse the anger that built up in New York under the Bloomberg and Giuliani administrations. A new political strategy is needed to avoid this trap and to unite the working class in the fight for a socialist program that will guarantee jobs and decent living standards.



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