

New York City mayor declares “wartime” budget

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The devastating effects of the criminally mismanaged response to the coronavirus pandemic are driving New York City towards economic disaster. The city and its surrounding metropolitan area are among the most severely affected regions in the world and the city’s economy has been crippled. Thousands of city residents have already died, hundreds of thousands have already lost or will lose their jobs—an estimate of half a million total over the first three quarters of the year—and millions are living under increasingly desperate conditions.

Due to the impact of the pandemic, the city’s mayor, Bill de Blasio, a Democrat, projects a \$7.4 billion reduction in tax revenue. He has declared that as a result many municipal services “can’t be a priority right now” and will be slashed by at least \$2 billion. The mayor has stated, “... this is in effect wartime.”

If this is war, who is the enemy? Not the super-rich. Evidently, it is the overwhelming majority of the city’s 8.4 million residents. A spokesperson for the mayor has stated, “We are committed to keeping New Yorkers fed, safe and healthy.” The reality is quite different.

New York City is home to the world’s financial capital—Wall Street. As of last year, it was also the residence, at least part of the time, of 72 billionaires, according to the Forbes 400 list, and many more multimillionaires. Furthermore, with the federal government funneling hundreds of billions of dollars to big business, the stock market has been soaring on a “sugar high.” Nevertheless, despite the huge wealth that could be marshalled to ameliorate the mass suffering brought on by the coronavirus, these riches remain sacrosanct and untouchable.

De Blasio’s proposed \$89.3 billion executive budget for the 2020-2021 fiscal year represents a \$3.5 billion reduction from the previous year’s approved budget.

The mayor’s current proposal is \$6 billion less than his initial estimate last January, before the emergence of the pandemic. De Blasio had previously warned that the January number was already in jeopardy given the uncertainty regarding the amount of funds expected from the state of New York, which at the beginning of the year had itself projected a deficit of at least \$6 billion in its own budget. That has now at least doubled .

The mayor expects an \$800 million reduction in state funding. However, given the growing losses in tax revenue for the state, and the provision in the state budget that permits further cuts as the economic situation worsens, it is likely that state aid will be reduced even further. The state budget already includes a cut of \$138 million from the city’s public hospitals and tightened rules for Medicaid eligibility, at a time when hospitals are being overwhelmed by the pandemic. It also mandates that the city contribute \$3 billion to the Metropolitan Transportation Authority (MTA), the state agency that runs the city’s buses and subways.

New York state’s governor, Andrew Cuomo, also a Democrat, has explicitly stated that, given the ballooning deficit at the state level, New York City and other municipalities can expect no additional assistance from the state.

So far, additional expenditures incurred by the city as a consequence of fighting the coronavirus amount to \$700 million. This is expected to reach a total of \$3.5 billion by the end of the year. By comparison, additional aid from the federal government has amounted to less than half that—a paltry \$1.4 billion. Meanwhile, trillions are being provided in bailouts to the banks and major corporations.

Other estimates project the fall in the city’s tax

revenues at even greater levels than that anticipated by the mayor. The city's Independent Budget Office projects a \$10 billion reduction due to escalating job losses. During the week of March 22 alone, nearly 144,000 city residents filed unemployment claims, a 2,637 percent increase from the same period last year. The mayor's office expects that a half million jobs will be lost as a result of the pandemic. In another gauge of the desperate economic state of New Yorkers, New York Cares reports that 130,000 meals were distributed in March, an increase of 55,000 from February.

De Blasio told MSNBC that without additional aid from the federal government, the city's massive budget deficit would have impacts across the board. Education, health, social services, transportation, housing and parks have already taken major hits.

Municipal workers will be a prime target of the budget cuts. Although no layoffs have yet been announced, calls for massive reductions in the city's work force are emanating from business groups, such as the Citizens Budget Commission. The mayor has stated that layoffs would be contemplated if sufficient assistance is not forthcoming from the federal government. A hiring freeze and vacancy reductions are being implemented across city agencies, which are expected to save \$106 million. The city budget is already looting reserve funds, including \$2.6 billion from retiree health benefits.

Despite this, unions who bargain for city workers have remained largely silent.

Health and social services are being slashed by \$256 million. \$24 million is being taken from the Transportation Department and \$80 million from the Sanitation Department. The city's Fair Fares program, which provides half-price Metrocards to low income New Yorkers for rides on public buses and subways, will also be reduced.

The city's Department of Education has already announced plans to cut \$827 million from its budget next school year.

Other cuts that will impact the city's youth include:

- The elimination of 75,000 summer youth employment jobs;
- The closing of all outdoor pools for the summer;
- The suspension of 1,000 summer camp slots.

The cuts announced so far are only the beginning. The head of the Citizens Budget Commission has stated

that what has been revealed so far is simply a "first down payment." A full budget proposal is due by the end of the week.

De Blasio, Cuomo, and US President Donald Trump are all trying to blame one another other for the devastating economic impact of the pandemic on the working class. In truth, the city, state, and federal governments are all equally culpable, since they all begin with the same premise— there is no money. In fact, there is plenty of money, but all of it is going to prop up the financial and corporate elites, while the city's working class is to be made to suffer increasing misery and death.



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