New York City transit officials prepare to slash jobs and wages

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25 July 2020

New York City's transit system is on the verge of financial collapse. Metropolitan Transportation Authority (MTA) officials outlined the historic scale of the crisis Wednesday in their July board meeting, noting the present outlook is far worse than during the city's near bankruptcy in the 1970s, the shocks after September 11, 2001 terrorist attacks, the 2008 financial crash and Hurricane Sandy in 2012.

With revenues from fares and subsidies at a fraction of their pre-pandemic levels, the agency is hemorrhaging $200 million per week. The emergency bailout of $4 billion for the MTA included in the CARES Act in March will be exhausted in just a week's time. Officials have requested an additional $3.9 billion from the federal government to cover expenses this year. Even if passed, the requested funding will do little to plug the long-term shortfall, projected at $16 billion through 2024.

As dire as the outlook is, it may worsen further if the economic reopening leads to a new outbreak of the pandemic in New York, according to the agency's financial consultants.

MTA chief financial officer Robert Foran made clear that solvency will not be achieved with reductions to non-labor costs alone. While the details of the forthcoming cuts are held under wraps, officials are preparing a far-reaching attack on the agency's workforce, whose wages and benefits account for 60 percent of the $17 billion operating budget.

Foran's presentation Wednesday identified several general areas for cost savings, including service reductions, sharp fare and toll increases, delay in pension contributions, wage freezes and layoffs. These cuts will come on top of an already far advanced assault on jobs, which has yielded more than 3,000 job losses in the past year alone. Transit workers were also forced to make significant concessions on wages, health care, overtime and other benefits in the latest sellout contract pushed through by the Transport Workers Union (TWU) that became effective earlier this year.

As they forced transit workers to stay on the job as the deadly disease spread throughout the city--costing the lives of more than 140 New York City transit workers--Cuomo, de Blasio and the news media hypocritically praised transit workers as "heroes." Now they are rewarding transit workers by condemning them to poverty.

Wealthy bondholders, on the other hand, have the seen the full mobilization of the federal treasury to ensure their fortunes remain unscathed. While the MTA is forced to go cap in hand to Washington to lobby for enough money to maintain five months of service, trillions of dollars have already been handed over to Wall Street and unlimited sums pledged to buy up bad debt and ensure even junk bond holders are insulated from any effects of the pandemic.

The transit authority's reliance on these parasitic bondholders is poised to balloon. The New York state legislature passed a bill this summer authorizing the MTA to borrow up to $10 billion to meet operating expenses through 2022. The agency has already acted on this new authorization, securing more than $1.3 billion in May to cover debt coming due. The yield that will be paid to bondholders was set at 5.25 percent, a huge increase from the 2 percent rate for equivalent bonds as recently as March.

The state also upped the MTA's borrowing limit for capital expenditures to $90 billion, more than doubling the debt that can be accrued to modernize a system at grave risk of again falling into widespread disrepair.

Currently 17 percent of the MTA's budget goes towards servicing this debt, a figure that is expected to

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rise to at least 20 percent in the immediate future.

The expansion of bond debt will allow the major finance houses to tighten their grip on New York's transit network and use the pandemic to push through a long-planned restructuring of labor conditions and service. Given the scale of the MTA's crisis, selling off portions of the transit system to private operators–a remedy promoted by the World Bank for transit agencies during the pandemic–is no longer a far-fetched proposal.

This process of privatization is in fact already far advanced in many parts of the country. Washington, D.C. and Boston are two of the larger systems in the US at various stages of handing over operations to for-profit companies. Last year in the Virginia suburbs of Washington, bus drivers on routes operated by the multi-national TransDev went on strike protesting low pay and dangerous working conditions. The striking drivers earn roughly half the salary and benefits of those operated by the public agency. In Boston, the transit agency proposed privatizing dozens of bus routes earlier this year.

Neither Democratic politicians like Cuomo nor Republican leaders in Congress and the White House have any other answer to the fiscal crisis faced by transit outside of attacks on workers and the millions of residents that depend on subway, bus and rail service for mobility. They reject out of hand that funding for vital services come from the wealth hoarded by the major financial institutions and billionaire owners of capital, many of whom have seen their fortunes soar over the past three months.

Transit workers must prepare for the coming struggles by mobilizing on the basis of their class interests. In the home of Wall Street and the largest concentration of billionaires on the planet, the claim that there is no money to provide livable wages and maintain transit service is doubly absurd. The issue is not whether the resources exist, but rather which class controls them.

The Transport Workers Union will do nothing to defend jobs, living standards and working conditions. The TWU has been long been integrated into the structure of corporate management and in the last contract negotiated incentives for the union bureaucracy if it met cost-cutting targets. Throughout the pandemic it has done everything to work with Mayor Bill de Blasio and Governor Cuomo to prevent any independent action by transit workers to protect their lives against the deadly pandemic.

That is why transit workers must form rank-and-file committees, independent of the TWU and the Democratic Party, to prepare a common fight against austerity and layoffs with the city's 300,000-strong municipal employee workforce. Last month, de Blasio warned that as many as 20,000 municipal employees could lose their jobs. Rank-and-file committees of transit workers should also unite with the city's 75,000 teachers who are opposing the murderous reopening of the schools this fall. We urge workers to contact the Socialist Equality Party to advance this struggle.

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