

Mamdani's pension deferral plan advances Wall Street austerity agenda

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Last week, media outlets reported that Zohran Mamdani, the Democratic Socialists of America (DSA) mayor of New York City, is considering a plan to defer required contributions to several pension funds for city workers—an austerity measure that amounts to a pension cut in slow motion—aimed at reducing the city's \$5.4 billion budget gap.

Such a move is a major attack on workers who will retire over the next two decades, weakening the funds' position and paving the way for future benefit cuts and "reforms" imposed in the name of fiscal necessity. Mamdani has taken up this plan from the City Council's counterproposal for the Fiscal Year 2027 budget, which begins in July.

Mamdani's stated aim is to save \$1.2 billion a year in payments to the city's five pension funds by extending the legal deadline for full funding. In 2013, the City Council passed a law requiring the funds to reach 100 percent funding by 2032. Mamdani's proposal would push that deadline back to 2042 or later.

This is aimed at satisfying Wall Street while exposing workers to far greater danger in the long term. If a major stock market crash were to occur in 2033, for example—and the financial system is already in an extremely fragile state—the city would be in a far weaker position to absorb the shock because it would not yet have the supposed "100 percent funded" cushion.

There is also the more immediate danger of provoking credit rating agencies to reduce the city's rating, making borrowing more expensive. In March, Moody's and Fitch issued negative outlooks for the city—the same warnings that preceded credit downgrades in 2020.

There is desperation in this proposal—but also political calculation. The DSA administration is working to

prove to finance capital that it can govern "responsibly," which in practice means administering austerity and preparing major cuts to schools and social programs.

Mamdani has sought to close the budget gap through several methods: proposing a 9.5 percent property tax increase on New York homeowners—widely unpopular among millions of working class homeowners—and opposing the expansion of CityFHEPS, a key program that helps people in homeless shelters and those evicted from housing secure new homes.

While he has publicly called for a 3 percent tax increase on individuals making \$1 million or more and a 5 percent tax increase on corporations, both measures require passage by the state legislature with the approval of Governor Kathy Hochul, the conservative Democrat who has made clear she will not implement them.

Last week, amid much fanfare, Hochul and Mamdani announced that she would implement a "pied-à-terre tax" on second homes in New York City valued at \$5 million or more and owned by people who do not live in the city.

The aim is political theater: a headline-grabbing "tax the rich" gesture used to provide cover for austerity measures aimed at workers—beginning with pensions. On April 15, the day income taxes were due, Mamdani released a widely circulated video in which he stood outside hedge fund CEO Ken Griffin's \$238 million penthouse on Billionaires' Row in Midtown Manhattan and declared that he was honoring his campaign pledge: "Well, today we're taxing the rich!"

Mamdani and Hochul have, in fact, formed a close political alliance and, as with his alliance with the would-be Führer Donald Trump, he has carefully avoided criticizing her in public. Hochul is using

Mamdani to provide a pseudo-left cover for a right-wing budget framework, while Mamdani uses Hochul to market austerity as pragmatism.

In January, Hochul funded the pseudo-left mayor's pilot 3-K program (early childhood care). However, she committed only \$498 million from the state budget for the first two years of this childcare expansion, creating a massive funding cliff that leaves the city responsible for billions in future costs. Only 2,000 children will receive services this year.

The pied-à-terre tax, even if the state legislature passes it, would raise less than \$500 million a year for the city—and likely far less, since the super-rich will almost certainly challenge their property valuations in court.

Exactly how much—or, more accurately, how little—aid the city will receive from the state remains unknown, since the state budget, due April 1, has still not been passed.

Mamdani's public "affordability" branding has now been explicitly folded into the Democratic Party's attempt to refurbish itself through a photo-op with Barack Obama—an architect of Wall Street rule and imperialist war. In their first public appearance together, Mamdani and Obama staged a preschool event earlier this month. Mamdani's cultivation of Obama—like his cultivation of Hochul and even Trump—signals a deeper integration into the capitalist establishment.

There is little doubt that Mamdani will be unable to balance the budget without massive cuts to education and social programs. The Trump administration is cutting aid to New York City at the very moment that the New York City Housing Authority, which houses 500,000 low-income residents and is kept afloat by federal funds, is collapsing. An estimated \$80 billion is needed simply to address the enormous backlog of repairs.

While the full impact of federal cuts has not yet become clear, the expiration of certain programs is already making working class life measurably worse. The Emergency Housing Voucher program—part of the American Rescue Plan Act of 2021, the third and final pandemic measure passed by Congress—has run out of funds. The program subsidizes rent for 5,200 New Yorkers, who will now have to find new subsidies or face homelessness.

The city is teeming with poverty and homelessness, and layoffs are affecting broad layers of the working class. Inflation driven by the Iran war is pummeling incomes, and a simmering mood of dissent and anger is brewing in millions of households.

Mamdani and the DSA's alliance with the billionaires—expressed above all in his backtracking on the "affordability" platform he campaigned on and his preparations for austerity—has its corollary in his ever-closer association with ruling class figures: first, through meetings with finance and real estate barons after his primary victory in June and then, through open political alliances not only with Hochul but with the fascist gangster Donald Trump.

But perhaps nothing will better symbolize the tenor of Mamdani and the pseudo-left's accommodation to American imperialism than the visit of the British monarch, Charles III, to New York City next week, in the year of the 250th anniversary of the American Revolution. Charles is the figurehead of British imperialism and the patriarch of the decayed and disgraced British royal family.

Mayor Mamdani, King Charles and Queen Camilla will lay a wreath on Wednesday at the monument to the victims of the September 11, 2001 attacks on the World Trade Center. After everything carried out in the name of that event—and amid the ongoing American assault on Iran—nothing could more clearly symbolize the surrender of Mamdani and the DSA to imperialism.



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