

Action, not blame game, will fix New York's budget mess

Written by

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It was not public employees who caused this recession, just as it is not the state government's overspending on employees that caused the huge state deficits. It was not the hardworking teachers, health-care providers, police officers, home aides, laborers, secretaries and clerks. It is not even the higher paid middle managers in government, including doctors, lawyers, planners, engineers, department heads and their deputies who caused the problem.

The reality is, the bankers and the mortgage industry executives and their lawyers, accountants and business consultants drove the United States into the Great Recession. The result for New York and other states was a tremendous drop in revenues from existing taxes. The further resulting unemployment led to a further decrease in tax revenues. Revenues from income taxes, sales taxes, mortgage taxes, transfer taxes on real estate sales and capital gains taxes all plummeted. Property taxes and governmental fees rose to fill the gap, even as governments struggled to shrink, too little, too late.

No one's blameless

In the private sphere, our corporate leaders needed to increase the profit margin each fiscal quarter and the quickest way to do that was to buy other companies and lay off workers instead of creating innovative companies that grow profits slowly by making and selling better products more efficiently. These same private companies promoted the attitude of "pay me first" and "pay me regardless of profit or loss." These same private companies paid millions for lobbyists and gave millions in campaign contributions with an annual agenda of changing laws at every level of government to benefit them and eliminate competition. Their angle: Let's increase privatization of government services and then limit or rig public bidding so we can continuously jack up the costs and increase our profits; let's create oligopoly pricing so that we can continually increase the cost of liability insurance, health care and energy to the public, private and not-for-profit sectors alike.

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Who cares about climate change when we can continue to make a buck the same way we did before.

Our leaders in government of both parties are not blameless. Remember our president spending hugely on wars but not taxing to pay for them and a supine Congress just going along? Remember our defense establishment privatizing wars at huge moral and fiscal cost? Remember everyone in Washington raising a volunteer army's wages (even as they neglected the health and mental health needs of our soldiers) instead of having a citizen army based on a draft? Remember leaders of both parties too afraid to face up to the ever-increasing costs of Medicare and Social Security?

A failure to plan

While spending is not the chief culprit of the state's fiscal problem, the failure to plan for the downturn by cutting or restraining spending and husbanding resources into surpluses was not a priority for state and local governments, public employee unions, private government contractors and consultants, or the general public who wanted wonderful services but didn't want to pay for them.

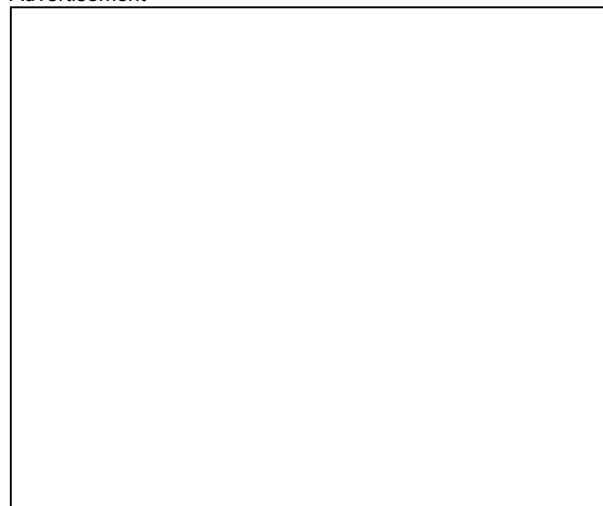
Let's just get through the next election cycle, said public leaders. Read my lips, no new taxes, but we have to deliver grants to our districts and come up with a new program every year that proves we did something. And we must reward our friends, so let's keep adding patronage

jobs or renaming existing jobs and granting them higher salaries. Our consultant lawyers, engineers and computer programmers deserve a raise, don't you think? And we must ignore the corruption and decay in the private sector so we can keep those campaign contributions coming.

We need to produce new or increased benefits for our members in every contract, said public employee union leaders. We need to lobby the government to increase reimbursements and add pension benefits; and don't touch any benefit we have won in the past no matter if the original purpose has been perverted or even forgotten or just doesn't make fiscal or operational sense anymore.

The public, too, is to blame for not paying attention and demanding and rewarding more courage and truthfulness from their leaders. Instead we mindlessly complain about high taxes. Everyone I know can name some government absurdity that they encounter but they never demand real

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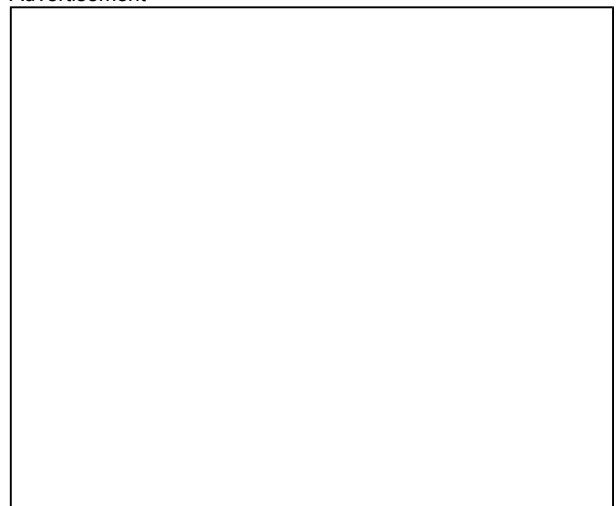
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change and never monitor our leaders to make sure it really happens. The public seems oblivious to reality as the income, educational, and social inequalities in our state and nation continue to grow.

Real reform requires honesty first and the willingness to take on every sacred cow. It takes real shared sacrifice based on a common understanding of what we need to restore our state and nation to greatness. It means a basic respect for different and sometimes unpopular ideas so that they can be proposed and debated, adopted or rejected. It takes a sense of urgency and a commitment to hard work so that we don't let drift and inertia rob us of the opportunity the Great Recession has provided for us. Once we assume these tasks, the time for blame is over and the time for action begins.

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