

Tax Justice in a New Economy

by Lillian Roberts

Monday, March 23, 2009 12:00 AM

Also this week: [Main Street New York: Struggling Businesses Look for Help](#) , an original Gotham Gazette audio slideshow.

[Using Tax Incentives Wisely](#) by Bettina Damiani, project director, [Good Jobs New York](#)

[Cutting Back -- Except for Transit](#) , by Nicole Gelinas, contributing editor, [City Journal](#)

[Working to Help New York Recover](#) , by Seth Pinsky, president, [New York City Economic Development Corp](#) .

[Keeping the Middle Class](#) , by Christine Quinn, speaker, New York City Council

[Finance for the Future](#) by Kathryn Wyld, president and chief executive officer, [Partnership for New York City](#)

Falling revenue has torn gaping holes in our city and state budgets, but our mayor and governor are wearing blinkers. Narrowly focused on the spending side of their fiscal plans, they see cuts in jobs and public services as the solution to the fiscal crisis. They're not looking at the revenue possibilities that would help them avoid these cuts -- cuts that are unwise, unjust and unnecessary.

The proposed cuts are deep and devastating. They want to chop hospital and school funding, raise subway fares, deprive vulnerable students of drug and alcohol counselors, shut free school dental clinics, cut ambulance service, contract out programs for seniors and youth, and eliminate thousands of jobs and set the stage for devastating cutbacks in our libraries and cultural institutions.

District Council 37, the city's largest municipal employee union, is fighting to defend our health care, our schools and our jobs. But, in doing so, we have decided that one of the first things we have to do is fight to reframe the role of government in New Yorkers lives.

Economist Jeffrey Sachs recently [wrote](#) that Americans are now paying the price for the Reagan-era-inspired rejection of "government solutions" to the problems of health, poverty, education and the environment. This, he continues, "kept our taxes as a share of national income lower than Europe's by focusing on the private sector."

So, if the current global economic crisis has taught us anything it should be that if government had played a larger -- especially regulatory -- role in our lives, the private sector might not have

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been able to trample millions of Americans' hopes and dreams.

Private Work in the Public Sector

To help with that reframing, we've [researched and analyzed](#) city spending only to find that under this mayor, the city has handed over some \$9 billion to an unelected, unaccountable "shadow government" of private contractors and outside consultants. A number of these are no-bid, unregulated contracts. Given what's happening in America today, it should come as no surprise that this process undermines the transparency and accountability the public deserves from government.

We examined some 10 contracts between private companies and eight city agencies and identified a \$130 million savings. And that's after a look at only a fraction of the 18,000 deals the city has made with private entities that, in many cases, provide the very same service city employees are paid to provide.

Frankly, that makes no sense. Especially when you consider that with city employees who are tested, investigated, fingerprinted and vetted the city and taxpayers know who and what they're getting. As far too many scandals have shown, the same cannot be said for private contractors and their employees.

To the Streets for Taxes

In addition to this analytical approach, we're taking to the streets. Joining with other unions and our community-based allies we're reaching out and talking to our elected officials.

In New York City, on March 5, over 50,000 members of DC 37 and a broad coalition of unions joined community activists and took our fight to City Hall.

On March 17, scores of New York City Department of Education substance abuse counselors, who service some 1.1 million school children at 1,400 schools, went to Albany to tell lawmakers that the proposed state and city budget cuts would gut a critically important substance and alcohol prevention and intervention program, put city school children at risk and result in the layoff of some 300 experienced drug counselors. On March 31, thousands of AFSCME members from around the state will take their message to Albany again.

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Everywhere we go, we're urging lawmakers to focus more on the revenue side of the budget by canceling the most devastating budget cuts we've seen proposed in decades, and instead support public services with fair taxation.

The mayor and the governor want everyone to share the sacrifice except the ones who can best afford to pay, the richest New Yorkers.

Frankly, I simply can't see depriving the vast number of uninsured people of health care or letting teenagers fall into drug dependence, when modest tax increases for those who can afford it could replace these cuts. I can't see slashing services and cutting the jobs of those who know best how to deliver them when all we have to do is ask for a reasonable contribution from the extremely wealthy New Yorkers who can well afford to shoulder their fair share of the burden. It's a no-brainer.

Time to Tax the Wealthy

After all that is what the 2008 presidential election was all about. After eight years of tax giveaways to the rich and negligent regulation of business, the American people demanded change. They voted to get rid of those who said "government is the problem, not the solution." They chose to acknowledge that government does things for us that we often can't do for ourselves. They voted against policies and a philosophy that threw our nation's and the world's economy into a tailspin and saw millions of families thrown out of their homes and millions of breadwinners thrown out of work.

Have our city and state leaders learned nothing? Their spending cuts would slow economic activity at a time when we need a speedup. Their budgetary attacks on the working class, the middle class and the poor are the exact opposite of what President Obama is trying to do. He is going all out to save jobs while they are wiping out jobs. I agree with the president that we must invest in one another and build up services like hospitals and schools that only government can provide.

I ask the mayor and governor to take a serious look at the modest tax increases I am talking about. The Fair Share Tax Bill proposed by progressive legislators in Albany would raise rates by less than 1.5 percent on those with incomes over \$250,000. It would cost someone making \$300,000 a year — who brings home almost \$6,000 a week — just \$88 a week more. It would

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bring in \$6 billion to the state.

The fair tax plan would simply ask the people who have gotten all the tax breaks under both the Bush and Pataki administrations to pay their share to reduce the misery the broken "bubble" economy has dumped on the rest of us.

I am also reminding the mayor that the city is still squandering billions a year on contracting out public work to the private sector. We have shown the city how to save money by reducing some of this waste. No responsible government can in good conscience cut vital services and lay off hard working public employees while real savings are within reach.