

## The Fiscal Record

# The long-term strategic bombing attack on New York City's public services

by Stephen Parsons

New York City has undergone 15 years of strategic bombing by the advocates of "postindustrialism." The method of strategic bombing was devised by the Prudential Life Insurance Company World War II group to destroy Germany's and Japan's industrial output so that they could not recover after the war.

Strategic bombing doctrine holds that the most efficient way to wreck industry is not to bomb the industrial installations themselves, which may be heavily defended, but to destroy the infrastructure on which production depends—the transportation, labor supply, and sources of materials. In wartime, once industry is ruined, the war effort collapses; in peacetime, once industry is wrecked, the population is at the mercy of the financial oligarchs who largely own the existing, scarce commodities of life: housing, services, water, and food. With a shutdown of supply, the costs soar and the population declines.

New York's pre-eminence as a commercial and industrial center has in no small measure been due to past investment in its capital equipment and infrastructure. New York has the world's best water supply system and the largest mass transit network. Its port is foremost in the nation, its skyscrapers world-renowned. Public education, public health, hospitals and libraries were unparalleled in any American city.

It is the breakdown of that infrastructure and the disintegration of New York's industrial base, still the largest in the nation, that has driven two million citizens from the city over the past 25 years.

### The destruction of industry and employment

Apart from the recent increase of construction employment—whose total workforce in 1980 stood at 74,500, still 5,000 below 1975 levels and 35 percent below 1958's recession level—employment increase has been almost completely in services and in finance, insurance and real estate (FIRE). Between 1977 and 1980, services employment increased by 106,000, FIRE by 31,400. The largest proportional increase, 19.5 percent, was registered by securities and commodities brokers.

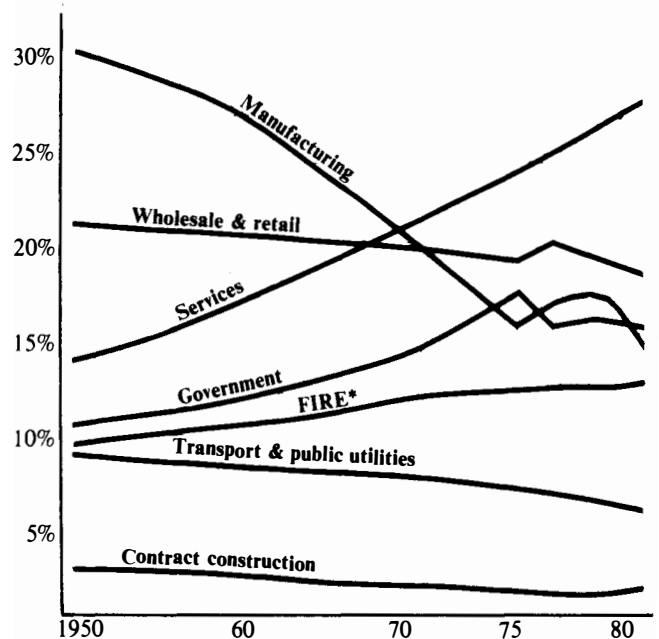
The most productive and vital sectors of the economy have suffered a catastrophic long-term decline.

The largest drop has been in manufacturing:

- Manufacturing employment has fallen by 40,000 under Mayor Edward Koch.
- Manufacturing jobs peaked at 1,073,000 in 1947 and have declined almost every year since 1953. As of last year, less than 500,000 remained—a 54 percent drop.
- Nearly 40 percent of New York City's manufacturing firms have folded since 1960.
- In 1950, manufacturing comprised 30 percent of all city jobs. Last year, the figure was only 15 percent.

In the last 30 years, the proportion of jobs in the four wealth-producing sectors of manufacturing, contract construction, transportation and utilities, and wholesale-retail trade fell from 65 percent to 44 percent,

Figure 4  
**Employment trends, 1960-80**  
(% of work force by industry)



\* Finance, insurance, & real estate

while services, FIRE, and government employment went from 35 percent to 56 percent (see Figure 4). Since their peaks in the late 1950s-early 1960s, employment in the four productive sectors has declined overall by 38 percent, breaking down as follows:

- Wholesale and retail trade—down 19 percent
- Transportation and public utilities—down 25 percent
- Construction—down 64 percent

The General Accounting Office reports that private sector employment during the 1960s rose only 2 percent in New York City, versus 27 percent in the United States as a whole. Manufacturing employment declined 19 percent in New York, while rising 7 percent nationally.

By contrast, services and FIRE employment have increased 55 percent and 20 percent, respectively, since 1958, with gains of 14 percent and 8 percent under Koch.

### The gutting of the municipal labor force

The onset of the contrived fiscal crisis in 1975 was the trigger to begin wholesale gutting of city services, beginning first with the municipal labor force. In just two years, Mayor Abe Beame—the bankers' underling who, as comptroller under Lindsay, rigged the fiscal crisis and ran up the debt—laid off and attrited 20 percent of the city's employees. Under Mayor Koch, 10,000 more have gone (see Figure 5).

But of equal significance is the erosion in the pay scales and standards of living—and consequently the morale—of those employees who remain. In the past five years total benefits per worker has barely kept up with inflation, and real wages have fallen substantially.

Moreover, while it is true that New York City employee labor costs increased 10.65 percent annually from 1961-1975, debt service increased 14 percent annually. Policemen might well have received a 10.3 percent increase in constant dollars from 1970-1976; but the debt collectors got a huge 27 percent increase over a shorter period, from 1971-1976—and most of it was tax-free.

Moreover, during this period of real labor gains, labor has fallen as a proportion of the total budget, from 56.2 percent in 1965 to just 41.5 percent in 1978. In contrast, debt service went from 10.5 percent to 15.1 percent of the budget from 1970 to 1978.

On top of all this, the only actual "gain" employees have received is that more and more of their money is being thrown into pension funds—that is, into the asset pool controlled by the very financiers who have made their lives miserable. While pension fund contributions in constant dollar terms have increased 10 percent per employee in the last five years, workers have taken an average 3 percent real wage cut.

Figure 5  
**City government employment, selected sectors**

	As of June 30, 1975	As of April 30, 1981	% change
Police .....	35,447	27,697	-21.9%
Uniformed officers	30,601	22,862	-25.2
Dept. of Social Services .....	28,331	21,052	-25.7
Fire .....	13,885	12,429	-10.5
Education .....	81,970	69,847	-14.8
Dept. of Environmental Protection* .....	18,846	15,958	-15.3
Health & Hospitals Corp. ....	43,128	40,735	- 5.5
<b>Total .....</b>	<b>296,805</b>	<b>231,903</b>	<b>-21.9%</b>

\* Includes sanitation

The devolution of New York's industrial economy has already reduced population. Brooklyn, the city's largest and most populous borough, lost 14 percent of its residents. The Bronx lost 20 percent of its people. The 10 percent decline in population over the past decade is a net result of the outflow of a stable workforce and administrative workers and the influx of largely impoverished immigrants, many of them "illegals." Fearful of being discovered and deported, the illegals demand few services, and cannot vote; many of them accept the most abysmal sweatshop working conditions. Thus the city's population mix has been radically changed in the past 25 years: two million more skilled and stable workers have been driven from their neighborhoods into the suburbs or other parts of the country and a million newcomers began to fill the same neigh-

Figure 6  
**Replacement cycles for infrastructure**

	Maximum life span before replacement needed (years)	Current replacement cycle (years)
City streets .....	25	200
Cast-iron water mains ..	50	275
Sewers .....	100	300
Hospitals .....	60	350
Subways .....	75	400
Bridges .....	75	300

Figure 7

### City-operated hospital services

	Employment	Days of in-patient care	Emergency visits	Total beds (public & private)
1971 .....	40,036	4,345,062	1,633,047	24,274 (1969)
1975 .....	49,080	3,639,027	1,514,506	— (1969)
1978 .....	40,750	3,280,268	1,360,312	18,502 (1979)
% change				
1971-78 ...	+1.7%	-24.5%	-16.7%	-23.8%

borhoods, now largely destroyed by drugs, arson, service cuts, and unemployment.

### Transportation

The Strategic Bombing Survey, whose leading member was New York investment banker and population-reduction proponent George Ball, found that disruption of transportation was a primary means of halting production. In New York City last year, 200 subway

In New York City last year, 200 subway trains broke down every day—71,700 breakdowns for the entire year. This was 68 percent more than the previous year's breakdowns and 139 percent more than 1977, the year before Mayor Edward Koch took over City Hall.

Trains and buses traveled 28 percent and 23 percent, respectively, fewer miles between breakdowns in 1980 compared to 1977 and subway track fires increased 40 percent.

Subway and bus maintenance staffs have been cut by 35 percent since 1977, and total service reduced by 30 percent. Transit police were cut by one third from 3,600 in 1974 and subway felonies soared by 75 percent. In that same seven years the fare rose from 35 cents to 75 cents.

Figure 8

### City sanitation services

	Employment	Tons of refuse disposed of	Miles of street swept
1971 .....	15,327	7,910,481	1,121,168
1975 .....	14,338	7,534,988	1,223,998
1978 .....	11,745	6,468,221	836,442
% change 1971-78	-23.4%	-18.2%	-25.4%

The city's 6,200 miles of roads and 2,000 bridges fared no better (see Figure 6). While the average lifespan of a city street is approximately 25 years before rehabilitation is needed, the current level of expenditure allows rehabilitation only once every 200 years. Since the 1976 "crisis" no major bridge repair has been undertaken.

Under the city's streets, only 20 miles of the city's 6,100 miles of water mains are replaced each year, a replacement cycle of 275 years. While cast iron mains are designed to last 50 years, 11 percent of Manhattan's water mains are obsolete 6-inch mains laid as long ago as 1870, accounting for 40 percent of water main breaks in the borough. Six percent of the 20,000 trunk valves are so decrepit that they cannot be closed if a break occurs.

Sewers are currently on a 300-year replacement cycle although even the newest sewers have a use-life of 100 years.

The accumulated capital deficit of the mass transportation system is estimated today at \$14 to \$18 billion. The city streets require \$250 million each year; water mains, \$150 million and sewers another \$150 million.

### Housing, health, and services

By 1979, the latest figure available, 2,000 blocks of housing in the Bronx had been destroyed by arson and vandalism. Today that borough loses 5 square blocks of housing every week.

The city needs 62,000 units of housing built every year to replace its housing stock. In 1980 fewer than 9,000 units were built—all of them "luxury rent" units requiring a family income of \$50,000/year. No middle or low income housing has been built since 1977.

Since 1970, 27 hospitals have been closed, eliminating 2,400 beds (see Figure 7). The city now has 20 percent fewer hospital beds per capita than the rest of the nation, while its public health department has been cut by 38 percent. Sanitation service has undergone an 18-25 percent reduction (see Figure 8).

Fifty-three schools have been closed or put to other than instructional use while 10,000 teachers have been lost since 1975. Library hours have been reduced by 50 percent in ten years with neighborhood branches reduced to branches open four afternoons a week.

It should finally be noted that between 1961 and 1976, public assistance rolls more than trebled to over 1.2 million, or from 4 percent of the population to 17 percent. Today, one New Yorker in every six gets some form of public assistance. The bulk of the welfare checks has gone directly into escalating rental payments, which in turn have financed inflated mortgages and real-estate speculation, while the city was encouraged to loot its capital budget for operating costs.

**Strategic bombing survey of New York City**

**Based on the 1969 City Planning Commission Master Plan**

**FREE-FIRE ZONE**

**GENTRIFICATION ZONE**

**East Harlem population removal**

**Long Island City deindustrialization**

**Lower East Side population removal**



■ Fullscale depopulation  
 ■ Softening-up for future depopulation

*Above is a strategic bombing map of New York City seen from the gunights of the RAND Corporation. The first circle, on a radius of four miles from Times Square, defines the "gentrification zone," the region of immense cash flow through the office buildings, hotels, East Side luxury housing, and other "services": drugs, prostitution, gambling, and pornography. The second concentric circle, nine miles in radius from Times Square, is the "enterprise free-fire zone" marked for annihilation of its present manufacturing, housing and public services. The remaining*

*population will be re-employed in the unregulated, tax-free enterprise zones.*

*Two pockets within the gentrification speaking/Black areas of East Harlem, will be replaced by a northward extension of the East Side luxury zone, while the Lower East Side will be maintained as a drug emporium as the older Jewish-East European residents are dispersed.*