

GLASS-STEAGALL OR DIE

Budget Cuts Are Dismantling America's Cities and States

by Carl Osgood and Nancy Spannaus

Feb. 10—During periods of great crisis in the ancient past, great cities and civilizations have been literally wiped off the map, as a result of catastrophes such as floods, invasions, and plagues. Today, across the United States, a plague of budget-cutting, coming on top of the deindustrialization of the nation, is threatening to have precisely the same result.

Faced with a devastated revenue base which has no prospect of significant improvement, cities and states are currently cutting the most fundamental services upon which urban life depends. Police departments, fire departments, and public-health departments are being savaged to the point that some urban centers are near becoming no-man's lands of crime. Constrained by law from running at a deficit, these government entities are effectively committing suicide.

There is an alternative, of course. That alternative lies in these localities demanding Constitutional *Federal* action to free the nation's banking system of illegitimate gambling debts (through reimposing Glass-Steagall), and then, to issue the necessary credit to both support the states, and to launch massive infrastructure projects which will rebuild the productive base of the economy. No moral government official would choose to kill the citizens under his jurisdiction, and the basis for that jurisdiction's very existence, when he or she had a chance to gain the resources needed. It just so happens, in this case, that that chance depends upon a political fight to change Washington's policy—one that

most local leaders, out of incompetence, evil, or fear, have been loath to wage.

The Case of New Jersey

One of the most dramatic examples of this process is the state of New Jersey, once one of the most prosperous in the nation. Having lost over 245,000 jobs over the last decade, and under the tax and budget-cutting spree of Republican fiscal-austerity fatboy, Gov. Chris Christie, New Jersey is now among one of the most financially strapped and devastated states of the union.

The budget-cutting mayhem extends from one end of the state to the other—major cities affected include Newark, Paterson, Elizabeth, Jersey City, Trenton, and Camden. We'll start with Camden.

Camden, the ninth-largest city in the state and, reportedly, the city with the highest crime rate in the *nation* in 2009, made headlines on Jan. 18, 2011, when the city fired almost one-half of its 370 police officers, one-third of its 220 firefighters, and about 100 other city employees. The 383 layoffs amounted to one-quarter of the city's workforce, with public safety taking the biggest hit.

The ostensible reason for these layoffs was the \$26.5 million deficit in the city budget, and according to Mayor Dana Redd, the city had no choice but to proceed with the layoffs, after the unions representing city workers failed to come up with the wage and benefit concessions that the city was demanding. Governor Christie called



Camden, N.J. (above) has the distinction of having the highest crime rate in the U.S. (2009); yet, under the brutal “deficit reduction” policy of Gov. Chris Christie, hundreds of police and firefighters have been laid off. The former industrial city, whose New York Shipbuilding (right) once employed 40,000 workers, was shut in the 1960s, and it’s been downhill since then.

Redd’s actions “strong” and “bold,” declaring that “We have to continue to be fiscally responsible.”

Camden’s decline began in the 1960s, with the closure of the shipyard of New York Shipbuilding. At its height during World War II, New York Ship employed 40,000 skilled workers, in what is reported to have been one of the most innovative shipyards in the world. Its closure was followed by the abandonment of Camden by electronics manufacturer RCA Victor and the Campbell Soup Company. The long decline of Camden included race riots in the 1970s, and financial collapse that has led to state receivership at one time or another. Today, Camden’s tax base is only capable of providing about 25% of the revenues that the city needs to operate. Without addressing the underlying national physical economic collapse, the dark age policy of budget cuts and layoffs is the only option being presented to Camden and every other city.

Christie ruled out any other consideration when he was challenged by a LaRouchePAC supporter and LaRouche Congressional candidate Diane Sare on the need for Glass-Steagall and emergency Federal aid to the states, during a Jan. 14 town hall meeting in Para-

mus. Christie dismissed Glass-Steagall, arguing that Franklin Roosevelt wasn’t faced with the \$14 trillion in Federal debt of today, and therefore, Glass-Steagall is irrelevant. “Our revenue has been going down every year for the last, almost four years, now,” he said. “When that happens, we have a constitution that says we



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must balance our budget. . . . We can’t print money. We can’t run deficits. So, I gotta get in there and do the cutting, because if I don’t, the only alternative I have is to raise your taxes, again, and I didn’t run to do that.”

Christie’s bestial attitude was exposed further when he asserted his opposition to Federal aid to the states, on the basis that the states were allegedly involved in “profligate spending” (a video of the exchange can be seen in its entirety at <http://www.larouchepac.com/node/17193>). Meanwhile, Christie has moved to put caps on local tax increases, slashed state contributions to municipalities, and infamously vetoed a tax on millionaires in last year’s legislative session.

Christie’s policy position was echoed at the U.S. Conference of Mayors annual Winter meeting, held in Washington, D.C., Jan. 19-21. According to LaRouchePAC organizers who were present, Chicago’s



N.J. Governor's Office/Tim Larsen

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Mayor Richard M. Daley took the same approach, during a Jan. 19 panel discussion on the fiscal crises facing municipalities. Daley forcefully expostulated against a Federal option to the current policy of austerity, arguing that, since neither the cities nor the states can issue sovereign credit, which only the Federal government is privileged to do, the only alternative is to seek credit from the private sector. Daley, of course, has already taken Chicago down that road, with the 99-year lease of the Chicago Skyway to a private corporation, and the privatization of other city infrastructure.

Cost-Cutting Compromises Public Safety

Camden is the most advanced case of decay, but is hardly the only city heading in that direction. In New Jersey alone, dozens of cities have been forced by Christie's insistence on "fiscal responsibility," to drastically reduce city services, and lay off up to hundreds of city employees.

Newark laid off 167 police officers, on Nov. 30, and while there have been no layoffs in the fire department, the city has lost 125 of 550 firefighters through attrition since December of 2009. On Jan. 26, the layoffs of 82

police officers in Jersey City were averted when the police union approved a package of wage and benefit concessions, but the deal does nothing to address the underlying economic problem. On Jan. 11, the mayor of Paterson recommended laying off 150 police officers as part of an effort to close a \$54 million budget deficit. In December, the city of East Orange approved a plan to lay off 82 employees, including 31 police officers and 16 firefighters. The New Jersey Police Benevolent Association estimates that 2,200 police officers were taken off the streets of the state in 2010 alone.

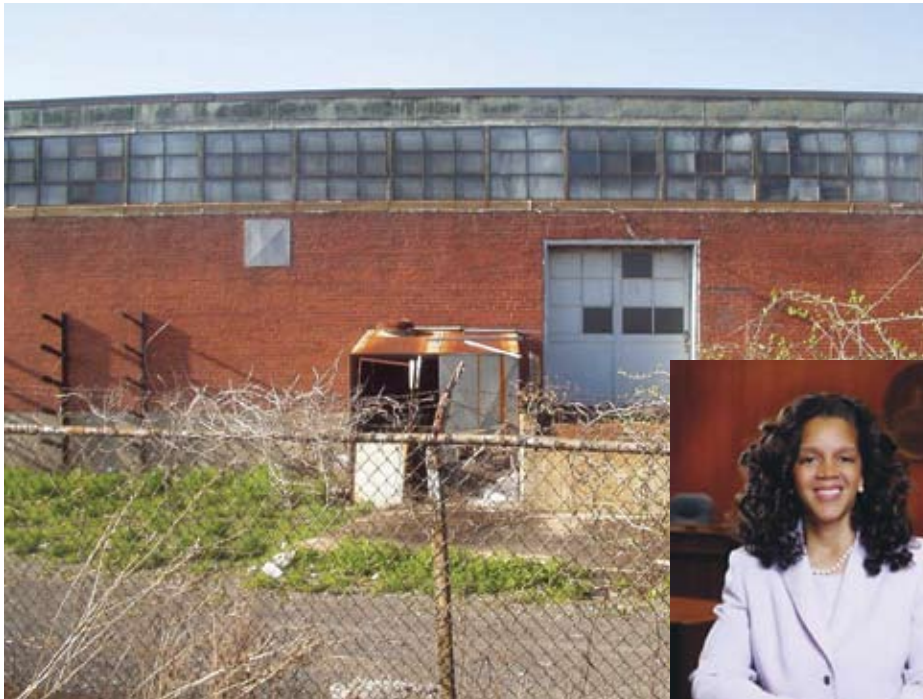
The pattern of police layoffs and rising crime rates caused the chairmen of the state legislature's two public safety committees to issue a joint statement on Jan. 4, calling on Christie and Attorney General Paula Dow to address the 14% increase in the number of homicides in New Jersey.

The Newark *Star-Ledger* reported two days before, that there were 364 homicides in the state in 2010, compared to 320 in 2009. The two lawmakers, Sen. John Girgenti of Passaic and Assemblyman Gordon Johnson of Bergen, warned that statewide police layoffs and a stagnant economy could lead to continued increase in crime, and asked the Christie Administration to come up with a plan to deal with it. "While the spike in homicides this year is truly disturbing, it is not altogether surprising, especially given the significant cuts in state aid that are causing massive layoffs in law enforcement in some of our largest cities," they wrote. "Cost-saving measures cannot trump public safety in the end."

The Law and Public Safety Committee held a hearing Feb. 7 on the impact of police and fire department layoffs on public safety. The panel heard from police officers, fire fighters, and the fiancée of a Lakewood police officer killed in the line of duty on Jan. 14.

Newark Detective Jim Stewart told the committee that while Mayor Cory Booker had said that the city "wouldn't miss a beat" despite laying off 167 police officers, the truth is otherwise. He said that department figures from Dec. 4 to Jan. 30 showed increases of 50% in murders, 38% in robberies, 66% in shooting incidents, 118% in shooting victims, and 400% in carjackings from the same period in the previous year.

Richard J. Buzby, Jr., the police chief of Little Egg Harbor Township, a suburb of Atlantic City, which laid off 11 police officers last October, said he was convinced that criminals have been taking advantage of the situation. "Absolutely there's people that take advantage. It's been publicized pretty widely that we and



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Harrisburg, Pa. Mayor Linda Thompson (inset) allowed the city's \$56 million budget pass into law without her signature: "I firmly believe that the 2011 budget ordinance . . . will endanger the health, safety and welfare of the residents of the Capital City and therefore I could not sign it as is," she said in a statement. Shown: urban decay in Harrisburg.



towns near us have undergone cuts," Buzby said. "We had 18 burglaries in January compared to five last January. We also had two strong-arm robberies this January, which is a type of crime we don't usually see, and is very concerning."

The most dramatic moment in the hearing apparently came with the testimony of 24-year-old Kelly Walsifer, the fiancée of Lakewood police officer Christopher Matlosz, who was killed by a gang member on Jan. 14; she reportedly shamed everyone in the room into silence. Legislators have been considering bills to increase penalties for gang-related crime, but, Walsifer said, "if there are more anti-gang laws, how can we lay off more cops?"

Nationwide

Cost-saving measures *are* trumping public safety nationally. Oakland, Calif., which made national headlines last July, when it laid off 80 police officers, or about 10% of its force, saw a 22% increase in shootings in 2010. It would have seen an increase in homicides as well, except for the work of trauma surgeons in the

city's main hospital. Gary, Ind. laid off 30 of its firefighters at the end of December, reducing its force by 20%. The fire department had already been so chronically underfunded, that 6 or 7 of its 13 fire trucks were typically out of service for mechanical problems each day.

On Jan. 18, Harrisburg, Pa. Mayor Linda Thompson allowed the city's \$56 million budget to pass into law without her signature, characterizing it as dangerous. "I firmly believe that the 2011 budget ordinance, as amended by the Harrisburg City Council, will endanger the health, safety, and welfare of the residents of the Capital City; and therefore I could not sign it as is," she said in a statement. She said the

budget passed by the council didn't include some mandatory expenses, including firefighters' salaries and benefits, and that vehicles would run out of fuel during the year.

On top of these public safety cuts, there are the slashes in basic public health and safety net budgets, particularly Medicaid, which now makes up the largest, or second largest (compared to education), part of state budgets. These cuts will *kill*, as they already have in Arizona, where one of the Medicaid cuts was the refusal to pay for organ transplants that had already been approved for a number of donors. Two of the people on the formerly approved list have already died, as a result of being given a death sentence by budget cuts.

The sea change in policy required to stop this devastation, as LaRouchePAC organizers are hammering the point around the country, starts with cancelling the bail-outs of gambling debts, which are bankrupting the system, and preventing the crucial supports for the states. Franklin D. Roosevelt provided that kind of support within his first 100 days in office, at the same time that he was imposing bank regulation, including Glass-Steagall. A sane population will reject national suicide, and demand that action again.