

How the banks  
are behind the  
MTA cuts

The Case  
for a  
**PEOPLE'S  
MTA**



This brochure is dedicated to women transit workers, members of Local 100, Transport Workers Union in New York City. They have struggled under the most appalling working conditions, worked a second shift at home caring for children and other loved ones, and are strong pillars of the union. I have no doubt that the women of L. 100 will be leading strategists and organizers in the coming battles with the MTA and banks.

## **THE SUBWAYS BELONG TO THE PEOPLE**

The Metropolitan Transportation Authority is a regional system for New York City's five boroughs, Long Island and Westchester. It is the biggest mass transit system in the western hemisphere with 840 miles of subway track in NYC, two railroads the Long Island Rail Road

and Metro North, 7 bridges, two tunnels, 380 bus lines.

Transit Workers ride 8.5 million people a day. In 2008 over 1.6 billion rides on the subways alone. 800,000 vehicles come through the tunnels and bridges each day.

NYC's systems trail only Tokyo, Moscow and Seoul in annual ridership and carry more passengers than all other rail mass transit systems in the United States combined. And it's almost the only one that operates 24/7.

This system carries not only riders but the region's economy on its shoulders. The region economy is \$901 billion. NYC region's GDP is the second highest only behind California, but

***“The transit system was built by the people. It is run by the people. It is the people who ride on it. It is the people who pay for it. The people should take it into their own hands and see to it that all of the people ride freely on it.”***

**Sam Marcy 1970**

From 1989 to 2009 the banks have taken 173 billion dollars from the MTA directly in interest payments. In addition billions more have gone paid to the banks for interest payments for the transit system but from the New York State and New York City Budgets.



# Introduction

FEBRUARY 2010

In December 2009, the MTA Board, including all of Mayor Bloomberg's appointees, voted for a budget that slashed essential transit services and threatened the jobs of hundreds of transit workers. 550,000 public school students will have their free or discounted passes revoked. Access-A-Ride for disabled will become expensive and not go to peoples' homes, but pick up points. Several whole subway lines and bus routes will be axed. Service during nights and weekends will be cut back, they will continue to shut down staffed booths leaving millions of passengers in an unsafe situation, and prevent use of disabled passes. They want cuts that affect the safety of transit workers and the public. The budget also includes a 7.5% fare hike in 2011 and again in 2013, even though there was already a 50% increase since 2003.

The MTA claims a budget deficit of \$400-800 million and that the budget can only be balanced on the backs of riders, communities and workers. The MTA, the Mayor and all of Wall Street would like riders to blame transit workers and the union and pit them against each other. This brochure will show how communities and workers are both the victims of the greed of bankers and real estate interests and will ally with each other against the cuts. It's the banks, not labor costs that are to blame.

When they talk about the budget in public they never mention debt service. Debt service is interest payments to banks for bonds issued by the MTA or New York City. MTA debt service is 1.5 billion this year. Debt service in the New York City Budget is 13 billion dollars just for this year, much of it tax free. **From 1989 to 2009 the banks have taken 173 billion dollars from the MTA directly in interest payments. In addition billions more have gone paid to the banks for interest payments for the**

**transit system but from the New York State and New York City Budgets.** (Websites of MTA, Fmr. State Comptroller McCall)

**Whether funds come from state or local budgets, or from fares (which are a tax), all the money paid to the banks comes from the people.**

The MTA has been warned again and again that it cannot sustain ever growing debt service. But the banks are addicted to this profit. They dictate to the city and the MTA and force them into greater indebtedness every year, which officials willingly go along with.

It seems incredible that only months after the federal treasury was looted to bail out the biggest banks that these banks are allowed to turn around and kick us all in the gut. While unemployment rages (we have 1 million unemployed in our region alone) the banks have more than recovered. They are making not just profits, but record profits. Goldman Sachs alone, which is very involved with municipal bonds made a profit of 29.6 billion dollars in 2009. (Wall Street Journal (WSJ) 1/22/10) Bonuses (which are only part of the profit) had a record payout of 449.6 billion dollars in 2009 as compared to a mere \$306.2 billion in 2008 (WSJ 1/15/10).

The only really valid function of government is to see to the common good. But the government has become a collection agency for the bankers. On top of governments, we have the shadow government of Authorities, like the MTA, which take public funds to pay interest payments (debt service) to the banks.

Everywhere that part of a budget that goes to human needs and services that benefit the vast majority of people is being cut by politicians who are in the pockets of the bankers. As Senator Dick Durbin of Illinois put it talking about the banks in relation to Congress “they frankly own the place.” (2009 Newsmax).

Do you ever hear the Mayor, City Council, or MTA Board ever mention debt service or banks? MTA Chairman Walder said, “We must re-think every aspect of our operation and permanently reduce the cost of running the system.” (WSJ 12/18/09). But his reductions are aimed only at riders and workers. He **never** talks about the debt service or the banks. It’s like the emperors new clothes.

The powers that be would have us believe there is no money. We’ve been irresponsible, spending wildly for things we can’t afford. What is never discussed is the 4,000 pound elephant in the room – the banks. The

working class needs its own independent investigations and accounting of every penny of these budgets.

On any given day in NYC there are several demonstrations against a specific budget cut. Now the State has announced billion in cuts and NYC ultra billionaire Bloomberg is asking for \$1 billion in cuts. Education, hospitals, Medicaid, Fire Dept. — anything that serves the people is on the chopping block.

What is *not* being cut – billions in interest payments to banks — is at the heart of the problem. There is plenty of money in these budgets. The issue is who is making decisions and where the money is going.

The MTA is an unelected, illegal, illegitimate, unrepresentative body that has usurped decisions and funds for the transit system from the people. It was set up by the state in order to do just that. The MTA is a vehicle through which public funds are transferred to the banks. Mass transit has become a cash cow for the banks. And the banks have become the dictators of public policy and treasuries and with few exceptions the governments go along with them.

Humans cannot live without oxygen. No one can dispute that, it is a law of nature. We are made to think that giving away billions of dollars of money that came from our hard work to bankers is a law of nature too. Lloyd Blankfein, CEO of Goldman Sachs, said “Goldman Sachs is doing God’s work.” (WSJ 12/28/09). We’re told if we challenge this everything will collapse around our heads. Cutting 23 fire stations, 20 schools, education, jobs, Medicaid, while giving tax – free \$13 billion dollars of the city budget to banks is okay? No, this is life standing on its head.

Is it just a bad dream that Bloomberg who has a net value of \$16 billion, 6 mansions around the world, stands up and says that \$1 billion must be cut from the budget? 1 billion that affects the lives of millions of people, while he and other bankers sip \$2,000 bottle of champagne and send their kids to private, exclusive schools.

We can stop the transit cuts; we can stop all the cuts. We have to unite the struggles and challenge the legitimacy of those who are making the decisions. In this case, it is the MTA, a non elected board that personally benefit from enriching bankers and works exclusively in their interest. The fact that along the way they must allocate funds to keep a transit system running in order to do that must be an annoyance to them.

The great and mighty TWU Local 100, together with the great and mighty force of the communities of NYC should expose and form a Peo-

ples MTA that can tell the truth, rally and defeat these assaults. There is historic precedent in the United States for governments to enact a moratorium (meaning to stop paying temporarily) on debt service payments or even a repudiation (to rip it up) of the debt altogether. These banks have been raking in billions, year after year after year, while New Yorkers are suffering in greater numbers.

We cannot appease the banks. They will keep coming back for more. We cannot rely on the politicians to defend the riders or the Union and its members. The pro-slavery Taylor Law must be repealed. But almost none of the politicians speak against it. Where was City Council Speaker Quinn when her boss Mayor Bloomberg called the transit workers thugs? Where was the council when the union was fighting to get its modest negotiated raises? And where are they all now when the banks and government are trying to blame the workers for the “deficit.” They make demagogic speeches against cuts to student free passes, but Quinn has said that if NYS doesn’t fund it, neither will the City.

We can unite and organize, workers, communities, students and mobilize in massive numbers. This can stop all the cuts.

Whether you believe, as does this writer that capitalism is destroying the lives of the working class, or not, we have to climb out of the box with new strategies that meet the current conditions. A deeper knowledge of the facts can only help. We workers and communities are not puppets that dance to whatever tune the super rich play, we need to find an independent course for the good of all humanity.

## WHAT IS THE MTA?

The Metropolitan Transportation Authority is a “public benefits corporation” chartered by the New York State Legislature in 1968. The wealthy never tire of disguising the real purpose of laws by giving them names that are the opposite of their true function. Calling them “bankers benefit corporations” would be much more accurate.

The NYS constitution was amended in 1846 to prohibit the state from contracting long term debt without approval by voters. Wikipedia puts it well “...the legislature began to search for ways to evade the constitutional debt limit... However the state, or really the taxpayers were still responsible for paying the interest and principal on the debt.”

New York State passed legislation to charter “Public Benefit Corporations”, better known as “Authorities”. The first one was in 1927. But it was not until the 1950’s when Robert Moses led the charge to transfer government functions from direct elected government control to non-elected Authorities. Moses went on to chair the Triborough Bridge Authority, Jones Beach Authority, and NY Power Authority

Authorities served two purposes. Each Authority could issue its own bonds which were bought by banks and institutional investors. Each Authority would then have its own debt. This was a way to get around the state constitution’s cap on debt.

It also shielded elected officials from the anger of the people. Oh, the fare is going up, don’t blame the Mayor, Governor, Legislature, city Council or the banks – it’s this “independent” authority, MTA. They provide a buffer between elected officials and the people.

It’s not that the Authorities are subcommittees with great expertise in running the concrete services that their authority is responsible for. The

only people that really know how to run the transit system are the 38,000 members of the TWU together with some dedicated transportation engineers and scientists.

The Authorities are packed in every case with financiers, bankers, investors, real estate developers or individuals appointed because of their loyalty to them. The Authorities have their own high paid bureaucracies. In some cases police forces and the right to evict people by eminent domain.

Today there are **1,098 Authorities operating in NYS alone**. They are often called the “Shadow Government” as they undemocratically decide almost everything that affects our lives. They controls billions of tax payer and revenue dollars. “Public authorities are currently responsible for more than 90% of the state’s debt and 80% of the state’s infrastructure...” (Wikipedia).

So the most legitimate functions of government, for example, schools, roads, healthcare, transportation, water and sewage, etc., were removed from the government and placed in the hands of an Authority. These are the things that taxes should pay for. Now they call them fees, fares, tuition, co-pays, tolls, licenses, but in essence they are all taxes. And we have no representation.

Every year, in fact almost every day, Authorities are issuing new bonds on the debt market. These bond offerings are managed by security companies and attorneys who make hundreds of millions of dollars in fees for doing so. The bond market dictates the interest rates that the Authority, or the city or state must pay to the bond holders. The seller does not.

Our money is used to pay interest on these bonds. The principal is rarely repaid, and each year interest payments are compounded. That means new loans are taken out just to pay interest payments for previous interest payments. These come from the new bonds that are sold. The interest payment that is part of a budget is called debt service. Debt service is interest payments to the banks.

In many cases this interest payment is tax free. There are tax free bonds that are sold by the City and the MTA. Other bonds have low taxes on the interest payments, beside which corporations, especially banks find ways to dodge anyway.

Some beginning criticism of this theft of services and public funds by Authorities was channeled into the creation of the Public Authorities Accountability Act of 2005, amended in 2009. However, the Act only demands certain reporting but in no way challenges the usurpation of power or public treasuries by these Authorities.

In the next part of this report on the MTA's budget we will expose how this debt service is swallowing the budget. First let's see who this MTA is.

## **The MTA**

Originally the New York City Transit Authority, the Municipal Transportation Authority (MTA) was created as a regional Authority in 1968. The MTA has a 17 member Board nominated by the Governor, Mayor of NYC and county executives in the region and confirmed by the state senate. The Board also has six non voting seats from several unions and the permanent Citizens Advisory Committee (PCAC). The MTA website describes the PCAC "as a voice for users of MTA..." In reality the PCAC is picked by the governor and mayor. A quick check of their website (their office is at MTA headquarters) shows they are merely flunkies for MTA policies, and were neither picked nor representative of the NYC population and needs.

The previous two chairmen were major business players in the Republican and Democratic Parties, and real estate developers. Robert Fitch wrote in the *The Nation* 12/05/09 about Pataki's MTA being "investment banks seeking no bid bond business, developers angling for bargain properties, landlords who want the MTA as a generous tenant and mobbed up contractors seeking construction business."

Fitch continues that between 2003-06, 8 MTA board members contributed \$135,760 to Pataki's campaign. The Former MTA Chair, Peter Kalikow, who is a real estate baron, gave Pataki \$80,000 and he also gets rent from businesses doing business with the MTA. In 2007, Gov. Spitzer's Chair Dale Hemmerdinger, who was president of the Real Estate Forum, gave Pataki \$40,000.

The MTA board members are from the Democratic and Republic parties and vote together against the people again and again. They are required to fulfill some public procedures but this is window dressing. In December the Board passed the budget, now in March they having public hearings after the fact. The hearings are in different boroughs on the same night.

No doubt to keep up the charade the Board will vote to uphold their cuts but perhaps make a few modifications "based on the public hearings." This is all in the game plan they have practiced for decades. Of course we will be there to protest, and if we had 10,000 or 100,000 encircling the hearing they would reverse the cuts, all of a sudden finding the necessary funding.

The six non voting members are similarly there to offset criticism. But it's more of an insult. Imagine the TWU and the UTU have no vote. They should refuse to give the MTA any legitimacy by their presence. It only serves at this point, to obscure the real character of the MTA to the masses of the population.

### **Current Board of the MTA**

Jay Walder, Chairman. Appointed recently. He was with the MTA for many years overseeing finances of course. He went on to London as managing director for finance and development. Both in NYC and in London his main achievements were finding ways to reduce the work force. He was partner in McKinsey & Co., a management consulting firm doing the same thing for other companies. Walder breaks the tradition of the MTA Chair being a banker or real estate baron himself (though it would be interesting to see his investments). This is useful at a time when the banks are strangling the city. To ensure his loyalty Walder will get \$350,000 a year, plus free housing. Additionally he will get \$22,000 a year in a retirement account. His severance package is one year salary, but if he's asked to leave abruptly he'll get \$850,000. His term is for six years.

Andrew Saul, Vice Chairman, and Chair of the Finance Committee is a general partner at Saul Partners, LLP and board member for 14 years. He was appointed by Pres. Bush Jr. as Chairman of the Federal Thrift Retirement Investment Board after raising \$100,000 for Bush's campaign. Saul is a trustee of the Manhattan Institute Policy Research which according to them promotes limited government, free market principles and greater individual responsibility.

That translates to cut all human service, let business do whatever it wants, and blame the workers and poor for their problems.

Of the other 15 voting members, two are African American and 3 are women. None are representative of workers, or communities. The Governor or Mayor who appointed them is in parentheses.)

John Banks III (*Bloomberg*) Con Ed Chief Lobbyist, Deputy Dir. of NYC Finance for fifteen years including under Giuliani and Bloomberg

Robert C. Bickford (*Paterson*) Putnam County has  $\frac{1}{4}$  vote. Attorney with Kidder Peabody, one of the biggest Securities Bankers firms and also Economic Development Corporation of NYC.

- Allen P. Cappeli (*Paterson*) Attorney. Was assistant special deputy superintendent to the NYS Department. of Insurance.
- Donald Cecil (*Pataki*) Westchester. Cumberland Associates, a private investment management firm with more than \$1 billion in assets. Formerly with Shearson Hammel (now Morgan Stanley) and New York society of Security Analysts. He is a retired director and trustee of 43 Merrill Lynch Mutual Funds
- Doreen M. Frasca (*Paterson*) 30 years on Wall Street at Dillon, Read on the municipal bond trading desk, and then at Merrill Lynch/ Jeffrey Kay (*Bloomberg*), He is director of the Mayor's Office of Operations. Formerly Deputy Director of NYC Office of Management and Budget (OMB)
- Mark D. Lebow (*Bloomberg*) Attorney Lebow & Sokolow, LLP. A law firm specializing in corporate law, mergers and acquisitions, and real estate. Formerly a partner with Coudert Brothers, and international firm where he was head of their real estate department.
- Susan Metzger (*Pataki*) Orange Co. casts 1/4 of a vote. Former owner of an engineering company.
- Mark Page (*Bloomberg*) He is director of the OMB responsible for developing and implementing the NYC Budget and for issuing bonds in the public capital markets. He was formerly Director of the NYC Municipal Water Authority which issues bonds, the NYC Transitional Finance Authority which issues bonds.
- Mitchell Pally Attorney in the Weber Law Group of Melville, NY. He is the partner in charge of government relations. The law firm specializes in "commercial real estate, land use and zoning."
- Norman Seabrook (*Pataki*) He was a member of Bloomberg's transition team. Pres. of the NYC Correction Officers Benevolent Assoc. In 2002 George Bush appointed Seabrook to the presidential commission on the U.S. Postal Service's efficiency which led to cuts to postal workers jobs and heavier work loads.
- James L. Sedore (*Cuomo and Pataki*) Dutchess County. CPA casts 1/4 of a vote. He is chairman of the Southern Dutchess County Chamber of Commerce and held leading posts in Republican committees.
- Nancy Shevell, (*Pataki*). She is vice president of the New England Motor Freight and the Shevell Group of Companies which is a giant trucking conglomerate.

Carol V. Wortendyke, (Pataki) Cal Mart Construction, whose primary business is the construction of bridges and dams. He served as a member of the NYS Board of Real Estate Appraisal. He was named the Republican Business man of the Year by Clarkstown NY in 1986. Casts 1/4 vote.

All Board members receive free EZ Passes for tunnels, bridges and tolls.

Gene Russianoff, staff attorney for Straphangers said) “They are for the most part, rich people, connected people. They are connected to wealth, connected to privilege and connected to the automobile and not connected to the average person in the city...”The fact that the last two chairs for the MTA have been political fundraisers and well off developers makes me, very, very nervous. Independent (date )

## **BUDGET OF THE MTA**

The operating budget of the MTA is 11.98 billion for 2010. They claim there is a \$400-800 million gap between that amount and income. All income comes from the peoples' taxes. Fares (which is a tax), and state, city, federal government and other local taxes.

An MTA Press release 4/27/09 admits that revenue from fares are down because of increased unemployment and higher fares. So the MTA's solution is to increase unemployment and raise the fares again. The income side is down also because NYS and NYC has cut back funding and real estate taxes are lower as well.

But even with that decrease, there is still a whopping \$11.1 to \$11.6 billion is available to run the system. A billion is a thousand million. The most important thing is where the money is going. Can we or should we trust an illegal and illegitimate unelected Authority to decide this? The MTA has become a cash cow for the banks, real estate developers and contractors. We'll take each rip-off separately.

### **Mta are thieves**

From 2002-04 the MTA was flush with a surplus that they hid from the public to justify a fare increase by saying there was a deficit. Former State Comptroller Alan Hevesi issued a statement on 4/23/03 charging the MTA hid more than half a billion dollars from the public when it was asking for a fare increase by keeping two sets of financial plans, one public and one secret. (website of Alan Hevesi, State comptroller). Yet the 2003 fare increase was not rolled back. New York State is supposed to oversee the MTA, no official went to jail. An unemployed youth jumping a turnstile can get sent to Rikers Island, but the bankers on the MTA stole millions from the people and nothing happened.

The union and working class communities throughout New York City need our own thorough report on the budget.

### **Banks and debt service**

The Mayor, and the MTA want to blame the cuts on the union for getting a raise. This is a modest raise over 3 years and was negotiated and agreed to by city years ago. This raise was illegally held back by the MTA. A federal court ordered them to pay it. The job that transit workers do is hard, dirty, and dangerous and goes on every day and every night. Transit is a labor intensive system. The MTA is using a deficit of their own creation to declare war on transit workers. MTA Chairman Walder said “we must cut jobs, change archaic work rules and institute service cuts...” (Crains NY Business 1/24/10).

What does he want to change? What does he call archaic? He wants station booths to have no staff, he wants trains to be run by one-person crews. He wants those working on the third rails to speed up. What is archaic is that transit workers sometimes have to walk a mile to use a dirty bathroom. Walder’s demands are dangerous for workers and dangerous for the riders. But then Walder only rides the trains for a photo opportunity. Labor costs are only 58 % of the MTA budget. But they keep it running 100% of the time. The bankers do nothing but pocket our money.

### **Real theft is the interest payments to the banks**

From 1989 to 2009 the banks have taken \$173 billion dollars from the MTA directly in interest payments. In addition billions more have been paid to the banks for interest payments for the transit system from the New York State and New York City Budgets.

The truth is that the current income of the MTA is totally sufficient to pay for the necessary operating and capital expenses. The problem is where the money is going.

MTA Interest payments to the banks in 2010 alone will be \$2 billion dollars or 1/6<sup>th</sup> of the budget or five times the so-called deficit. **When you pay \$2.25 for one ride, 74 cents goes straight to the banks. You might as well walk up to Citigroup, Goldman Sachs or the other banks and just hand them money for doing nothing.** In a few years \$1.07 of each fare will go to the banks. Each year the percentage of your fare going to the banks gets higher. If you add in the huge bureaucracy of the MTA, real

estate rip offs and contractors inflated profits it would reduce the fare to about \$1.00 to actually pay for the ride.

This should of course come from the NYC budget for everyone in NYC and the subways should and could be free.

The MTA has acted as an agent of the banks for decades. It has transferred the wealth of the system and accumulated more debt each year. The people of New York City and the region have been forking over billions to the banks in interest payments by the MTA. The MTA is the fifth largest debtor of any city, or state government in the U.S. From 1989 alone debt service bled the MTA budget of \$173 billion. (MTA website and website of Carl McCall, former state comptroller 11/2000) .The MTA has \$12.24 billion in outstanding debt service (interest payments) and a total of \$26.62 billion in loans. (The Bond Buyer 2/4/10).

Every State Comptroller issued warnings about increased debt service payments out of the MTA's budget. However, they never stopped it. That job will fall to the masses of people.

Thomas DiNapoli, the current NYS Comptroller says that MTA debt service eats up 16.6% of the revenue in 2009 and will consume 24.6% of the revenue by 2017. (website 9/17/09). These are questionable estimates and probably conservative.

In addition to the Operating Budget there is also the Capital Budget (CB). The CB is to replace equipment or modernize the existing system. The CB also proposes huge projects which costs billions in contracts given to their business buddies.

Funds for the eternal and never built second avenue subway come out of the CB but the interest payments on its loans come from the OB. According to DiNapoli (9/17/09) the MTA has a proposed 28 billion budget and the MTA will sell \$16.5 billion in new debt (on top of current debt). \$6 billion of this new debt will be repaid from state revenues. But this deprives the MTA of \$6 billion for operating expenses and new equipment from NYS. The other 9.9 billion will be paid by selling still more bonds, and accumulating more debt and more interest payments. This proposal will increase debt service in the MTA operating budget (which pays for all of the debt service) to 3.5 billion by 2020, almost triple what it is now. (DeNapoli website 9/17/09).

NYC and NYS debt service payments for the banks are also rising as a percentage and overall amount in their budges. These ballooning interest payments in their budget are largely due to debt service and the reason why both NYC and NYS are cutting peoples' services including funds to

the MTA. So the banks are sucking the transit system dry directly and indirectly.

Despite all the warnings from all the NYS Comptrollers that the MTA budget cannot sustain constantly rising debt service payments, neither they nor the MTA has any intention of stopping this. In fact NYC's charter was amended to say that debt service gets paid before any school, hospital or other needs. The Mayor become a facilitator of transferring funds to the banks rather than seeing to the needs of the people. They even encourage it.

Various think tanks have written about this extensively. Drum Major Institute in "Solving the MTA Crisis" by John Petro wrote that by cutting funding the City and State has forced the MTA to borrow money for its capital programs. "This borrowing has led to the acute crisis we are facing today; as huge debt payments eat up larger portions of the Authority's operating budget."

They continue "Debt payments are causing the MTA's budget deficits not rising labor costs. between 2003-2008 debt service payment and non labor expenses grew at a rate of 45%. Labor costs went up 16%, mostly for health care as it did for other employers."

Just this month, February 2010, the MTA sold another \$650 million in bonds, \$50 million of it completely tax free. It came amid the announcements of a budget "deficit" of \$400 million.. By the way the companies that manage these bond sales, like Barclays receives millions in fees and commissions from each sale.

That interest rate that we must pay is set in the bond market, the casino set up by the bankers. They pay agencies to rate the seller on their ability to pay the debt service. The poorer the seller the more interest they must pay to the banks.

Dow Jones Newswire reported on 3 agencies that rate the MTA. (12/4/10) Moody's lowered its rating in the middle of the sale. Fitch Ratings "warned it would downgrade the MTA's bonds if the agency can't successfully deal with anticipated budget shortfalls." And Standard & Poors did not lower rates because "the MTA is considering a variety of measures to deal with shortfalls and seems committed to making a balanced budget...we will continue to monitor the authority's progress in developing its financial plan."

In other words Wall St. was warning the MTA that it would have to pay higher interest rates if it did not go ahead and cut jobs and services. The MTA, it itself being wall streets flunkies would never consider tell-

ing the banks to go take a flying leap. This will remain up to us. In reality the bankers and city and state governments are fearful that the masses of people will eventually rebel against this servitude to the banks. But until they see that emerge they are confidently squeezing every cent they can from the system.

### **Other crooked ways the mta takes our money**

This report is focusing on the banks. But millions if not billions are given or lost to the system through other schemes.

The MTA pays out billions of our dollars to contractors. Many are no-bid deals to their cronies. Almost all wind out being paid much more than the original contract and are favored by contractors because of the “MTA bonus”. The NYT 2/3/10 “outside contractors working on the MTA’s biggest projects are routinely given positive evaluations despite mediocre work, in part to preserve business relationships, an investigation by the authority’s inspector general has found.” With three quarters of all capital work done by subcontractors and \$28 billion in possible pot, we’re being fleeced royally.

Then we have the whole equipment leasing stewpot. The MTA sold subway trains to the banks, when leased them back to the MTA. The MTA sold cheap, borrowed high and we will wind up paying much more than their original costs.

One other example is Atlantic Yards a project of Forest City Ratner, owned by Bruce Ratner one the biggest and most venal and greedy real estate developers in NYC.

### **Real estate developers – the Atlantic Yards boondoggle**

A great deal of land was owned by the people of NYC throughout the 5 boroughs and held by the MTA. It’s still our land. Year after year it has been sold off on the cheap to major developers which in turn got tax abatements, grants and low interest loans from the city and state.

Let’s just take one example of how the MTA Board together with Mayor Bloomberg and the majority of the City Council of NYC have given away our land and deprived the transit budget of money, while attacking the community. .

Atlantic Yards is a project of Forest City Ratner in Brooklyn. It is supposed to build housing, stadiums, arenas, parks all of which will be privately owned by one of the biggest real estate crooks in NYC Bruce Ratner. Much of the land used for this project has been seized by eminent

domain with the city acting as Ratner's agent all for private profit. The communities, tenants, homeowners and small businesses have been heroically fighting this for years.

Ratner needed a piece of land held by the MTA – in otherwise our land. Its value on the real estate market was estimated at about \$300 million at least. In all kinds of shady deals MTA agreed to sell it to Atlantic yards for 100 million. WNYC Radio on 6/24/09 revealed that this had been changed to just \$20 million down with payments stretching over 22 years.

The NYC and NYS Economic Development agencies which act as though they were employees of Ratner both gave a green light to this plan. Also WNYC Radio reported on 12/01/09 that “NYS Officials voted to give \$100 million to develop Atlantic Yards and to also provide tax exempt bonds to build a basket ball arena. “ and on 9/10/09 WYNC reported the “Independent Budget office (IBO) of NYC said Atlantic yards will cost NYC more than it will receive in tax revenues.” How much more – \$40 million. IBO has said the city, state and MTA will lose out on a potential \$220 million more; that they are giving away land for free, or selling it for less than they could otherwise or foregoing taxes on the arena property. (AtlanticyardsReport on line 1/25/10.

While the 180th St. Station is falling down on riders and workers heads, and station agents are pulled out of booths, the MTA will subsidize a new station at Atlantic Yards for another \$22 million. The agreement with Ratner call for the City to pay with public funds if the project goes over costs. The city already gave Ratner \$31 million for the arena land purchase and \$100 million at the start of the project.

Than banks are never left out because bonds were issued once again. From this scheme, just in fees for the sale of bonds Goldman Sachs earned \$2.3 million, Moodys \$360,000 and various lawyers about \$4 million.

### **Organize to stop the cuts**

We the workers and riders in NYC need to exert our strength to say NO. The transit system was built by us, paid for by us, run by us. We own it. We must exert our strength to say the MTA is not a legal, or legitimate owner or manager of this system but has been put in place to politically and financially expropriate the masses of people.

Recently elected TWU Local 100 President John Samuelson said at a Dr. King commemoration on January 18, 2010 “”This bureaucrat (Walder) looks at our jobs, our neighborhoods as a line on a ledger that

will balance his books, I have news for Mr. Walder, if you move against our livelihoods you will have a fight on your hands.”

We cannot depend on “friends” in the Democratic Party or on sending individuals to lobby the state legislature, or on City Council officials who have no intention of standing by riders and certainly have been complicit in their attacks on the Transit Workers Union.

### **Call an emergency mass meeting of the people**

The Union and community organizations and organizers can come together in an emergency mass meeting declare a People’s MTA and a budget. We could educate the millions affected in NYC and the region. And then call for a massive outpouring in the streets to take back our Transit System, to Stop the Cuts, Roll Back the Fares, and Repeal the Taylor Law.

The greatest crisis the working class is facing now is how to mobilize itself, in its own interests as it has done so many times before. It is only this mass struggle that can win what we need. As Frederick Douglass said “Without Struggle There is No Progress.”

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