

The role of budget cuts and private equity firms in the Los Angeles wildfires

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The Los Angeles wildfires have exposed the complete failure of capitalism: lack of social planning, decaying infrastructure, worsening environmental patterns, and, last but not least, gross underfunding of life-and-death social programs.

While California Democrats have been desperately trying to contain the political damage resulting from the exposure of their policies, in a January 10 CNN interview with Jake Tapper, Los Angeles Fire Department (LAFD) Chief Kristin Crowley laid bare the dire state of the city's fire department amidst severe budget cuts overseen by both big business parties—something that is not at all unique to California.

Frustrated by the magnitude of the fires, Crowley minced no words. “Let me be clear, the \$17 million budget cut and elimination of our civilian positions, like our mechanics, did and has and will continue to severely impact our ability to repair our apparatus,” she said. She was referring to Democratic Mayor Karen Bass' \$17 million cut to the budget of the Los Angeles Fire Department. At the same time, Bass increased the budget of the LA Police Department by \$126 million.

Crowley continued: “So with that we have over a hundred fire apparatuses out of service, and having these apparatuses and the proper amount of mechanics would have helped, and so it did absolutely negatively impact.”

She added, “I have over the last three years been clear that the fire department needs help... I have also requested multiple budgets, interim budgets to show how understaffed, under-resourced and underfunded the LAFD is.”

Crowley's indictment was followed by concrete demands:

We need 62 more fire stations. These reports also show that we've had a 55 percent increase in overall call volume since 2010. I was also directed to develop a plan as part of a budget reduction exercise, and that could equate to \$48.8 million. And I warned, I rang the bell, that these additional cuts could be very, very devastating for our ability to provide

public safety.

Chief Crowley's statements expose a dangerous reality: on January 7, the day the fires broke out in Los Angeles, the fire department, tasked with protecting millions of lives and many thousands of properties, was operating under conditions that jeopardized its effectiveness. Fire trucks are critical tools for firefighting and emergency response, yet more than half were unavailable. Without adequate funding to repair or replace these vehicles, both firefighters and the public faced increased risks.

These budget cuts are not an aberration, but part of a broader trend of austerity imposed on essential public services by both Democrats and Republicans. Los Angeles, one of the wealthiest cities in the United States, is home to billionaires and corporate entities that pay little or no taxes. Yet we are told there is no money for adequate social programs.

Mayor Karen Bass has been criticized from various quarters. However, much of it, particularly from the right, is disingenuous. Reactionary commentators have accused Bass of mismanagement and inefficiency, yet they fully support the underlying austerity measures. In fact, their criticism often centers on demands to further slash public spending, which would only deepen the crisis.

The crisis of the LAFD is an expression of the capitalist system's inherent contradictions, and the role of private equity firms, promoted by both big business parties, underscores the devastating consequences of the commodification of public services.

For decades, fire departments across the United States could purchase vehicles and equipment at relatively stable prices. The industry was mainly composed of family-owned and regional manufacturers and supply was not an issue. However, in the aftermath of the 2008 Wall Street crisis, the cost of fire trucks soared from \$300,000–\$900,000 for most vehicles to upwards of \$1 million for pumpers and \$2 million for ladder trucks.

Delivery times for new trucks ballooned from under a year to up to four-and-a-half years. In Los Angeles, this left the LAFD struggling to replace an aging fleet, with over 100 of its 183 fire trucks sidelined due to maintenance delays during some of the most destructive fires in the city's history.

The increase in costs and delays are not simply an accidental byproduct of market forces or pandemic-era supply chain issues. They are the result of monopolistic tendencies of capitalism in general, and the private equity sector's profit-driven consolidation of the fire apparatus industry in particular.

American Industrial Partners (AIP), a private equity firm, catalyzed the industry's transformation through a market consolidation strategy. Over the past decade, AIP acquired multiple fire truck manufacturers—including prominent players like E-ONE, KME, Ferrara and Spartan—bundling them into a conglomerate known as the REV Group. The REV Group, alongside its few remaining competitors such as Oshkosh and Rosenbauer, now dominates the market, controlling two-thirds of annual US fire truck sales.

By operating subsidiaries as a unified entity while maintaining the illusion of competition, the REV Group leveraged its monopolistic power to hike prices and reduce production capacity. It shuttered KME's plants even as orders surged post-COVID, artificially creating scarcity to generate exorbitant pricing and longer wait times.

AIP's operations exemplify how roll-up strategies are used to increase profits at the expense not just of individual consumers, but also of public institutions reliant on essential goods.

Fire truck consolidation demonstrates the destructive tendencies of capitalist accumulation. Municipal fire departments, operating on constrained budgets, are forced to allocate disproportionate resources to vehicle procurement, leaving less funding for recruitment, firefighter salaries and other critical needs. As costs escalate, the commodification of emergency services reveals a fundamental contradiction: public safety, a collective necessity, is subordinated to the private interests of capital.

AIP's actions in the fire apparatus industry mirror broader trends in private equity. By rolling up critical industries, private equity firms consolidate power, extract exorbitant rents, and project costs onto the public. The REV Group's profit strategy is emblematic of what Marx called the "anarchy of production" under capitalism—a system where production is dictated not by societal needs, but by the profit drive of the capitalists. In this case, the societal need for functional emergency vehicles clashes with the financial interests of private equity.

The LAFD's struggles are not unique. Fire departments

across the US, from Seattle to Atlanta, face similar challenges. The consolidation of the fire apparatus market has resulted in rising prices and longer delays nationwide, with departments forced to delay critical purchases or settle for subpar equipment.

Across various industries, private equity firms have demonstrated a consistent pattern of dismantling services and shedding workers to maximize profits. For instance, the healthcare sector has suffered devastating consequences from private equity ownership. Steward Health Care, at the initiative of private equity giant Cerberus Capital Management, has been stripped bare, declared bankruptcy, closed hospitals and laid off workers in the name of "streamlining operations."

Similarly, private equity takeovers of corporations like Chrysler (by Cerberus in 2007), Toys "R" Us and Safeway have resulted in mass layoffs and often bankruptcy, as firms saddled companies with unsustainable debt loads while extracting hefty profits from stripping the companies' assets.

The education sector has also been targeted. Private equity-backed charter school networks and for-profit colleges have prioritized cost-cutting over quality education, often leaving students with substandard outcomes and crippling debt. In the transportation industry, private equity firms have acquired transit companies, reducing services and workforce levels to drive up profits despite the vital role these services play in urban infrastructure.

The crisis facing the LAFD is a microcosm of the broader contradictions of capitalism. It highlights the urgent need for a socialist program that prioritizes public welfare and safety over private profit, fully funds essential services, and mobilizes the working class in a struggle against austerity. Only through such a program—including the expropriation of the private monopolies—can the working class build a society that serves its needs rather than those of the capitalist elite.



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