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Sizing Up Budget Cuts and Answering Criticism About Experience

Following are excerpts from an interview with Michael R. Bloomberg, the Republican mayoral candidate, conducted yesterday by reporters and editors of The New York Times.

Q. If you're mayor of New York today, what are you telling the city about anthrax?

MICHAEL R. BLOOMBERG We have to depend on the federal government for most of our information. We have to better coordinate with the federal government. We will keep you posted. In the meantime, go about your lives. We are taking the appropriate measures. Then, of course, we have to make sure that the city and the federal government are taking the appropriate actions. But in terms of the outreach to the public, you should not be — but the problem you have is you don't have a lot of information. The public has a right to know. And the balance between cautioning them and urging them to exercise prudence in terms of what to look for in their day-in and day-out lives, has to be balanced with the potential to scare people so badly that they start staying home, not participating, not going on with a normal life. . . .

Q. Given that anthrax was found, and traces of it were found at the Morgan postal station here in Manhattan, do you think it should have been shut down?

MR. BLOOMBERG I'm not in a position to make that judgment, and I don't think any outsider is. You have professionals there to assess the risks and make decisions. That's not — that's what you have experts for. And if all of us think that we have the detailed knowledge, you're just wrong.

Q. But say if you were the mayor today and you —

MR. BLOOMBERG It's a federal facility, No. 1. . . . So I don't think the mayor can walk in and say the post office should be closed. . . . You certainly want to talk to the federal government and assure yourself that the federal government is taking what steps that they think are appropriate, because the mayor is going to be on television communicating with the public. But in terms of running the post office, in terms of tracking down anthrax in the post office, that's what we have professionals for. And if you have absolutely no confidence in them, then maybe we should replace them. But you can't sit there and second-guess every single security decision. I am in favor of disclosure to the public right up to the point where, for valid security reasons, in the middle of an ongoing investigation, you have to say government does withhold certain information. . . .

Q. The city that you inherit if you win this election is headed for all kinds of financial trouble. What should New Yorkers expect about their government?

MR. BLOOMBERG Well, No. 1, nobody's real-

ly sure how serious the economic downturn, how protracted it is going to be. Some facts are already in. Commercial vacancies in midtown are going up, and downtown it's a little bit harder to measure because of the severity of the disaster. But there's an enormous amount of space downtown. The great danger that we face is companies deciding just to leave, and the collateral damage, if you will, of any kind of downturn, particularly companies leaving, on small businesses. The people that are really getting hurt here — and I'll come back to this — are small companies where, when they can't withstand a temporary economic downturn, they lay off people. . . . But for the city, as a whole, sales tax down, personal income tax down, companies leaving. Next year, Office of Management and Budget says \$2.3 billion deficit. There are numbers in the paper . . . 4 billion, 6 billion. The bottom line is that nobody knows. Some things are coming back quicker than forecast, and some things are just not. . . .

Q. Is it possible the city is inflating or hyping the number to try to make a better case in Washington? You think that's what's going on?

MR. BLOOMBERG Well, the city always underestimates revenues because they have to negotiate with the unions. So there is that. I think that the outlook for federal aid is problematic. . . . I don't think we should declare bankruptcy, throw up our hands and say there's no solution to this problem. You cannot raise taxes. That is clear. If you raise taxes you will drive enough business and people out of this city. Your total tax revenues over a period of time would probably decline rather than go up. There are some efficiencies you can get. But the city is not so poorly run that there are enormous pockets of corruption or waste that you can say well better management will cut back. Yes, in a \$40 billion budget you can certainly cut some things. You can find some efficiencies. And I've thought what you do is you have to get the unions involved in some kind of a saving-sharing plan where — because other than that you will not get the cooperation you need. But you can do that to some extent. And there are also some revenue sources that we haven't tapped. If you could get the federal government to change the law, which you might be able to do, actually, so that we can refinance our debt more than once, we can save a little over \$100 million in just that. . . . But then you get down to the either-or. We've got to go and say that if we don't have the money, we have to cut back what we're spending. And cutting back what we're spending . . . where half of it is in salaries and pension, there's just no question what has to give. . . .

My first priority would be to try to protect those that are already working for the city under the theory that they're the

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ones that can work you out of the problem. They are the ones you really need to have cooperate. And they are the ones we should have loyalty to. . . . And you put a hiring freeze in to try to hope that attrition will cut it down. . . .

Q. So you think the teachers and firefighters and police should also be subject to a hiring freeze and salary freeze?

MR. BLOOMBERG . . . If you don't apply it to them, what are you talking about? . . . I think that you have to pay them more, but the savings have got to come through efficiencies and attrition. Because there just isn't any more money. But you have to stop the loss of the work force that you need. When it comes to teachers, probably the most disruptive thing in a classroom is the loss of the teacher in midyear. It would be nice to have smaller classroom sizes. We don't have enough wherewithal to keep the existing classroom size. So, you know, saying you'd like it is great. But you have to be realistic about what you can afford.

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And teachers are leaving . . . after two, three years because the job is very tough. They don't feel they get support, and they don't make enough money to live. And a young person, in the end, will want to go and say, "I've done my teaching for a while. I'd love to continue, I love kids, but I can get a job in the commercial sector." And that is also — that exact same phenomenon is going to devastate the Police Department unless we do something. The police pension system is designed to force you out if you have a very good year. And the overhead this year — the overtime this year — is going to create an enormous incentive for anybody with experience that's been there a long time to go and to leave at the very same time that the demand on the commercial side for police officers is skyrocketing. What's the one business that everybody wants to hire people? The one part of their operation? Security. What better than hiring an N.Y.P.D.-trained guy with 20 years? So we're going to have a very big problem. . . .

Q. Your company is a privately owned company. You've talked about how you might distance yourself from that company once you're mayor. Could you talk a little bit about that?

MR. BLOOMBERG Just don't go — I mean I'll put it in the private trust. . . . But short of that, we don't do any business to the city. I don't know what else I can do. As Mark Green said, he can't get rid of his brother. But you know, maybe he'd like to. I mean you put it in the private trust. We don't do business with the city other than it is a taxpayer in the city. There is no other contact. . . . I don't see any real conflict any more or less than me as a taxpayer in the city. I mean even if I were to sell it, I'm still going to be a taxpayer in the city. You just disclose what you're doing. . . .

What I haven't quite figured out is why — I believe that the scrutiny of my campaign and everything I say has been different. You know, if you go back, it used to be that it was people were encouraged to go from private service to public service — Leahman, Harriman, Rockefeller. It was an obligation to do public service in those days. And some how or other, we're getting — trying to turn it around where anybody that is willing to go and take time out of their lives to do something for others is — vilified isn't quite the right word — but is looked at with suspicion and questioning their motives. I don't know that Harriman or Leahman or Rockefeller needed more publicity or needed prestige or status. That's not why they went into public service. . . . And I think more people should do it. I said from Day 1, somebody asked me at the beginning, why did you go into public service? And I said, everybody I've ever met who had worked in public service for a period — whether I thought they were successful or not — they all, when they recalled those days, had a gleam in their eye that they had done something wonderful. That they were a part of making government and the system and our civilization better. And I said back then, I had never had that experience. And that's more than anything what I wanted. I wanted the chance to go and do it. And I had the ability to do it. Why not go do it?

Q. But are you saying that you're being subjected to closer scrutiny?

MR. BLOOMBERG Well, everybody is fixated on where my money comes from. Just go take a look at where — whatever candidate I happen to be running against — where his money comes from. I don't see any stories about all that. Not any. But there are not a lot about sources of money and potential conflicts. You ask about the potential conflict with my company . . . and yet you don't focus on conflicts that others have where they take funds, refuse to disclose who even works for him. . . .

Q. I know this is not exactly what you're talking about when you talk about a closer scrutiny, but I have to ask you what your reaction is to this women in the workplace stuff that has bubbled up. Do you see that as an example of what you're talking about? And what's your reaction to that?

MR. BLOOMBERG We, in 20 years, have a record that I don't think you will ever find a company can match.

Q. Not we, I think probably you personally is what this stuff has been bubbling up about, isn't it?

MR. BLOOMBERG Well, it's just before the election, all of a sudden stuff bubbles up. I think you've got to put in perspective. Hopefully, the public understands that that's, you know, that's the same thing that happened in the runoff. At the last moment, all of a sudden, things come out, stories are spread, rumors are promoted.

Q. Are you saying it's not true?

MR. BLOOMBERG Oh no, no. I think that the case that you're talking about — The Village Voice piece?

Q. Yes.

MR. BLOOMBERG The Village Voice piece was plain and simple. One of our employees alleged an event had taken place a year and a half before. Our H.R. department — run by a woman who I have an enormous amount of confidence in, she's as professional as you can find — tried to investigate. The complainant would not cooperate. There was a lot of evidence to the contrary. She then without ever talking to us filed a lawsuit. And the judge dismissed it with no evidence whatsoever. The story — I haven't read it, but what was told to me — the story in the Village Voice is they take one line out of a deposition, which if asked that — I forget exactly how the question was phrased, but if you're asked what is the — do you automatically believe any allegation? No, you have to — everybody has rights. And you try to do a fair investigation. I didn't personally do it, our H.R. department did. And as I said, as far as I remember checking, they did exactly what was appropriate, exactly what was advised by all of the consultants that we use to ensure that we are a company where everybody can work safely and happily together. And the judge thought it was ridiculous.

But, you know, could I have made — if you ask what you could do differently — I suppose if I were running for office, I just would have paid some money up front even though we did nothing wrong. But I don't know how I would have lived with myself. We did nothing wrong, and we conducted ourselves honorably. . . . I couldn't be prouder of the ways that we have conducted ourselves and the environment that we have created for our employees. And the fact that we have 8,000 people and 100 offices and have less than 10 percent turnover says that it's a pretty good place to work. And what we do is appropriate. I don't know what else you can say to those things.