NYC 9/11 Public Portal Document

THE NEW YORK TIMES, THURSDAY, OCTOBER 25, 2001

In America

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Collateral Damage

When the Yankees clinched yet another trip to the World Series by thrashing the Seattle Mariners, 12-3, before 56,000 chanting, screaming fans in the Bronx on Monday night, it was like a giant pep rally for a beleaguered city.

It was a well-deserved respite. But on Tuesday morning New Yorkers woke again to the terrible reality that is the aftermath of the World Trade Center attack. Even as the grieving continues for the many who died, the city has to confront economic consequences that, if not dealt with smartly and swiftly, could undo the progress of the past several years and usher in a long period of decline.

"In addition to the enormous human toll," said Comptroller Alan Hevesi, "there's the dramatic loss of infrastructure and earning power — businesses that were destroyed, businesses that were hurt, businesses that are contemplating leaving New York City, either temporarily or permanently, and businesses that are floundering because of the fear factor, like the airlines, the entertainment industry, Broadway and so on.

"We've already lost $47 billion with the destruction of the World Trade Center offices, the downtown devastation, the loss of fire trucks and other equipment, lost transportation facilities, and the lost earnings of people who were either killed or lost their jobs. And for the rest of the fiscal year, eight months to go, it will be another $45 billion or so."

That's an economic hit approaching $100 *billion* over two years. Entire neighborhoods outside of the immediate disaster zone — think Chinatown, think Little Italy — are threatened with economic ruin.

The attack and its aftermath, combined with an already faltering economy, will have a gruesome effect on the city's budget. Estimates of the deficit for the current fiscal year range from $738 million to more than $1 billion. And the expected deficit for the following fiscal year, which begins next July 1, is $4 billion.

These are not problems that can be papered over with pretty words and the passage of a little time. New Yorkers are going to suffer a tremendous blow in terms of their personal financial well-being and the quality of the city's services. How well and how quickly those problems are managed will determine whether the city can regroup and recover in the short term — or, conversely, if the nation's premier metropolis has been permanently wounded by the terrorist attack.

The severity of the situation was underscored in a comment that Mark Green, the Democratic mayoral candidate, made during a campaign speech on Tuesday. "It's a simple fact," he said, "that the hardest hit segments of our economy — finance, tourism, retail — are the segments that are most critical to the success of our economy and our ability to generate jobs for people in all five boroughs of our city."

The real question is whether New Yorkers will attempt to pull together as one — as they cheered as one for the Yankees on Monday night — in the face of this continuing grave threat to the city. What will happen, for example, when the cops and firemen — heroes all — and the teachers and other municipal workers begin lining up for contract negotiations in an environment dominated by multi-billion-dollar budget gaps and a dismal national economy?

The blow to the city's economy.

"The hope is that you could look at ways to make city government more efficient," said Diana Fortuna, president of the Citizens Budget Commission, a civic watchdog group. "You'd want to talk to the unions very seriously about ways of streamlining work that's done now."

Personnel cuts of some kind — through attrition, buyouts or layoffs — seem inevitable. But ratcheting down services is a tricky business. When services become subpar, the city's competitiveness suffers and the downward spiral begins. Who wants to visit or relocate to a dirtier, less safe or otherwise less appealing city?

More immediate is the need to retain and revitalize the businesses that are here now. Said Mr. Hevesi, "If the next mayor moves quickly, we can contain this crisis over the next two years. If we miss the boat, we won't recover for 8 or 10 years."

The interdependence of all New Yorkers will be made clear as this many-layered tragedy continues to unfold.

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