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They Don't Get It



E.J. MCMAHON

WILL the next mayor restore New York's battered, post-9/11 economy? The candidates' recovery plans don't inspire much confidence.

Most of Mark Green's answers come out of the 1930s. And while Michael Bloomberg seems to have learned a few lessons from the '90s, he's still reluctant to embrace the most growth-oriented elements of the Giuliani philosophy.

Neither man shows a willingness to rethink the size and scope of New York City's government — something this overtaxed city needs now more than ever.

The city's economic boom had already crested before the attack, but New York still enjoyed advantages due to its uniquely strong concentration of human talent and financial muscle. But since 9/11, many individuals and businesses previously committed to the city are wondering whether it's worth paying a heavy premium in taxes and other costs to stay here. The men who would be mayor continue to miss this point.

Green's recovery plan, as set forth in two campaign papers, combines stepped-up government activism with a stimulus package straight out of the New Deal. In his view, New York needs nothing less than "sustained and massive federal assistance" to pay for "the most aggressive building program since the Great Depression."

But Washington's not likely to play ball. President Bush and both parties in Congress are already balking at Gov. Pataki's request for more than double the $20 billion in federal relief and rebuilding aid already committed to the city.

Green's speech to business leaders this week rightly emphasized the urgency of restoring a livable and businesslike environment in lower Manhatan. He also stressed the need for federal, state and city tax relief, at least on a targeted basis. This is an encouraging sign, coming from someone never before known for believing that tax cuts accomplish anything.

But Green wrapped up the same speech with a reference to his earlier proposal to invest $5.6 billion of city funds in 150,000 new and renovated housing units over the next decade. That money would be far better spent on basic infrastructure improvements that will be essential to promoting renewed economic growth and development.

One way or another, Green's recovery prescriptions essentially boil down to more government. He proposes the creation of a "city-state, private-public, business-labor authority," to be known as the New York Economic Redevelopment Authority. It would function as a "super-agency," armed with "emergency redevelopment powers" to "cut through red tape" and "override time-consuming zoning regulations" to executive a "comprehensive plan" for economic revitalization.

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This proposal at least has had the benefit of drawing a sharp distinction between the two candidates — for Bloomberg flatly rejects it: "We do not need another bureaucratic agency to handle the recovery [and] clean up effort."

Bloomberg, like Green, has now ruled out any city tax hikes — but unlike Green, he has done so unequivocally and in writing. "Higher taxes are a disincentive to those considering moving into the city — and encourage those already here to leave," he says.

Bloomberg recognizes that the city budget will continue expanding unless something is done to reduce personnel costs — another issue on which Green's plans are silent. But he offers no details on how he would accomplish this, other than promising a closer "partnership" with labor to identify "gain-sharing" opportunities via improved productivity — something Mayor Giuliani pursued with little significant success.



Green, Bloomberg: Still living in Sept. 10.

Unfortunately, the GOP candidate also continues to steer clear of even *hinting* that New York's heavy taxes should be cut. His plan has no mention of repealing the city's unique and indefensible commercial rent tax, or of reducing a property tax burden that is 73 percent above the regional median for commercial buildings.

Bloomberg's plan would be stronger if he listened more closely to Giuliani, who has stressed that New York's taxes are still too high and that continued tax cuts would help save a city economy now struggling to retain firms dislocated by the World Trade Center catastrophe.

Bloomberg's sprawling, 8,800-word "economic blueprint" also contains more than few serious clinkers. Take his suggestion that the city be allowed to run deficits greater than the $100 million limit that would trigger state control of the city budget under current law. Is there a *better* way to undermine 25 years' worth of hard-won investor confidence in the city's financial management? And there's no evidence that it's even necessary at this point.

Another discordant note in Bloomberg's blueprint is an offer to enter into "project-labor agreements" (PLAs) with unions that agree to invest their pension funds in new office and housing construction in the city. This essentially hands unionized contractors an ironclad monopoly on public projects, and would simply drive up already sky-high construction costs in New York.

Both candidates recognize the Sept. 11 attacks dramatically altered New York's fiscal and economic picture. But this much is unchanged: New York City remains an exceptionally expensive place to live, work and do business — and its stifling tax burden is largely to blame. So far, neither Green nor Bloomberg has even begun to address the problem.

E.J. McMahon is a senior fellow at the Manhattan Institute.

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