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The next economic battle

PEOPLE WHO HAVE LIVED IN NEW YORK LONGER THAN I have will remember the fiscal crisis of 1975, and how the business community organized to help keep the city out of bankruptcy.

Newer arrivals might have been involved in the 1985 fight to save the deductibility of state and local taxes, which the Reagan administration was proposing to eliminate.

These have become legendary battles in the city's modern economic history, periods when members of the city's mighty business community joined forces to stave off a disaster.

Now the business community is mobilizing to contain the economic fallout from the attack on the World Trade Center. Efforts are focused on three goals: getting federal reimbursement for cleanup and repair of infrastructure and for helping downtown firms; retaining dislocated businesses in New York; and coalescing around a plan and timetable for rebuilding the devastated area. Getting federal help may be the easiest to achieve.

The city's case has been ably presented in Washington by Sens. Schumer and Clinton, with support from business leaders who have gone to Washington to lobby and who are being asked to reach out to senators and representatives outside New York. It's a matter of persuasion and pressure, and the case is compelling. But there won't be an open wallet, and leaders from sectors such as cultural affairs, health care and tourism will be left to fend for themselves. They need to be ruthlessly clear-eyed about their near-term fortunes and to plan accordingly.



Retaining dislocated businesses in New York is a tougher task, but the need is urgent. Already, nearly 18,000 jobs have been moved out. More will follow. The attack provides a strategic rationale for dispersing operations that in some cases will be used as a cover to seek cheaper locales. Civic boosterism won't be enough. The business community must ensure that high-level attention to potential move-outs isn't neglected during the mayoral transition. That will require a concerted effort by business and the mayor, sharing intelligence and plotting strategy, firm by firm.

As the rubble is removed from the World Trade Center site, the questions are what to build there, who will build it and who will decide. Gov. Pataki has moved to establish a commission that would operate under the state development agency. He is expected to name six members and give Mayor Giuliani three picks. But the mayor-elect has every reason to want some say in these matters. Plus, the governor is likely to have to seek legislation granting the commission additional powers.

This means that politics as usual—bickering between the governor and the Legislature and power struggles between the governor and the mayor—could derail the process and delay rebuilding. Business leaders have largely been bystanders while the infighting between Gov. Pataki and Mayor Giuliani stalled one major project after another. People were afraid of the mayor, plain and simple. In the rebuilding effort, Mr. Giuliani and his surrogates should step aside, Mr. Bloomberg and Gov. Pataki should pledge cooperation, and the business community should insist they do so.

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