
REMAPPING DEBATE

Asking "Why" and "Why Not"

Bloomberg economic policy prescriptions

Story Repair | By Mike Alberti | Deregulation, Economy, NYC, Taxes

From the Editor:

In this feature, we select a story that appeared in a major news outlet and take it in for repairs. The stories we choose are not necessarily “fatally” flawed; on the contrary, in many cases, they’ll bring genuinely newsworthy information to light. But our goal is to show how, with a similar investment of time, a different set of interviews or line of questioning could have produced a different — and, we hope, more illuminating — article.

For repair this week: “[On Economy, Bloomberg Says Washington Is Failing](#)” (New York Times, Dec. 9) and “[Bloomberg Rules Out Presidential Run](#)” (New York Times, Dec. 13).

We made editorial decisions: (a) to concentrate on the economic policy aspects of Mayor Bloomberg’s Dec. 8 speech to business leaders and his Dec. 12 appearance on NBC’s Meet the Press, something that meant not focusing on important immigration-related statements that he made; and (b) to allocate more space in the repair than in the original stories to allow for an exploration of the substance of the Mayor’s views.

December 14, 2010 — In a [speech to business leaders](#) at the Brooklyn Navy Yard on Dec. 8, New York City Mayor Michael Bloomberg claimed that his policies had “laid the foundation” for what he characterized as “the City’s resurgence.” He also presented himself as post-partisan, saying, “The economic policies that we have pursued to drive this growth have been neither left nor right, liberal nor conservative.”

Bloomberg offered several proposals on economic policy — reforming regulations, cutting business taxes, promoting international trade, investing in job training, and instilling confidence — though he provided no details on their implementation.

Based on a close examination of the Mayor’s speech, his past record, and feedback from across the ideological spectrum, however, it is clear that his self-described “common sense proposals” on economic policy largely reflect a traditional Republican stance in the echoing of a pro-corporate agenda (although the position he staked out in favor of liberalized global trade reflects a consensus position shared by most Republicans and Democrats in Washington).

John Petro, an urban policy analyst for the Drum Major Institute, a liberal think tank in New York City, noted that some of the mayor’s positions — most notably the pro-immigration position he reiterated in his speech — placed him far to the left of Republican orthodoxy. But in terms of the bulk of his economic policies, Petro said, “it’s completely a boardroom perspective. It’s this idea that what’s best for corporate America is best for Americans generally.”

Limiting regulation

Limiting regulation was a central focus of Bloomberg’s speech, although he disclaimed a deregulatory agenda: “It’s not that we need more or less regulation – it’s that we need smarter regulation.”

The mayor did not detail what he meant by “smarter” regulation, and his office did not respond to a request for clarification made by Remapping Debate.

However, Bloomberg has long been an advocate of financial deregulation. In 2006, he co-authored an editorial in the Wall Street Journal with Senator Chuck Schumer [calling for the deregulation of the financial services industry](#).

John Parrott, chief economist at the Fiscal Policy Institute said, “I think he was saying, ‘don’t change the way Wall Street operates.’ He likes it the way it is.”

Brooklyn State Assemblyman Peter Abbate — chair of the Assembly’s Committee on Governmental Employees and a member of committees on Banks, Consumer Affairs, and Labor — agreed, saying, “He’s catering to Wall Street.”

Bill Cunningham, the managing director of DKC Marketing, who formerly served as Communications Director for Mayor Bloomberg and who attended the Navy Yard speech, also said that the mayor was primarily addressing financial regulation.



Mayor Bloomberg giving his speech to business leaders on Dec. 8.

“He’s the mayor of a city that relies on a very regulated industry called Wall Street,” Cunningham said. “He’s not against regulation, but thinks that it really should be brought up to a modern level that fits with the way that this country does business. And when I say this country, Wall Street is this country’s business.”

(Cunningham will also direct the marketing efforts of the [Committee to Save New York](#), a new group of business leaders who want to keep the state government from raising taxes and to curb deficit spending.)

In his Navy Yard speech, the mayor did specifically target “bureaucrats in Washington” who are busy “writing thousands of regulations over the health care and financial services industries,” which, he said, creates an atmosphere of uncertainty and discourages businesses from investing.

Andrew White, the director for New York City affairs at The New School for Management and Urban Policy, called the mayor’s language regarding regulation of the financial services industry “mind-blowing.”

Referring to what he characterized as the under-regulated derivatives market, White said, “That’s the single most important factor for what’s responsible for destroying our economy and hurting a lot of people.”

In connection with his expressed concerns about health care regulation, the mayor did not elaborate on what his proposed solution would be.

Cutting business taxes; cutting personal taxes

Tax cuts were also at the center of the mayor’s agenda. He offered few specifics, but warned that companies who feel they are taxed too highly at the federal level may move overseas, and those who feel they are taxed too highly by a state or locality may move to another state or region.

“The mayor’s point is that if you want to keep jobs here, be competitive in the world, and attract investment that creates jobs, you don’t want to be raising your business taxes,” said Cunningham.

A recent analysis by Reuters, however, shows that federal corporate taxes as a percentage of the country’s GDP are lower than they have been at any time in the last 60 years (see chart on next page).

Mayor Bloomberg followed his Navy Yard speech with a Dec. 12 [appearance on NBC’s Meet the Press](#) where he praised the agreement between President Obama and Republican leaders to extend all the Bush-era tax cuts.

“It’s critical that Congress pass these cuts so that new spending and new investments can create new jobs,” he said.

When asked by Meet the Press moderator David Gregory if he thought that extending the tax cuts for the wealthiest Americans would really promote economic growth, Bloomberg said, “I don’t think there’s

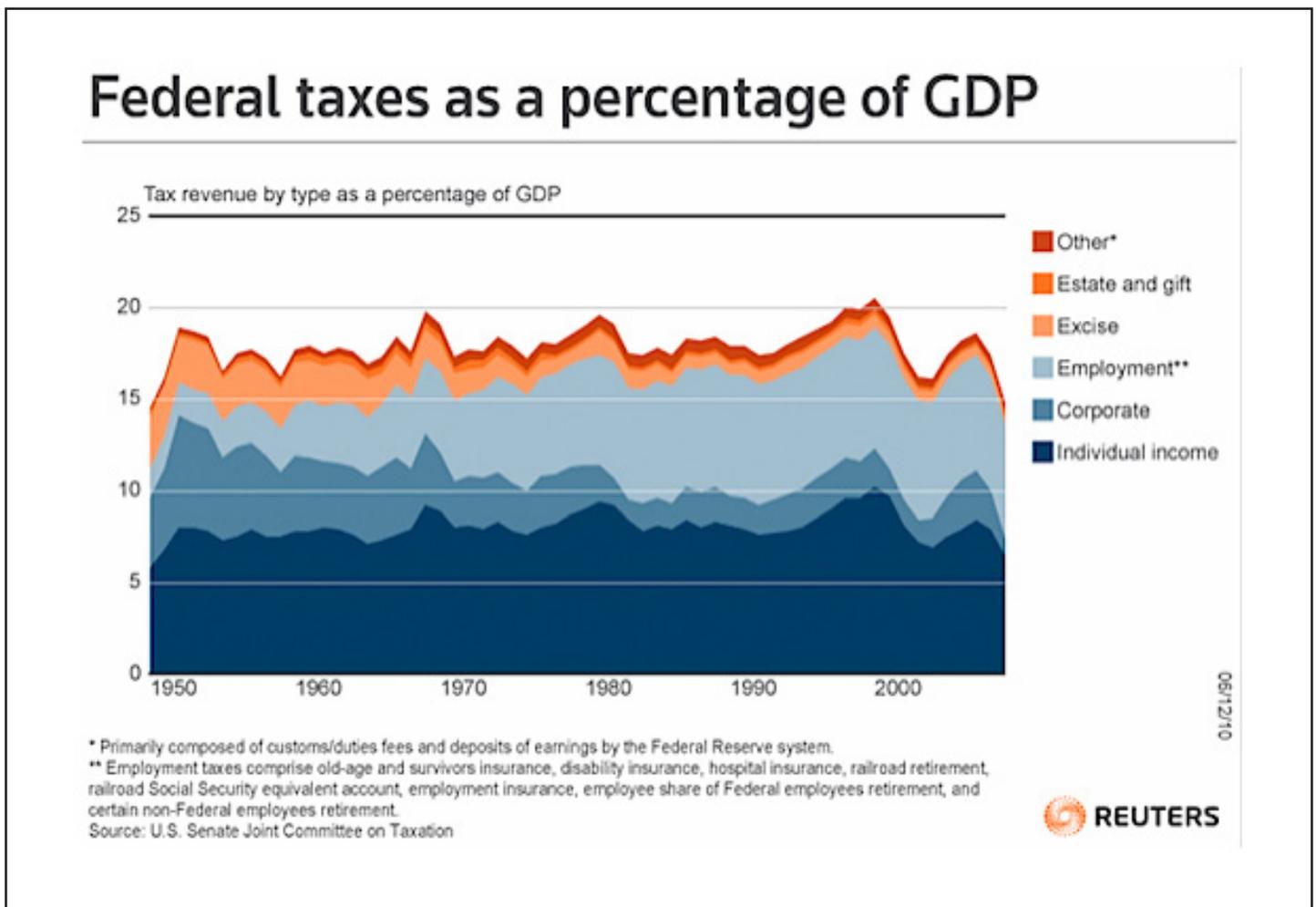
any question that they put...more money in people's hands, and I think that the public will do a better job with more money in their hands to stimulate the economy than you will do with government programs.”

He added, “I don't believe that you need big stimulus things to get the economy going.”

In contrast, many economists say that tax cuts for the wealthiest Americans actually generate little or no stimulus, and the non-partisan Congressional Budget office found in a November, 2010 [report](#) that spending on government programs did achieve a significant stimulative effect on the economy.

The role of innovation

Both at the Navy Yard and on Meet The Press, Bloomberg referenced the need for the government to foster “innovation.” In his speech, the mayor said, “By taking these steps, we can do a far more effective job of unleashing capitalism's most powerful force - innovation. Unless we innovate, we cannot hope to succeed. And if we do innovate, there is no way we can fail.”



At the Navy Yard, the mayor said that neither the federal stimulus package nor the health care bill did enough to promote innovation. New York City did receive over 550 million dollars in grants from the stimulus package, most of which went to fund research at the city's hospitals and universities, according to John Parrott of the Fiscal Policy Institute.

The mayor cited examples of past successes that involved government investment that came to be leveraged by private industry and added, "America made big investments in basic science and let the free market work its wonders."

He has not, however, specified what spending increases he would propose in this or other areas in order to catalyze innovation.

And when Mayor Bloomberg — who describes barriers to innovation as being "much more political than economic — appeals for more innovation, some say that he is calling, at least in part, for government to give businesses more leeway in how they operate.

"First, he's saying the government needs to have a role," Petro said. "And then he's saying that government needs to get out of the way when it comes to innovation and businesses that want to create new ideas and new products. So basically he thinks that the government should help businesses wherever possible, but then government just needs to get out of the way."

Some of the proposals the mayor set forth echo suggestions that business groups have made in the last year. The Public Policy Institute of New York State, Inc., which is affiliated with the Business Council of New York State, Inc., released a report earlier this year on how to "unfetter" the state's "static innovation economy." That report also advocated for fewer regulations on business and lower corporate taxes.

Though the Business Council refused detailed comment on the mayor's speech, a representative said in an emailed message, "Clearly we share some of the Mayor's views, especially on reforming regulatory burdens, lowering business taxes and promoting trade."

Workforce training

Trumpeting the city's Workforce One Career Centers as a striking success, the mayor advocated additional funding for job training programs.

Mayor Bloomberg said that the project had seen a 50-fold increase in job placements over the last six years, from 500 placements to 25,000.

"By doing this," the mayor said, "we've been better able to connect the supply of labor to the demand for labor. And we've also improved access to our training and placement services, by expanding the number of centers and their hours of operation."

At the speech at the Navy Yard, the mayor announced the opening of ten new Workforce One Express Centers in the city over the next year, with the goal of increasing job placements by 40,000 over the next two years.

“He’s the mayor of a city that relies on a very regulated industry called Wall Street,” said Bill Cunningham. “He’s not against regulation, but thinks that it really should be brought up to a modern level that fits with the way that this country does business. And when I say this country, Wall Street is this country’s business.”

“The job training aspect is commendable,” said Petro. “Obviously, it’s something that the city should be doing.”

“It’s putting real people into real jobs,” added Cunningham. “It was also a key part of re-training people and putting them to work at the right jobs.”

Mayor Bloomberg said that the federal government “is wisely funding the replication of our approach in Tulsa, Oklahoma and parts of Ohio.”

“But it could help many more unemployed people by opening more centers like ours around the country,” he added.

“What struck me is, here’s a mayor that’s doing his job, and he’s throwing lessons out that he thinks could be helpful on the biggest issue facing America, which is putting people back to work,” said Cunningham. “Mayors and governors, if they have a good product, they like to shop it to the rest of the country.”

Instilling confidence, relying on business executives

The mayor highlighted what he described as the critical importance of building confidence — for businesses and among consumers. In his speech, the mayor said, “Building confidence is a big part of getting the private sector to invest.” On Meet the Press, he said that economic stagnation stemmed from lack of confidence “more than anything else.” He attributed both the unwillingness of banks to make loans and the reluctance of companies with record amounts of cash on hand to invest that capital to a lack of confidence resulting from “ambiguity” in “government solutions.”

In significant ways, though, it appears that the mayor’s prescription for confidence reprises his themes on regulation and taxes.

“There is much pessimism in the system because there is much uncertainty about what Washington might or might not do — on taxes, regulations, and policies. And that uncertainty breeds economic paralysis,” he said.

Petro of the Drum Major Institute said that when the mayor spoke about instilling confidence, he was again referring to the need to reform regulation on business. Bloomberg remarked at the Navy Yard that the process of writing new regulations for the financial services and health insurance industries “has chilled economic activity.”

On Meet the Press, Bloomberg also suggested that President Obama needed more advice from business executives, citing Roger Altman — former Deputy Treasury Secretary to Bill Clinton and current chairman of Evercore Partners, which describes itself as “the most active investment banking boutique in the world” — as the “perfect” candidate to replace Larry Summers as the director of the President’s National Economic Council. He said that the President should be looking for “the perspective of somebody who’s actually had to get up in the morning and sweep the floors before his employees...came in, and locked the door afterwards, and worr[ied] about how to make...the payroll.”

New York City’s economy

Mayor Bloomberg held up New York City’s economic position as a model for other cities, and for the federal government, to follow when working to create jobs and economic growth.

Bloomberg told his audience at the Navy Yard that New York City has been “leading the nation in private sector job growth.”

“In fact,” he said, “our economy has grown twice as fast as the country’s — and eight times as fast as the rest of the state’s. Our economy has grown faster than any other major city’s in the country — and none of that growth has come on Wall Street.”

But according to some advocates, while New York’s growth looks good on paper, the city continues to suffer from the recession.

“When you take the bird’s eye view of the New York City economy, things look good relative to other cities in the country,” Petro said, “but if you look a little bit deeper and look at communities across the city, you’ll see a lot of pain, a lot of unemployment, and the jobs that do exist are completely insufficient for anybody to have any degree of financial stability.”

Bloomberg: the President should be looking for “the perspective of somebody who’s actually had to get up in the morning and sweep the floors before his employees...came in, and locked the door afterwards, and worr[ied] about how to make...the payroll.”

Daniel Morris, spokesperson for the Living Wage NYC Campaign, a coalition that advocates for legislation guaranteeing a living wage in New York City, pointed at a recent report by the New York Human Resources Administration, which calculates that 1.8 million New Yorkers were enrolled in the food stamp

program as of October, a [124 percent increase since Bloomberg took office](#). Bloomberg has opposed legislation that would require companies that receive city contracts or subsidies to pay its workers a wage above the federal minimum, Morris said.

And while Bloomberg praised the city's private sector growth, Morris pointed out that the mayor did not mention the fact that New York lost more than 10,000 public sector jobs last year, according to the New York State Department of Labor. [Bloomberg plans to cut 10,000 more in the next two years](#) as part of his plan to reduce the city's deficit.

Bloomberg correctly stated that private sector employment in New York City did grow by 1.8 percent in the last year, [twice the national rate, according to the state Department of Labor](#).

While the city's unemployment rate as of October (9.2 percent) was lower than the national average (9.6 percent), it was higher than the rate for the state overall (8.3 percent), and higher than cities like Boston (7.6 percent) and metropolitan areas like those anchored by Pittsburgh (7.6 percent) and Minneapolis (6.5 percent).

Steven Spinola, president of the Real Estate Board of New York, defended the mayor's record, arguing that New York City had fared better than the rest of country in terms of surviving the recession.

"In part, that's because of Mike Bloomberg's leadership," he said.

Being remembered

In his Meet the Press appearance, the mayor denied having national political aspirations, and said that he wants to leave office "having a reputation as a very good, maybe the greatest mayor ever."

White of the New School says that the mayor has followed up on some of his proposals, especially workforce training, and should be commended for his efforts in that regard.

"I think as far as investing in job training and fixing immigration – there's great potential there," White said. "And he's been a very powerful advocate for immigration reform. Like many of the other issues within his administration, there are truly creative people picking up really innovative strategies and putting them into play. This administration is the only one I've ever seen in New York that's done this kind of work."

Still, White says that the mayor has a very different voice than he had during his first term. "He was much more attuned to promoting the importance of government to address critical problems, including poverty, and he doesn't speak that way anymore."

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