

The Economic Club of New York

341<sup>st</sup> Meeting  
87<sup>th</sup> Year

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Rudolph W. Giuliani  
Mayor of New York City

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New York Hilton  
New York City

Questioners: Tom Dewey

Landon Hilliard

## Introduction

Chairman Donald B. Marron

Good afternoon, we are very privileged to have our speaker this afternoon. This is the 341<sup>st</sup> meeting of the Economic Club in its 87<sup>th</sup> year and I am Don Marron the Chairman of the Economic Club. We always at this Club try to anticipate events and in this case we feel we have anticipated a long-last event for New York City, its new mayor. Rudy Giuliani as you may know is the first Republican Mayor of New York since 1965 and only the fourth Republican Mayor in the history of New York. He is a real New Yorker, a graduate of...(applause) that is almost the only introduction that he needs, isn't it. He is a real New Yorker, a graduate of NYU Law School. He began his career as a law clerk in the U.S. District Court. Served as an Assistant Attorney for the Southern District. Under President Ford was appointed a Deputy Attorney General. In the Reagan Administration was the Number 3 person in the Justice Department. And in 1983 was the U.S. Attorney for the Southern District. In 1989 ran a hotly contested campaign against David Dinkins and lost but fortunately for all of us came back in 1993 and was elected the 107<sup>th</sup> Mayor of New York. Now he has only been in that role for essentially a little over three months. Yet the list of things that have been started in his administration is extraordinary. He is working very hard on a plan to balance the budget gap of \$2.4 billion that he inherited. At the same time he has proposed the reduction or the elimination of a number of key City taxes. The Hotel and Occupancy Tax down 1% to reduction in the Commercial Rent Tax. Proposing the elimination of the Personal Income Tax Surcharge. Reduction in the Unincorporated Business

Tax. All things, we all think are very important for the growth of New York City. He campaigned in part on crime, and things that have to be done in that area. He has already implemented a new strategy to combat illegal guns. He has increased drug arrests by the Narcotics Division by 27%. He has implemented a new program to combat youth violence and reduce truancy. On New York City, he is working with Walt Disney on helping to renovate Times Square. Working hard on waste in New York City, he has begun to restructure the Health and Hospitals Corporation and he has revised the Department of Cultural Affairs. All that in three months, while at the same time, dealing with the problems with the Board of Education and everything else that we know that goes on in New York City.

What I would like to see, finally, is the most important thing that he has done is bring together the City, give the citizens of this town a renewed feeling that things can change, that they should change, and they will change. It is my privilege to introduce the Mayor of New York City, Rudolph Giuliani. (Applause)

The Honorable Rudolph Giuliani

Mayor of New York City

Thank you very much Don. This room has special meaning because this is the place we had our victory celebration. So I remember it, kind of a little blurry eyed, but I remember it very, very well. About two or three days before that event, someone came up to me, and said to me; hell

will freeze over before there is a Republican Mayor in New York City. Now this was not a very nice thing to say to a nervous candidate three days before an election. But the person shook my hand and said that to me. And I probably said some silly thing, like you say, when you are campaigning, like thank you (laughter). But the election took place, I won, didn't really think about that comment for a long, long time. Then in January, there were four snowstorms, (laughter) then in February there were eight. And then we had a few in March, and by March, I thought, maybe he knew something I didn't know. (Laughter). But now we are toward the spring and I think people are feeling differently. And I thought maybe what I would do, since you all haven't eaten yet, and I want to keep this as brief as possible, and there should be some questions, is to see if I can outline for you, very quickly, what my vision is for the economy of the City. Because our budget, our financial plan, all of the things that Don mentioned before, all really fit into the direction in which we are trying to point the City. Which is a very different direction, than the way it was going. And it really proceeds from an analysis of what we believe is wrong with the economy of the City. And it is very, very simple. The City of New York's government is too large, and is beyond the point of diminishing returns. It past that point some time ago. By that I mean, in order to maintain City government at the level at which it now exists, and to allow it to increase as it was planned to increase, means, that you have to crush the private sector. There is no in between here, because we went way beyond the point at which the tax base of this City could sustain the government that we have created for it.

Because for 20 or 30 years, we largely said yes, every time the question was asked should

government do something. Sometimes the answer yes was absolutely the right answer, the humane, the decent answer, the most sensible answer, maybe even the required answer. And sometimes it was an absurd answer. So we end up with a city that not only owns and operate 17 hospitals, and owns and operate more real property in the city than any private owner, but we have a city that owns 500 gas stations, now that makes no sense, right, 500 gas stations. When the problem of homelessness began to emerge, 10 and 12 years ago, rather than doing what would have been done I think in a city where there was a more sensible balance between the choices that a city would make, and what happened in New York City, New York City decided to own and operate the problem of homelessness. Instead of trying to access the private, not for profit sector of charitable groups, religious groups, specialized groups that could help with the different problems of homelessness, that range from people trying to find a place to live, to people who have mental problems, to people who have drug problems to people that are out and out criminals. You have the whole range of people that advocates for either side try to simplify into one type or another. Instead of doing that, the City of New York did the only thing the City of New York for years has known how to do. It went out and acquired armories, owned and operated those armories, hired New York City workers to take care of people in those armories, and built another massive Government response to a problem which turns out to be a terrible failure.

The unwillingness to be flexible about the way City Government should respond is the reason why we are now in the predicament that we are in. A way to look at it from the point of view of

the economy is that over the last 20 years, all but one year in the last 20, New York City has spent more money in the next fiscal year than in the present fiscal year. Every budget was a spending increase over the budget before, always at more than the rate of inflation. So that even when the economy was growing, and the City was getting the benefit of the growth of that economy, City Government was growing faster than the economy. That is in 19 of the last 20 years. So now, I have that accumulated burden to have to deal with. That is the reason we have a \$2.4 billion structural deficit that grows to 3, could even go as high as 4 billion dollars in the out years.

So what is the answer to that? The answer to that is, that if we hope to be able to have an economy that can produce enough jobs to satisfy a city of 7.5 to 8 million. We have to once again structure the economy around the private sector. It is foolhardy to think that government can provide enough jobs to satisfy a population of 7.5 or 8 million people which is essentially even unconsciously what the thinking of New York City government was. And it is a tragic way in which to approach this problem.

As a result of that thinking, and the accumulation of these problems, and the fact that the prior administration did little or nothing to deal with it, but make it worse, over the last four years we lost 400,000 private sector jobs, that is an enormous loss of jobs. The only other time we lost as many was during the Great Depression. And city government grew to almost record levels. So that is the situation that I inherited.

What are we trying to do about it? What we are trying to do about it, is to reverse it. We put together a financial plan in January and early February in which we said that the first thing that had to be done is, we had to reduce the size of the municipal workforce and we had to begin with the reduction of 15,000 over the next year and a half.

But rather than just moving to laying people off, what we suggested that we do is a severance program similar to what has been done in major American and other corporations trying to restructure themselves. When we announced the severance program, very, very strong reaction of all of the fiscal experts that generally have been giving the advice about New York City for the last 15 or 20 years is, the municipal unions will never agree to it. This is a silly idea. Well the municipal unions agreed to it, because the municipal unions understood the reality that we face and understood that the severance program was a humane and a sensible way to begin the process of redressing the size of government and balancing it against the size of the private sector.

Then, when we reached agreement on the severance package, the same expert said, nobody is going to take the package. A month and a half later, over 7,000 people have now accepted the severance package. Our goal was 7,600 in the first four months and we are at 7,000 already. Because I think people also realized that there has to be a restructuring of government. The experts haven't quite gotten there yet, but people realize that. And what is the reason for this. The reason for this is, so that we can get government to be more efficient more effective so that

we can utilize privatization where it works, competition which is even more valuable than just privatization. And finally, so that we can begin the process which we will start in the next budget of reducing taxes.

First we will start with the Hotel Occupancy Tax and the Commercial Rent Tax. We will move on to the income taxes, the sales taxes, hopefully even the property taxes. Now that is not an academic program, or an ideological program. Sometimes you should reduce taxes; there may even be times when you should increase taxes. God forbid. But there might be times in which you should do that. This happens to be a time in the history of New York City, that if you increase taxes, you crush jobs. If you allow them to remain at the level at which they are at, you crush jobs. That is precisely what we have been doing. We have to reverse that. And we have to take a chance on a different vision for the City of New York.

Kind of a revolutionary vision. That if we are going to satisfy the needs of 7.5 million to 8 million people for jobs, particularly young people that are being educated in our grammar schools and in our high schools, who now feel no hope of a job, that hope is not going to be found in government programs. We are fooling people, if we give them the impression or the sense that we are going to be able to satisfy the job needs of so many young people by government providing those jobs. Instead, government has to be sensible enough, sensitive enough, and understanding enough to understand how to streamline itself so that it can allow the private sector to grow, to satisfy the job needs of all of these children, and young people. If we



do that, maybe then we will reestablish hope again, but a realistic hope.

Now, that thinking is as revolutionary as the American economy. But maybe we have to rediscover it in New York City. We have to rediscover the direction in which the rest of the American economy is going. And the way in which other cities and states have been restructured or are being restructured. If we don't, then if we were aberrational last year, we are going to be even more aberrational in the future, and we are going to be hurt in the competition that takes place even more than we have been hurt before. So this change of direction is in fact a very important one and a critical one.

It is going to be a very difficult one for many of the interest groups in New York City to understand because they have been moving in a direction so different than the rest of the American economy that it is hard to absorb this. And particularly since there will be a general sense that if you reduce the level of government employment, you are necessarily going to have a major impact on services. They couldn't be more wrong.

To say that assumes that the delivery of services is equated with the number of people that work for a city agency. And there is almost no equation between the two things. Our new Fire Commissioner has been able, with a smaller workforce to deal with problems, particularly the problems of boxes, call boxes that weren't repaired by being a better manager, by being more effective, by knowing how to utilize his people more, by creating incentives. With a smaller

workforce he has been able to accomplish a lot more.

The same thing is true in almost every city agency. That discipline is required to delivering good services. I can understand the feeling of nervousness about it and the feeling of fear about it, and the worry that if you reduce by 10 or 15% people's lives are actually going to be hurt. But the reality is, that those cities and states that have gone through this discipline have found that a year or two years later when they look back on it, it was the single best thing they had ever done. Not just for straightening out the budget of the City, but for making the City much more effective or the State in the delivery of services. Just go ask Ed Rendell who runs the City of Philadelphia, a Democrat, or Steve Goldsmith who runs the City of Indianapolis, a Republican. So this isn't just Republican thinking or Democratic thinking, it is absolutely required. And that is the goal to which we are going.

We have three major priorities. And if we can show positive improvement in each of these three areas, then everything else in this city is going to come back and come back very, very strong.

We have to reduce crime. We can spare no expense on making this city a much safer city than it is today. That is the key, number one problem, for everything.

Number two, we have to show growth of private sector jobs. We have to show America, the world, and ourselves that private sector jobs can grow in New York City, after four years of hemorrhaging.

And number three, we have to show that we can improve the performance of our public schools in the key areas of education; in reading, in writing, in arithmetic, in the basic subjects that children need in order, not only to compete in life, but really to understand life. Because our school system has been going in the other direction, in the key basic areas.

So those are our three priorities. They are reflected in a budget where I'll make cuts in certain areas but I won't make cuts of teachers. I will make cuts in other areas, but I will not make cuts in police officers. I will make cuts in some areas, but I will also require that we reduce taxes. Our budget expresses our priorities. People are entitled to have different priorities. But at least our budget has a vision, a sense of direction and one that I think is very, very, necessary, a safer city, quickly showing that we can reduce crime, improvement, a city in which the private sector is growing quickly showing an increase in private sector jobs. And third, an emphasis on the basics of education. Let's measure ourselves for a while as to whether or not we are teaching youngsters to read better, write better, add better and subtract better, so that the money goes in that direction rather than in the direction of supervisors, administrators, middle managers, middle managers who administer, middle managers who administer each other, and can't figure out what they have been doing for the last 10 or 15 years, and custodians. Thank you very much.

(Applause)

QUESTION AND ANSWER SESSION

CHAIRMAN, DONALD B. MARRON: As is our policy, we have two questioners this afternoon, Tom Dewey and Landon Hilliard. Each of them in turn will ask the Mayor a question, and we know we will get great answers and the question will begin. Tom, why don't you begin.

THOMAS DEWEY: Thanks Don. Mr. Mayor I am glad you mentioned the 17 city hospitals. We all know that there have been studies over the years about how the city could get itself out of that particular business. And while not all of those studies were publicized, they generally ended up in the ash can because of political pressures. Now a days with the impact of managed care reducing the census levels in the voluntary hospitals, while we are glad to see the internal cost-cutting that is going on at HHC, isn't it time to revive the idea of closing some of them completely and letting their patient load be actually better served by our voluntary hospitals?

THE HONORABLE MAYOR RUDOLPH GIULIANI: Probably the best approach for the hospital system of New York City would be to take the two or three hospitals, there are actually about six or seven in which there is substantial interest in having various arrangements of private voluntary boards running the hospitals and giving them a chance in two or three of the areas where they are suggesting doing it, to do that for several years. In essence, for a period of time, to spin the hospitals out to the private sector. Three, maybe four of them. To demonstrate that, that can work, but that can work in two respects, and in this order of importance. First, to deliver a much higher quality of medical service in the hospital. And then number two, to also show that

it can create reasonable and sensible cost containment in the operation of the hospital. That would create the political reality from which you could then move on and do that with other parts of the hospital system, retaining possibly some of the more difficult hospitals which the city would probably have to own and operate for a period of time. Eventually, if in fact we have some form of national health insurance that insures the healthcare needs of all Americans, the Health and Hospitals Corporation become not only anachronism it becomes another level of administrative expense, that is peculiar to the City of New York, which is going to result in much heavier taxes eventually having to be paid by the people in New York City. Because we would essentially have the healthcare needs of the poor taking care of in Washington, while, the Health and Hospitals Corporation might in fact, become, if it isn't to some extent already, kind of a jobs program. And therefore the transition should start now. So what we are proposing to do is to select three hospitals in the next year to move them out to private board, let them operate for two or three years and then as that experiment I believe proves successful, to reduce a lot of the fear that poor people will not be cared for. The tragedy of our system is, we spend more money on the healthcare needs of the people that are poor, indigent than any place in America by a lot, and our public hospitals turn out to be public hospitals that too often have their accreditation taken away, lose partial accreditation, so we have the worst of all possible worlds. We are creating a tremendous burden on the taxpayer, much greater than anyplace else, to take care of these healthcare needs and then we are doing unfortunately much too often an inhumane, indecent, low quality job of taking care of those needs. And I believe that a program of movement out to the private sector, that we control, that we watch for a while where we reduce the realistic fears that

some people have, is the best way to do it.

LANDON HILLIARD: Thank you. Privatization is an issue which you have been discussing, with the City Council; can you talk some about candidates for privatization and your particular priorities?

THE HONORABLE MAYOR RUDOLPH GIULIANI: Well the largest area is the one that I was just asked about, the area of hospitals and dealing with two or three hospitals and hopefully expanding it to three or four more, so that we move a lot of the hospital care in New York City to the private voluntary sector, with the City of New York acting as a guarantor of care for people that are poor and indigent. I think it will work much better, even as a matter of delivery of medical services. We consider privatization and competition in almost every area because it can help the City greatly. We are looking at it, for the management of public buildings. New York City manages an enormous number of buildings. What we are going to start doing very shortly, is to set up managed competition, and to select some of those buildings, and allow those buildings to be managed by the private sector to see if we can create a competition in the management of the buildings. We are going to do precisely the same thing in the Department of Transportation with maintaining the arterial highways in New York City, particularly those that lead to the airports, that create right now, unfortunately, somewhat of a bad reputation for the City. We want to be able to turn that around and we think a managed competition program in which we create “Adopt a Highway” programs, and also programs in which we will contract more with the

private sector to care for those highways would help a great deal. In almost every area we are considering introducing more competition. And even just talking about it and thinking about it, for example, talking about competition in the area of sanitation. I believe, and maybe somebody can go back and study this and see if I am not right, I think that helped to get a much higher quality of service out of the sanitation department during our snowstorms this winter than would otherwise be the case. And it is helping us greatly in negotiating with them in order to obtain route extension, more work, trying to straighten out some of the imbalances that occur in the work rules. You don't always have to do privatization, you don't always have to introduce competition but you can never close yourself off from it. Because then you create the worst results of either a private or a government monopoly. So we are open to considering privatization, a competition, in any area. Sometimes we will say yes, sometimes we will say no, and sometimes we will try experiments in a very similar way to the way it is being done in Philadelphia, Indianapolis, and some other cities where they haven't privatized everything, but by being willing to privatize some things, they have created a much more dynamic relationship with the other municipal unions.

THOMAS DEWEY: You mentioned crime as one of the besetting problems of the City and obviously it is. I think there is certainly a heightened feeling of acceptance toward the idea of gun control nationally these days and certainly in urban areas. We have had the gun repurchase program here, but I wonder if there is any thought of a much more draconian method of getting guns out of the hands of so many kids in this city as well as adults.

THE HONORABLE MAYOR RUDOLPH GIULIANI: Well unfortunately the problem of guns, like the problems of drugs, is a very complex one, and it needs a number of different things that are done about it. And unfortunately what happens sometimes is depending on the side of the political spectrum someone is on; they favor one thing, but not the other. I happen to favor both. I believe there should be gun control. I think there should be national gun control and I think there should be national gun licensing. I support the President and have done it publically, privately, and in fact just this morning, in calling people and writing letters to them asking them to vote for a ban on assault weapons. I think that should happen nationally. I think it should happen in the state. And I think there should be a licensing program for guns, so that if you possess a handgun you have to get a license for it, and prove that you are a responsible person, prove that you know how to handle it, prove that you know how to handle it safely. I think that should occur in all of the United States. The second part of it though, is equally as important. That will reduce the number of guns; it will control the number of guns. It will make the life of law enforcement somewhat easier. But, it most likely will not take guns out of the hands of the most dangerous criminals. They are the ones that are the least likely to comply with licensing, gun exchange programs, a willingness to turn in your gun for toys. If you are a professional robber, you don't turn your gun in for toys. (Laughter) If you are a drug dealer, nowadays, you almost always have a gun, and you almost always have an automatic weapon, not just a gun. You probably have a 9 millimeter. There, what you need is much more effective, much more intense concentration on gun enforcement, where the police in all of the different parts of the United States have to become experts in gun enforcement, the way they have become in drug



enforcement and organized crime. Commission Bratton and I put together a strategy for the New York City Police Department which actually is the first one to happen in a major city, where we have made gun enforcement a major discipline and category of policing. We have assigned police officers to every precinct in the City who focus on getting guns out of the community. And then after getting the guns out, we have set up a group of detectives that are now being trained to try in each case to trace back where the gun came from. So that each gun becomes the beginning of an investigatory process rather than the end. What we have urged the President to do, I did it when I met with him, I have written to him about it, I said, do the same thing all over the country. So that we have these gun enforcement groups in every major city, if not every place in America. So that when we get a gun and we trace it back to Miami, as we did recently in a case, we have a similar task force operating in Miami that can tell us where that gun came from, who brought it in. If we start doing this nationwide, we will start removing guns from the hands of people who are the most dangerous people that now possess guns. But it has to become a discipline of local law enforcement and federal law enforcement, and we have to work together. We have begun doing it in New York City; we need it to happen in the rest of America. If we do both, we can have an impact on the number of guns that are involved in crimes. If we just do one or the other, it is going to be self defeating. If we just did gun control, we control the behavior of the most legitimate or quasi legitimate people who have guns. If we just did gun enforcement, the failure to have gun control would flood the market with guns so much that it would be very hard for the enforcement to work. If we did both, we could do something serious about guns in America.

LANDON HILLIARD: Thank you. You have touched on this subject, but perhaps you can expand your remarks. Since the beginning of 1989 individuals in the city receiving public assistance has increased from 813,000 by 35% to 1,100,000. What are some of your administrations ideas to continue or to try to reduce the cost of this burden?

THE HONORABLE MAYOR RUDOLPH GIULIANI: Well there are a number of things that have to be done about it. Growth in the private sector jobs as opposed to massive loss of 400,000 jobs will do something about that, not all of it. But some of it. Start to bring the number down. As you create job opportunities in the area in which you can satisfy a volume of jobs, you will see some of that reduced. The second thing that has to be done is to take advantage of programs rather than closing those programs off from the City that helped to find jobs and push people toward work who are on welfare or public assistance. In the first three weeks of my administration we joined the state in a contract with a company called America Works. America Works is a private for profit company that finds jobs for people on welfare and gets paid its fee after seven months of the person being on the job. So it only gets paid a fee with success. It happens to be one of the few things that Mario Cuomo and Dan Quayle ever agreed about. Which either makes it very right or very wrong. I don't know. (Laughter) Depending on your perspective. But the fact is, it has been a very successful program in the state of Connecticut. A very successful program in the state of New York. It has just been adopted in two or three other states. New York City turned America Works down for a contract four times over the last four

years. We entered a contract with them in three weeks, and have them now operating, finding jobs for people and we are encouraging other companies, for profit, not for profit, other groups to do the same thing. Help us find jobs for people who are on public assistance. If you talk to the people that run America Works, they can tell you, although there aren't enough jobs there to satisfy three or four hundred thousand, there are enough jobs there to satisfy some large percentage of that three to four hundred thousand if you work at it. You provide the training, you find the job, you provide the counseling and then the reward is based on success. So that is another thing that we are doing about it. We are also taking a very good look at home relief. Home relief is a special category of public assistance that exists in New York State at a level at which it exists nowhere else and in fact it only exists in 8 or 9 other states. Home relief provides benefits to able bodied people, home relief is not aid to families with dependent children, it is not aid to mothers with children, it is welfare or public assistance benefits, that go to people that are designated as able bodied men, mostly. And we are taking a look at starting with a program of finger imaging, hand imaging, for people that are on home relief so that we make certain that if we are paying it, we are paying at least only once. And maybe not twice or three times. Or as in a recent case the Manhattan District Attorney demonstrated, we had people that were collecting public assistance benefits including home relief in two or three different jurisdictions; collecting it here in New York, collecting it in Westchester, collecting it in New Jersey. No one knows the level of that kind of fraud. People that very much favor expanding public assistance say, the level is very small. People who would like to see public assistance contracted dramatically; say it is very, very large. No one really knows. But there is absolutely no reason not to have integrity

measures introduced in the delivery of welfare benefits. And there can't be a better place to start than welfare benefits that are being delivered to a group that is described as able bodied.

Hopefully that will begin to reduce the point at which we are at now which is 1.1 million people in a population of 7.5 million or so people that are on public assistance. That number has to come down. It has to come down largely by moving people toward work, but also by removing those people that are on the system, who shouldn't be there.

THOMAS DEWEY: I think I can be presumptuous enough to say that in the first four plus months of your administration the business community in New York supports what you have been describing this afternoon, toward getting the City to a point where government plays less of a role and the private sector can reassume the role it traditionally had. I think most of us, or many of us at least, would like to see that extended to the state level. Where so many people, including now Governor Cuomo who has done nothing at all in that direction for 12 years, says he is for some of these measures too. We noticed that he is running for reelection this year. And that we are not very far from the Republican Convention where a candidate will be selected. I wondered if you would care to say at this point whether you will support the candidate of the Republican convention or whether you are going to wait to see who it is.

THE HONORABLE MAYOR RUDOLPH GIULIANI: The second. As the Mayor of New York City I have two roles to perform. The first one being the most important, I am the Mayor of the City, Mayor of the entire city and I have to look at the candidates for all offices from the point of

view of, who is going to help my city. What are they saying about my city, what commitments are they willing to make to help my city. You can assume, that as a Republican, I will most often support Republican candidates. Nine times out of ten, 19 times out of 20, I will support Republican candidates. But like my predecessors, there probably will be times in which I support Democrats. It is in the nature of having a city that needs help, needs help from Washington, needs help from Albany. Ed Koch as a Democratic mayor of New York City supported Al D'Amato when he ran for reelection, although Al D'Amato was a Republican, and it was before they were friendly. So this was not a personal endorsement. And I have talked to Ed about it. And the reason he supported him was, he needed him in Washington. It was a Reagan administration then, Al D'Amato was a very strong, effective advocate for the City, and he made the determination that he needed, in essence, his advocate in Washington, in order to be a successful Mayor and in order to help the City of New York. Fiorello LaGuardia, a Republican, supported F. D. R. several times, probably for similar calculations, because he needed help. Those are the calculations that you have to make as a Mayor. If there is a serious disproportion between two candidates and one is really going to be very helpful to the City, and the other is running on a platform of killing the City, then my role as Mayor has to be the predominant one. But by and large if you listen to the things that I believe in, and the direction in which I think the City and State should go, more often than not, Republican candidates are going to fit what I think needs to be accomplished for the City and for the State. And probably more than anyone else I have helped build the Republican Party in the City of New York. When I ran for Mayor of New York City in 1989, there was one member of the City Council who was a Republican. She was

designated the Minority Leader. Which was kind of a joke, right. Also it was the easiest caucus to run in the history of any legislature. Any time Susan Molinari agreed, she agreed for the entire delegation. (Laughter) I worked very, very hard in the intervening years, supported numerous Republican candidates for the City Council, spending a lot of time campaigning for them, working for them, all of them were elected in districts in which I ran very, very strong in 1989. And now there are seven members of the New York City Council that are Republicans. Hardly a large number, but a lot better than one. And actually contribute greatly to a two party movement in New York, which I think is very, very important. So I feel very strongly about the growth of the Republican Party. I think it is very important to the City and the State to have a vital two party movement. And finally, you have to recognize in New York that things have to be done with a little more complexity than elsewhere. In a city that is 14, 15% Republican, you have to find candidates who can help us constantly expanding our outreach. If we are going to nominate candidates to narrow us, then probably those are candidates that either I won't support or I won't support enthusiastically or maybe I will support somebody else. We are going to nominate candidates that expand us, that have us reaching out for the independent voter, for the Democratic voter, who is disillusioned with the direction of the City and the State, create room for those people to vote for us, instead of drive them away. Then those are candidates I think would be terrific for the growth of the party and the growth of the state. So it is a little more complex than saying, will I absolutely support a particular candidate, I have to first see who is the candidate, what are they running on, and then I have to make a judgment as to whether they can help the City and then number two, in my own way at least, make a judgment as to whether

they are going to help or retard the growth of the Republican Party. Sometimes when we have chosen candidates, after we have taken a step or two forward, we took three or four steps back. And we can't let that happen again.

THOMAS DEWEY: Landon can we have one last brief question from you, and then I want to ask one.

LANDON HILLIARD: The last one I suppose is something that you are always getting complaints about. It is the dirt in the City. What in the world can be done sort of the trend of the City getting dirtier and dirtier? I suppose each Mayor and succeeding Mayor hears this. How do you really plan to reverse this course?

THE HONORABLE MAYOR RUDOLPH GIULIANI: I think the point is a very important one because I think the deteriorating appearance of the City has a lot to do with many things, certainly economic development or the retarding of economic development. The impression that the City is going in the wrong direction. We are trying to do a number of different things about it. First of all we are going to try to introduce a lot more competition in the way in which we care for the highways and the roads and the sidewalks in New York City. I tried to bring in more private companies; we are expanding, and encouraging the expansion of BIDs, Business Improvement Districts. Not just in the main area of the City but now there is a great movement for such business improvement districts in all other parts of the City. And we are trying to help

those along. Make it easier to establish them. They do require businesses to put in some extra money to keep the area clean which is a shame in a way with the level of taxation that we have. Which maybe over a period of three or four years we can start to correct. But in almost every place where there has been a business improvement district and having worked in an area that became a business improvement district, it really makes a very big difference. Take a look at Grand Central Station today, in comparison to Grand Central Station three or four years ago. You see a very, very different place. A lot cleaner, makes a much different kind of statement about the City. So those are things that we are encouraging. And finally, a lot of our negotiations and work with the Sanitation Workers Union to try to make it more productive, is to try to make the collection of garbage and the cleaning up of the City more cost effective in the City. But it is an absolute priority and I think very, very important even to the morale of the city.

THOMAS DEWEY: One last question. We have a Democratic Governor, and a Democratic President, and obviously you have a complicated job in the City, can you talk about how those relationships are going to work and the contributions both entities may make to us.

THE HONORABLE MAYOR RUDOLPH GIULIANI: I think it is very important to try to work from the point of view of figuring out what your agreements are. And once you have defined those agreements, moving forward, I have had a very positive relationship with the Governor. I have had a very positive relationship with him number one, because although we are of different political parties, and in several areas have significantly different philosophy, I get along with him



personally, and I can figure out, and he can figure out, what we agree about. The things we disagree about, we are entitled to disagree about. I have a different view of capital punishment than he does. I have a different view in the area of law enforcement than he does. But we have a very similar view in what has to be done about Medicaid for the City; we have a very similar view of education. We have a very similar view of how to deal with the problems of homelessness. So we can work together on those things. The same thing is true with the administration in Washington. I could tell you the disagreements. There are a number in terms of philosophy and direction, but in terms of what to do about public assistance, my philosophy embraces very much more the philosophy of the Clinton administration than the prior administration of New York City embraced. And therefore you look for the areas in which you can work together. I support the President's ban on assault weapons. So that is an area in which I can give him help. Try to help him accomplish his goals because they are mine, and in return for that maybe he can give us some help. There is no reason why we have to be involved in a partisan battle. It also means that when you are Mayor of New York City, you recognize as Koch and LaGuardia did, that you cannot be the most rabid partisan in the country. Because you are dependent on help from Albany and Washington and therefore you have to find areas of agreement, and emphasize those, so that you can work together. Finally I think, the fact that I am a Republican actually helps me. Because I also don't have to be a mindless adherent of every single policy, of every single program, I can criticize, I am willing to do it, I am willing to point out when the City is being short-changed, and not just make believe that, that isn't the case because we happen to be part of the same political party. And I think if you know how to utilize

those things effectively, Ed Koch was a very effective Mayor of New York City, during a period of time, when there was retrenchment in help for the cities and there was a Republican administration, largely in Washington. He was able to use that administration about as effectively as any Mayor in the country. So the mere fact that you are in two different political parties doesn't mean that you can't make it work. (Applause)

CHAIRMAN DONALD MARRON: Mr. Mayor, I think I speak for everyone here in saying that we appreciate your coming to our forum here; your comments are both intelligent and encouraging, and also very fresh for this after a long time. We wish you well; we know it is going to work well. Thank you all very much, lunch is served. (Applause)