

The Economic Club of New York

434th Meeting
106th Year

The Honorable Michael Bloomberg
Mayor of New York City

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Introduction

Roger Ferguson

So welcome everyone to this meeting of the Economic Club of New York. This is our 434th gathering. I am Roger Ferguson. I am chairman of the club which is now in its 106th year as the nation's leading nonpartisan forum for economic policy speeches. Throughout the long history of the Economic Club of New York, we've had more than 1,000 guest speakers appear before us establishing a strong tradition of excellence which we continue today. I would like to begin by recognizing the 206 members of our Centennial Society who have contributed their support to ensure a sound future for the club. Thank you to all of our Centennial Society members for helping to ensure that the club will continue to fulfill its mission well into our second century. I'd also like to welcome our special guests. We have students with us from the Fashion Institute of Technology, Brooklyn College, and Brooklyn Law School and professors from Fordham University. Our members have made their attendance possible.

We are pleased to welcome our speaker, New York's 108th mayor, Michael Bloomberg, whose twelve years in office will come to a close in less than two weeks. Mayor Bloomberg has had a truly remarkable impact on New York City. To name just a few achievements: New York City has become the safest big city in the nation with crime down more than 30 percent. High school graduation rates are up by more than 40 percent. Life expectancy is now 2.2 years longer than the national average. New York City has become a national leader in combating climate change and is on track to reduce its carbon footprint by 30 percent by the year 2030. And there are now a record number of private sector jobs in the city, the majority of which have been created

outside of Manhattan. Mayor Bloomberg is also, of course, one of the world's most successful entrepreneurs. He founded Bloomberg L.P. in 1981 and grew it into one of the nation's leading financial news and information companies with more than 15,000 employees today. He's a graduate of Johns Hopkins University where he earned a degree in engineering and he has an MBA from Harvard Business School. Mayor Bloomberg, the floor is yours.

The Honorable Michael Bloomberg

Roger, thank you, and good afternoon everyone. That was a very kind introduction, but let me start by thanking all of you for everything that you have done for the city over the past twelve years. Many of you are involved in the non-profit world and many of you have supported the public-private partnerships that we've formed over the last twelve years which have raised over \$2.8 billion privately to support our schools, our parks, our environment, and everything else that we value in our neighborhoods. And if it hadn't been for your generosity, we could not help those who are really in need. New York, I'm happy to say is a city that is full of people with big hearts and people who are willing to give their time and their talents and their money to keep our city strong. And as mayor I've gotten to see just how true that is and I can't tell you how inspiring it has been and how grateful I am to have had the opportunity to serve the people of New York City. I will look back on this for the rest of my life and I've been able to do something hopefully for my kids and for my, I'm about to have a grandchild, and that's what this is all about. It's helping others and leaving a better life for those that come after us.

Now there really is no city that is quite like New York. There are plenty of other great cities in the world but the diversity that New York embodies is truly exceptional. We are a city where all people of all backgrounds, speaking all languages, practicing all religions, holding all beliefs, live and work side by side. What matters here is not where you came from, but where you are going.

In Washington they ask you what party you're in. In Philadelphia they ask you who your parents are. In Boston they ask you what neighborhood you grew up in. Well, we don't care much about those things. We're interested only in what you're doing with your life and what your dreams are. And that's a big reason why people continue to come here from across the country and around the world. In fact, our population in New York City now is at an all-time high. And for the first time since 1950 more people are moving into New York City than are moving out of it.

Roger mentioned some of the statistics about how far we've come over the past twelve years so I won't bore you by repeating them, but what it does add up to is New York City has never been stronger than it is today, and I think it's fair to say our future has never been brighter.

When I think back to when I moved here in 1966, what was happening, New York was beginning to decay. Back then the middle class dream was to escape the city with its filth and crime and move to the suburbs. In the 1970s New York City lost more than ten percent of its

population and it was far from alone. Cities across the country were hemorrhaging jobs and population. And the question back then wasn't whether cities could be saved; the question was whether they were even worth saving. And many people back then thought that they were not. It was the golden age of the suburb and it defined the second half of the 20th century in the United States. But I think it's safe to say that it's clear that the golden age of the suburb is over and it is being replaced by a new urban renaissance that is redefining the future.

Today for the first time in history the majority of people on earth live in cities. By the mid-century, three-fourths of the world's population are expected to be city dwellers. Here in the United States metropolitan regions now account for 84 percent of our population and 91 percent of our GNP. Cities are once again ascendant. They are the engines of innovation that are driving progress in the 21st century. States were once known as the laboratories of democracy where new policy experiments shaped the future of the nation. Today cities have eclipsed the states as policy pioneers on every major issue: reforming public education, battling climate change, spurring economic development, improving public health, fighting poverty, reducing crime, protecting consumers, expanding mass transit, and promoting arts and culture.

Over the past twelve years, I've had the opportunity to meet with hundreds of mayors and to work with them on these and other issues. Most of us are not interested in partisan politics. We don't care whether an idea is liberal or conservative. We want to know, can it work?

Running a city is an exercise in pragmatic problem solving, not ideological politics. And that gives mayors a common unifying bond, a bond that I've worked to strengthen. Whether it was illegal guns or immigration or climate change or infrastructure or financial empowerment or any other issue, we've cultivated a community of mayors across the country who are committed to taking bold and innovative actions. We've done that by building coalitions that foster local change and also have given us a strong voice in Washington. And we've also done it through philanthropy. My foundation created a competition called, The Mayor's Challenge, that encourages cities to propose innovative new ideas that can be shared with other cities. And the winners receive funding to help them implement those. Some ideas will succeed. Some won't. But there's no experimentation without failure and there's no innovation without experimentation.

Today the spirit of cooperation among mayors has never been stronger and the ambition of mayors has never been greater. Mayors are thinking globally and acting locally. If you want to change the world, run for mayor. And I think it's fair to say that in this century no city has had greater impact on the country and on the world than New York City. The progress that we've made over the past twenty years thanks to the work of so many dedicated people has just been incredible. But it has not been inevitable. Success can never be taken for granted especially in a global economy where competition is ferocious.

As soon as you begin to take success for granted, you begin to fail. And that's what happened to

New York back in the 60s and 70s. Our elected leaders thought that New York would always be a place where people would want to come even if it was unsafe and unclean, dysfunctional, and dystopian. Well, they were wrong, tragically wrong. And that was a hard lesson to learn, a lesson that cost us dearly and a lesson that we must never forget. I think the heart of that lesson can be summed up in six words. Tomorrow is more important than today. Or to put it another way, our children's future should never be sacrificed for our own benefit. That's a simple idea, but in politics it's an awfully tough sell.

People want benefits from their government and they want them now. That's natural. And it's the government's job to deliver them and to find innovative new ways to tackle the toughest problems and improve life for people today. But at the same time, it's also the government's job to improve life for people tomorrow, including for the children who are too young to vote and the children who have yet to be born. Those of us in government work for them too. And it's our job to think about their needs, 20, 30, 40, and even 100 years from now. And that involves looking ahead, identifying barriers to progress, and taking action.

For instance, when I was elected back in '01, major parts of our city were frozen in the 1960s. The 1961 zoning map our city fathers had adopted remained largely in place even though it reserved large swaths of the city, much of it along our waterfront, for industrial and manufacturing use. The map was based on the assumption that the city would always be a large-scale industrial powerhouse. And that mistake was left to stand for 40 years. In 2001, the city

was still freezing out private investment and still refusing to make public infrastructure investments that would attract it.

Hudson Yards on the far West Side of Manhattan is a perfect example. Until we re-zoned it back in 2005 it was a warehouse district zoned largely for industrial use with limited access to mass transit. The same could be said of the entire East River waterfront in Brooklyn and Queens. Willets Point in Queens, a former garbage dump, had been left to fester for nearly a century. Downtown Brooklyn had also been hemmed by antiquated zoning restrictions as had Jamaica in Queens and parts of Harlem.

In all of those areas and others, we looked ahead, not just a few years but a few decades. And we not only changed the zoning based on the future of our economy, we invested in the infrastructure that will stimulate private sector investment for decades. And that includes everything from sewers and water mains to new transportation options including the East River ferry, the five borough taxi, Citi Bike, and the first city-funded extension of the subway to be built in 50 years. That extension of the Number 7 train from Times Square to 11th Avenue and south to 34th Street is almost complete and it has already led to billions of dollars in new investment on the far West Side.

The common denominator in all of these actions is a commitment to investing in the future.

When city governments fail to look ahead, cities fail. And that's why we also created an Applied

Sciences Competition. We sat down with hundreds of leaders in business, science, medicine, tech, media, and others industries and we asked them, where is your industry going? And what are your greatest needs? And the answer we heard over and over again was “we need access to more computer engineers and applied scientists. The city just does not have enough of them.”

It was true. And we knew that if nothing was done, the problem would get worse. So we launched a massive Applied Science Competition which has resulted in new investments by world-class universities and is going to double the number of engineering students and faculty in our city in the years to come. As an old engineering major who somehow lost his way and got into business and then, God help us, politics, I couldn't be happier about it. But the guy that deserves the lion's share of the credit is here with us today, Deputy Mayor Bob Steel, and I think he deserves a great round of applause.

Government's job is to look ahead and find innovative, pragmatic ways to remove barriers to future growth before they become crises, and that's what we've done across the city. But there is one barrier to growth that has been particularly difficult to scale and it is especially dangerous to ignore. It's a barrier that has come up again and again in my conversations with mayors across the country. And it's a barrier that has already bankrupted a number of cities. And I'm talking of course about the explosion in the cost of pension and healthcare benefits for municipal workers.

As optimistic as I am about the capacity of cities to look ahead and change the world for the better, and you'll find no stronger believer in that idea than me, we cannot blind ourselves to the obstacles that stand in the way. And right now our country appears to be in the early stages of a growing fiscal crisis that if nothing is done will extract a terrible toll on the next generation.

Here in New York City over the past twelve years, our pension costs have gone from \$1.5 billion to \$8.2 billion. That's almost a 500 percent increase when inflation over that period totaled only 35 percent. The \$7 billion that taxpayers are forced to spend on pensions every year is \$7 billion more that cannot be invested in our schools, in our parks, and our social safety net, or our mass transit system, or our climate resiliency work, or our affordable housing, or our tax relief efforts for working families.

Think about it this way. During our administration's time in office, we've spent \$68 billion in taxpayer money on pensions compared to \$5.3 billion on affordable housing. So taxpayers spend about \$13 on pensions for every \$1 that they invest in affordable housing. And keep in mind; we have the largest affordable housing program that any American city has ever created, 165,000 units which is enough to house the entire city of Atlanta, Georgia and then some.

But imagine the number of housing units we could have created if our pension costs had not crowded out that extra investment, or imagine the number of new schools that we could have built, or the raises that we could have given to our workers, or the additional services we could

have extended, or the property tax cuts we could have given to homeowners. Unless something is done, that \$7 billion additional will continue to grow and continue to harm our ability to invest in the future. And it will be compounded by the growth in health care costs which have also continued to skyrocket.

Virtually every government in the country requires employees to contribute to their health care premiums, but here in New York City about 90 percent of our employees and retirees contribute virtually nothing. Taxpayers here in New York City pick up the entire tab. Now for many years we have tried to convince public sector labor unions to modernize our pension and health care systems to bring down costs. And I will say we have had very little success. In fact, the labor leaders have sued the city to stop us from putting out just a solicitation to re-design health benefits which would dramatically reduce costs and improve care for our employees and their families.

The good news, however, is that our current health care provider was so concerned about our efforts, about the prospect of competition, that for the first time since anyone can remember they did not raise our rates this year, saving taxpayers hundreds of millions of dollars. And it was one of the unexpected things that helped us balance the city's budget for the coming year.

We've also had some success in Albany. Back in 2009 Governor Paterson vetoed a pension extender that had allowed many uniformed workers to retire earlier and with more generous

benefits. And we supported Governor Cuomo's push to create a new tier for new employees which will produce some savings. But that only slows future growth. Keep in mind, pensions and health care costs have become a major percentage of overall compensation, the overall compensation we provide to our workforce.

In fact, the pension and health care benefits we pay for uniformed workers amount to more than 100 percent of their salaries and they are a very large percentage of salaries of our overall workforce. In signing contracts we have to decide what is fair compensation. And I've always thought there are three basic standards. It is not what the unions want, the workers want, we all want to get paid more. That's natural. It's not what the taxpayers are willing to do. We all want to pay less. But we have to find a rational basis to decide what's an appropriate level to pay our workforce in benefits and in salary.

First we have to make sure we can get the talented people we need to perform critical services. And I don't think anyone here would argue that we haven't been able to do that. Second, we have to be able to retain the people we hire because we invest in training them. And I'm glad to say our retention rate is very high which given the economy, given the economy is probably not going to change. And if you remember when I first came into office, we were losing teachers by the bucket-full to Nassau County, Westchester County. All of that has stopped. We don't lose very many people. And third, we have to be able to recruit new applicants and we are doing that. Whenever we open a hiring list for any position in city government, working for the city, it is

way oversubscribed because our salaries and benefits are attractive. And make no mistake about it; New York City has the best workforce in the world. And for that to continue, our employees must be competitively compensated.

But right now we offer benefits that are over and above what the market offers and what other governments offer. And those costs continue to grow, and as they do it limits our ability to increase base salaries. For example, the private market has basically stopped offering defined benefit pensions. And yet in New York City labor leaders have opposed any effort to give their members even the choice of a defined contribution plan. Employees who work for City University of New York have that choice. And incidentally three-quarters of them chose the defined contribution plan because it is more flexible and portable. Why shouldn't New York City employees have the same choice?

It's the kind of questions that more and more mayors and governors in both political parties are asking across the country which is the first real sign of a crack in the labor-electoral complex that has traditionally stymied reform. And they are asking that out of sheer necessity. Since 2010, 38 local governments have filed for bankruptcy, largely because of out of control pension costs, and more are now flirting with it.

But even if, even if struggling cities escape bankruptcy the funds that must be diverted to cover pension bills are funds that cannot be invested in the future which can set off a downward spiral

that, as New York found out in the 70s, is deeply painful and takes decades to recover from.

As a country we must confront this crisis before it happens. It is one of the biggest threats facing cities because it is forcing government into a fiscal straight jacket that severely limits its ability to provide an effective social safety net and to invest in the next generation. The cost of today's benefits cannot be sustained for another generation, not without inflicting real harm on our citizens, on our children, and our grandchildren.

And now labor leaders are understandably determined to protect their members. That's their job, and we understand that. They've done it exceptionally well. But it's also the job of those in government and the public at large to protect our children, to protect our social safety net, and to protect future generations. And that's a fundamental principle of progressive politics and we cannot afford to adhere to that principle on every issue except labor contracts. And I think it's no secret that elected officials have a tendency to make decisions based on short-term political rewards rather than long-term economic gains.

And let's face it. The future that most elected officials worry about most is their own. Winning election or re-election is the goal around which everything else revolves. But we cannot afford for our elected officials to put their own futures ahead of the next generation's and to continue perpetuating a labor-electoral complex that is undermining our collective future. We need them to look ahead and to address the needs of tomorrow instead of being prisoners to the labor

contracts of yesterday.

Simply put, our pension and health care system must be modernized to be sustained. And so in the years ahead I will stand with mayors and others who stand up for the next generation by tackling this issue.

Now three years ago in my State of the City speech I said, “I will make this commitment. I will not sign a contract with salary increases unless they are accompanied by reforms in benefit packages that produce the savings we need to continue making investments in our future and protecting vital services.” I have kept my commitment. And while labor leaders refused that deal, they cannot hold out forever and they cannot afford to wait out another mayor. It would be at least four years. If the city holds strong to its position in the future, labor leaders will come to the table. They are anxious for a new contract. I understand that. And that puts the next administration in a powerful position of strength to negotiate historic reforms.

Now there’s a notion that we are leaving the next administration with a hole in the budget because our labor unions have refused to sign new contracts. In fact, just the opposite is true. We are leaving behind money to pay for the same type of contract Governor Cuomo signed with labor unions in 2011 and which our unions have refused to sign. And we’re also leaving behind something even more important, and that is political leverage. The next administration will have a once-in-a-generation opportunity for comprehensive benefit reform which is essential to our

long-term future.

In thirteen days I will walk out of office knowing that whether you agreed or disagreed with me, I always made decisions based on the merits and we always put the needs of future generations ahead of the demands of today's special interest groups. That's a big reason why our city has made so much progress over the last twelve years. And it's why we've been able to lead the urban renaissance that is now underway around the globe. If we are going to continue leading it, we must be a city that continues to invest in the future and continues to knock down the barriers that stand in the way of those investments. I'm optimistic about our future because the city has never been stronger and we're leaving the next administration a very strong hand to play. Low crime, balanced budget, infinitely better schools, enormous amount of affordable housing, a safety net that is the best in the country and perhaps the best in the world. I'm hopeful that the next administration will succeed. I plan to live here for the rest of my life. And I really do believe that the best days are still ahead for our city. But that requires all of us, government and the people outside of government, to understand the basic truths. There are no free lunches. We cannot continue to pay more than we need to. We have to make the big investments in infrastructure and in our labor force that will give us a future. Thank you very much and God Bless. Happy Holidays.

QUESTION AND ANSWER PERIOD

ROGER FERGUSON: The mayor is humbled. Mr. Mayor, thank you very, very much. So now, as is our tradition, two of our club members will conduct a question and answer session. They're going to be our vice-chair Abby Cohen of Goldman Sachs and Howard Milstein, a former trustee of the club and chairman of New York Private Bank & Trust. If you in the audience have questions, you can email them to questions@econclubny.org. That's questions@econclubny.org and our President, Jan Hopkins, will read them. Abby, you have the first question.

ABBY COHEN: Mayor Bloomberg, on behalf of the Economic Club of New York, thank you for being here today and for your very fascinating remarks. And on behalf of the city of New York, thank you again for the last twelve years. New York City has outpaced most of the rest of the US in terms of economic growth and private sector job creation since 9/11 and since the global financial crisis. An important aspect of this has been your administration's focus on diversifying the New York economy from the very beginning of your service as mayor. I have a two-part question. As you noted, technology was identified early on as one area in which the city could improve its performance. We've seen developments such as the Cornell Technology Camp that's to be built on Roosevelt Island and the commitment of many private sector technology firms, both large and small, to create new jobs in New York. If you could please discuss the role of public-private partnerships and policy foresight in this process. And second,

what other industries have you and Deputy Mayor Bob Steel identified as being strong candidates for future growth in New York?

THE HONORABLE MICHAEL BLOOMBERG: Well, I think if you, number one, in the areas where we're doing very well there are an awful lot of people around the world trying to eat our lunch. They're going to come after us. They see what we've done. They can copy the model. They know it works. And there are lots of new, young mayors all across the country that understand you have to lower taxes. You have to make sure the public's money is well spent. You have to make sure you reward those that work the hardest and attract the best and the brightest and all of those things. And the same thing is true overseas. You only have to go to London and see, that's where all the chefs of the world all of a sudden want to work there. London is on ascendency and they're going to provide real competition to us. But so will smaller cities all across America. There's no secrets to how you improve government. You just have to work at it and be consistent and explain to the public why it's in their interest to make the investments and lead from the front. In terms of which industries, the industries of tomorrow are all going to use technology. I'm not so sure I would define technology as a separate industry. Terry Lundgren who runs Macy's, a good friend of mine, has a building in California where they have 500 engineers working on technology for a store. That's what...Macy's is a bunch of stores and yet they are using technology. And you can go right down the list. I don't know of any industry that isn't suffering some kind of a disruptive technology or isn't threatened by it. And you've got to constantly reinvent yourself and whatever we need tomorrow is not what we need

today. So the basics are making the infrastructure investments that take long periods, like a water tunnel that can take generations, or a subway that can take five or ten years, or improving our school systems. And I don't know what our kids are going to need down the road, but I do know that they're going to have to think and whatever problems they are faced with are not the problems that we think about today. So it's useful to teach them some facts but the real problem we have in education is teaching kids to think. And I've always thought that in the agrarian society and the industrial society we taught processes. You dig a hole, you put a seed in it, you put dirt on top, you add some water, up comes the corn. Or you put a piece of metal on a lathe; you turn the crank in the direction of the arrow. The intellectual or knowledge society that we're going in now doesn't create jobs the same way that the agrarian and the industrial society did. Quite the contrary, it is designed to make people more productive and machines doing things that we used to have people doing. So the number of jobs that are going to be available may very well be less. And if we're looking to that to create a lot of jobs, I will say though, I have questions about whether or not it's going to be able to do it. And I'm also not so sure that our school systems can rise to the task of teaching people how to think. And one of the most worrisome things for this country is this movement across the country to try to stop this common core standards that the government has been, the federal government has been trying to get states to implement. Even in New York, upstate, there are a lot of people that are pressuring the state legislature to roll back common core. That would be a disaster. Kids work up to whatever the expectations are. If you lower the expectations, they're going to learn less. And for us, we're in a competitive battle. There's an article in the Times, I think their main editorial today, which

shows you just how far down the list the United States is compared to the rest of the world. That does not bode well in a world where you're going to require more skills and there are going to be fewer jobs.

HOWARD MILSTEIN: Mr. Mayor, welcome and thank you for coming here today and for your wonderful remarks. This is an historic occasion at the Economic Club when we have the opportunity to celebrate your dedication and success over the last twelve years and to gain the benefit of some of your wisdom. New York City has long been the leading financial center in the world. It has also been the leading cultural center in the United States. During your tenure in office, New York City has surpassed all other American cities as the service and creative capital of our nation. While our position of prominence seems secure, our rivals as you indicated earlier today are London, Frankfurt, Hong Kong, and the Emirates in these various areas. Focusing on the area of finance, what do you think the city's leadership should do in the years ahead to strengthen our position against these and other emerging competitors?

THE HONORABLE MICHAEL BLOOMBERG: Well, you have to make it an attractive place for the best and the brightest to come. Industries that need intellectual capital have to go where the intellectual capital is. And so by improving the parks, bringing down crime, cleaning the streets, enhancing the culture, you are really making it a much more attractive city for businesses because they need the people that we have. And you only have to look to Silicon Valley to see companies moving up to San Francisco or to Austin or to Seattle or to New York because they

don't have a lot of the intellectual capital there. Yes, everybody's very smart but if you're going to build products for the whole world, you have to have a very diverse group of population to live with and to try things out and to understand. You have to have all kinds of people. You have to have lots of excitement. And it's the cities that are going to be the big winners there and we've got to make sure that New York is one of those. I don't think there's any question, but my company never would have been remotely as successful if we didn't start in New York City because this is where the people that we want are. And if you go out and try to buy jobs, I don't know any place where that's really worked as a good strategy. And the conundrum is what do you do if you have a very rural area that's hard to get the intellectual capital to go to, or you have a city that is so far down the curve that you can't get people to move there. And yet you're going to have to do it. Now there is hope, for example, for a city like Detroit. They will restructure and have less debt obligations and pension obligations. But they're still going to have to, with the state's help, and maybe the federal government's help, rebuild the infrastructure and then get people to move there who will create jobs. And if you go and say what's the most damaging policy that America as a federal government has, it is our immigration policies because I've always thought the one way to get people to go to Detroit is to swap citizenship for being willing to go to Detroit, start a business, fix up a house, make the schools better. It's something that we have, the world wants, and it's worth going to depressed areas where you're going to have to be a pioneer. And that's what you would be if you went to Detroit. And some people are starting to do it; there are glimmers of hope in Downtown Detroit. But it's a very long process to get people to do it. And in the end it comes back to you've got to make it a good city. If it's

English-speaking and family friendly, that certainly helps in finance. That's why London will be the financial capital of Europe, I've always thought, and my company is making a very major investment in two buildings there. It's why New York, I think, will be the investment capital of this part of the world. It is why it's so difficult to find a single Asian capital because the cultures are so different and the languages are all so different and there's no one logical place that is English-speaking and has the size. Yes, Singapore, Hong Kong a little bit, but you need something bigger than that and there's nothing comparable where most families would be willing to move.

ROGER FERGUSON: Jan, is there a question from the audience?

JAN HOPKINS: This is an audience question. What would you suggest America try in order to address the middle and lower working class that's slipping rapidly, far behind in real wages and education and job prospects?

THE HONORABLE MICHAEL BLOOMBERG: Well, I think there's no question that when I grew up every family in my neighborhood had one breadwinner with the exception of one family. There was only one family out of the 50-odd families in the neighborhood that both the husband and wife worked. So today to have a middle class living, it's basically two breadwinners so something really has changed. Now to some extent we've changed the definition of middle class. To some extent the poor have a lot of things that the poor wouldn't

have any place else. The percentage of the poor that have air conditioning, that have automobiles and that sort of thing is significant. There's still some people who are very poor and really need our help. And I think the ways to fix that, the only ways to fix that is to make an investment, number one, in education. Number two in crime fighting because that's where the crime is and that's where the victims are and you've got to make, people have to have safe streets. If they don't have safe streets they can't go out and they can't get to the school. And you're not going to have businesses to have money to pay for the schools so you've got to do all of that. And then you've got to get a job for people. Job in the end is the single most important thing to bring somebody out of poverty even if it is not a job that pays a lot with great benefits because at least it teaches you what you need to know to hopefully get a job that is more rewarding. And in New York City we focused, Bob, and I think Roger talked about our diversification plans for our economy. That was Dan Doctoroff's five-borough economic diversification plan that the press kept laughing about. But that was exactly what we needed and Bob's taken that and focused on industries that will create the kind of jobs that the people who need jobs here in the city can get and can operate in. And the biggest of that is tourism. This year we're going to have over 54 million tourists come to New York City and tourism creates the kind of jobs that somebody can take even if they don't have great command of the English language, even if they have problems in their resume, even if they need flexible schedules because of family obligations. It's that kind of job that you need and some of those jobs don't pay all that poorly. A banquet waiter at a big hotel will make well over \$100,000. A waiter in a medium-sized restaurant or somebody working in the kitchen will be \$40,000-odd. Numbers

like that. And a lot of these jobs in the bigger places do come with health benefits as well. So it's trying to attract the industries at the lower end that are labor intensive and require the kind of labor that is available. And at the other end, they're labor intensive but it's to get the best and the brightest, the potential Nobel Prize winner, if you will. Because what they do doesn't, they don't create, there aren't that many that get employed, but the spinoff of what they do creates jobs for the middle class. And that's going to be the great conundrum. All of the automation is reducing the demand in the middle, not at the bottom and not at the top. And I think there's no country in the world that isn't experiencing this. In fact, our unemployment rate, even for kids, is better than an awful lot of other places, but it's still much too high here and we have to do something about it. And I'm not so sure stimulus is the right answer. That may enhance asset values but it's not going to create the kind of jobs that we need for the middle class.

ROGER FERGUSON: Mr. Mayor, thank you.

THE HONORABLE MICHAEL BLOOMBERG: Thank you.

