

***Transcript of October 27, 2005 forum:***

***The Race for Mayor 2005: Of Politics and Policy***

Presented by the Center for an Urban Future, the Center for New York City Affairs at Milano: The New School for Management and Urban Policy and the Regional Plan Association

Thursday, October 27, 2005, 5:45 pm to 8 pm

Panel One: Politics, Campaigns and the Issues That Matter

**Evelyn Hernández**, Editorial Page Editor, *El Diario/LA PRENSA*

**Lee Miringoff**, Director, Marist College Institute for Public Opinion

**Hank Sheinkopf**, President, Sheinkopf Communications

Moderated by **Andrew White**, Director, Center for New York City Affairs

Panel Two: From Rhetoric to Reality: Public Policy after Election Day

**Lilliam Barrios-Paoli**, Chief Executive Officer, Safe Space

**Clara Hemphill**, InsideSchools.org Director, Advocates for Children

**Ronnie Lowenstein**, Director, New York City Independent Budget Office

**Robert Yaro**, President, Regional Plan Association

Moderated by **Jonathan Bowles**, Director, Center for an Urban Future

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**Speaker biographies:**

**Lilliam Barrios-Paoli** is president and CEO of Safe Space NYC, Inc., a nonprofit organization serving more than 25,000 children and families at nearly 40 different program sites throughout Queens and Manhattan. Prior to this, she was senior vice president and chief executive for community investment at the United Way of New York City, where she was instrumental in the creation and implementation of the September 11<sup>th</sup> Fund, which distributed more than \$60 million in its first six weeks of operation. Barrios-Paoli has also taught at CUNY, Bank Street College of Education, Rutgers University and Montclair State College.

**Jonathan Bowles** became director of the Center for an Urban Future in September 2005 after serving as the organization's research director for nearly seven years. The Center conducts research on economic development, workforce development and other New York City issues. Bowles is the author of more than two dozen reports and articles, which have been covered by publications ranging from *The New York Times* and *USA Today* to *The Economist*, and has published articles and opinion pieces in the *Daily News*, *New York Newsday*, *The Village Voice*, *City Limits* and *Gotham Gazette*.

**Clara Hemphill** is project director of the InsideSchools.org, an independent online guide to New York City public schools run by Advocates for Children, a nonprofit organization providing educational support, legal and advocacy services to parents, young people and professionals to help secure quality and equitable public education services. She is author of *New York City's Best Public*

*Elementary Schools: a Parents' Guide; Public Middle Schools: New York City's Best; and New York City's Best Public High Schools.* Hemphill was previously an editorial writer and reporter for *New York Newsday*, where she shared the 1991 Pulitzer Prize for local reporting.

**Evelyn Hernández** is the opinion page editor at *El Diario/LA PRENSA*, the nation's oldest Spanish-language newspaper, and a member of the paper's Editorial Board. She was previously a reporter at the *Fort Worth Star-Telegram* and *The Miami Herald* and an editor and reporter at *New York Newsday*. Hernández is also a past president and founding member of the National Association of Hispanic Journalists and past president and founder of the Florida Association of Hispanic Journalists. She appears regularly as a political commentator on Kirtzman and Company on WCBS-TV and on New York 1.

**Ronnie Lowenstein** is director of the New York City Independent Budget Office (IBO), a publicly funded agency dedicated to enhancing understanding of New York City's budget by providing non-partisan budgetary, economic and policy analysis for city residents and their elected officials. She joined the agency in 1996 and was appointed director in August 2000, after having served as deputy director and chief economist. Prior to her work at the IBO, Lowenstein was an economist in the Domestic Research Division of the Federal Reserve Bank of New York and taught economics at Barnard College.

**Lee Miringoff** is director of the Marist College Institute for Public Opinion, a survey research center that regularly measures public opinion in New York City and State as well as across the nation. The Institute is used as a source by print and broadcast media organizations throughout the country, and the Marist Poll has been called "one of the most widely respected surveys...and a key player in shaping news coverage for a decade" by *New York Newsday*. A frequent commentator on politics and polling, Miringoff is president of the National Council of Public Polls and also serves as a polling consultant for WNBC-TV.

**Hank Sheinkopf** has been a political, public affairs and governmental relations consultant for nearly 30 years. In addition to over 600 domestic campaigns in 46 states, he has worked on political and issue campaigns on four continents and in nine foreign nations. Sheinkopf was a key member of President Clinton's re-election media team, and also consulted for the Social Democrats in the successful 1997 election of Gerhard Schroeder as Chancellor of Germany. In New York, Sheinkopf has been involved in electing nearly half the city's congressional delegation and served as strategic advisor and media consultant to scores of campaigns at every level, including the victories of Attorney General Eliot Spitzer, Public Advocate Betsy Gotbaum and Comptroller William C. Thompson.

**Andrew White** is director of the Center for New York City Affairs at Milano: The New School for Management and Urban Policy, where his writing and research explore the impact of politics and government policy on urban communities. He teaches courses on the politics of policy and criminal justice. Previously, White was chief editor of *City Limits* magazine and executive director of City Limits Community Information Services, where he founded the Center for an Urban Future. He is also a co-founder of the Independent Press Association and its local ethnic and community press collaborative. His work has appeared in *The New York Times*, *New York Newsday*, the *Daily News*, *The American Prospect* and elsewhere.

**Robert D. Yaro** is president of Regional Plan Association (RPA), America's oldest independent metropolitan research and advocacy group, where he served as executive director from 1990 to 2001. Yaro led the five-year effort to prepare RPA's Third Regional Plan, *A Region at Risk*, which he co-authored in 1996. He co-chairs the Empire State Transportation Alliance and chairs the Civic Alliance to Rebuild Downtown New York, a broad-based coalition of civic groups formed to guide redevelopment in the aftermath of the September 11<sup>th</sup> attacks. Yaro also teaches city and regional planning at the University of Pennsylvania.

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**FRED HOCHBERG:** Good evening. My name is Fred Hochberg. I'm dean of Milano – I can't say Milano Graduate School – they changed the name. I'm the dean of Milano, the New School of Management and Urban Policy. I've got to get with the program. I want to thank you for joining us tonight. This is part of ongoing work that we are doing at Milano, in terms of examining City Hall, examining mayors, the influence of mayors, how we make change in the city, the role of policy and politics and how they overlap.

And in fact, I just had an afternoon seminar, which we brought in Ruth Messinger, who ran for mayor in 1997 and is now running a nonprofit. And we had a very lively conversation about running for mayor, women in politics, women in nonprofits. And, so, this is just part of that series.

We also, last year, had a conference on Mayors and Innovation and we will be running another conference looking at city issues and cities in crisis, looking at cities like New Orleans and New York City, that have had great crises and how they have dealt with that. And that conference will be in April.

I want to take a moment just to....since we are here at Milano...just to talk about it for just a moment. Milano is a graduate school in management and urban policy, focusing on training people who will run nonprofits, and ultimately run city agencies and departments. And that's what we train people for.

And tonight's seminar, tonight's panel is really part of the extracurricular education that goes on in our school, in terms of trying to look at both a theory and practice and how they meld together, where they fit together, where they don't fit together. And it's part of what I think we do uniquely well, in terms of preparing our graduates to go out and deal with some of the thorny issues that are facing cities and, uniquely tonight, talking about facing New York City.

One of the things we examine is how much of a difference there is between Democratic or Republican leadership at the local level. And I'm hoping that our panel will also address some of those issues this evening, in terms of looking at the policy debate.

But mostly tonight, we are here to sort of examine the role of policy and the role of real thinking about thorny issues that are difficult and sometimes appear intractable but with the right kind of input, with the right kind of political will, we can make progress and have made progress. And our

poor panelists are standing in the wings and I am going to turn this over to Andrew. I want to thank you all for joining us and I hope you will continue to come back for others in the future.

So, with that, let me introduce you to Andrew White, who runs the Center for New York City Affairs. Andrew?

**ANDREW WHITE:** Good evening. And thank you all for coming. I'm Andrew White, I direct the Center for New York City Affairs, which is an institute within the Milano School that focuses primarily on advancing innovative policies and programming in the nonprofit and government sectors to overcome urban poverty and to strengthen neighborhoods and families.

First off, I just wanted to thank a number of people who helped put together this report, which you picked up out there and which we put out during the summer. It's called "Framing the 2005 Mayoral Debate" and the process of putting that together is really the inspiration for tonight's forum.

At City Futures and the Center for an Urban Future, Neil Kleiman, who has moved to Seedco recently but ran the Center for nearly a decade, Jonathan Bowles, Tara Colton, Alyssa Katz and David Fischer, all helped out with it. At the Regional Plan Association, Chris Jones, Jeff Zupan, Robert Pirani, Jeff Ferzoco, Alex Yablin and Jeremy Soffin. And here at the Center for New York City Affairs Sharon Lerner and Mia Lipsit. Also, the New York University Institute for Education and Social Policy, Norm Fruchter wrote the section on education. And also I would like very much to thank Robert Sterling Clark Foundation and the Joyce Mertz Gilmore Foundation for making the report possible and the Milano Foundation for making this program possible. Enough of that.

I'll get to talking about the report in a minute. But it seems to me that we've got an interesting switch in politics over the last few years. You could even call it a flip-flop. I hate to say it. It used to be that in New York City you could swing a reporter's notebook anywhere near City Hall and you'd hit a political hack or a crony. This is sort of tradition in big city politics. But today you can still find that in some of the organizations that the City contracts with. You can still find that apparently in the Brooklyn courts. But if you want sensational cronyism, on an unprecedented scale, forget the old urban political machines. Now you go to Washington, and it's become a national pastime. The federal government, in many ways, has become all that we used to denounce in local government and, oddly, now we've got local government that's pretty clean, for the most part.

But cronyism is only one of the factors that people who do policy worry about when they try to get involved with government and make change. For people like us, who are truly devoted to advancing innovation, who are trying to transform or improve government, who are trying to make it more customer-friendly or more effective, the problem with government isn't so much hackery as the reality of politics itself. It's not first and foremost about policy. It's about power and the ideas and reforms generally flow after the politics. That's a point that so many of us miss unless we get a chance to work in a campaign or to spend enough time actually trying to accomplish something at City Hall or in Albany.

When the group of organizations represented here set out to produce this policy book on the mayoral campaign, we wanted it to be a resource for reporters, for campaign consultants, for bloggers, for public-spirited people who wanted to try and get the issues inserted into this campaign in a clear and public way. And we consciously thought to include at least some issues that we thought had political play. We couldn't include all of those because we don't have expertise, for example, on crime or anti-terrorism in these three organizations. Even so, we did hit on education and the future of the city's economy, poverty issues, homelessness, transportation and such things. And we had some success.

The material in the booklet has been used by a number of people in the political world. It's been in the blogs, it's managed to shape some of the political coverage in the daily papers. And I think it has helped define some of the differences between the candidates in that coverage. It's a very rich piece of reporting. I know it's a bit dense, but I hope some of you will pick it up and read through it.

We pulled together the knowledge and experience of a large number of people who have worked in these fields for many years. And we reached out to people from many different points on the political spectrum, as well. This is not one agenda. This is not a group of organizations pushing their agenda. We tried to lay out the problems and solutions not from one organization but from several points of view.

I can't begin to be comprehensive in any way in the summary of the material in here. But it's very clear that the next mayoral administration and whoever is running that administration faces some very high hurdles. The fiscal disconnect may be foremost among them, if not this coming year, then in 2007. As soon as Wall Street's revenues hit the skids again and as soon as the real estate market slows, the government coffers are going to look awfully empty.

The City's transportation infrastructure is insufficient and aging and the indebtedness of the agencies responsible for that infrastructure is huge. Meanwhile, the bottom end of earners in the economy in New York City earn less each year, rather than more. And poverty rates have actually increased in the last few years, along with the cost of living.

And even as the City's population exploded in the 1990s and early 2000s, the rate of new housing development lagged behind. There were just 50,000 more rental apartments in New York City in 2002 than there were in 1993, even though the City's population had increased by about 700,000 people. Actually, almost 800,000. So, you wonder why we have a housing crisis? Not that we didn't before. It's only worse.

In any case, I won't say that these issues have been completely absent from the political campaign. In this mayoral campaign, some very important issues have helped define the candidates, at least in a modest way. But issues have indeed been subsumed by politics. It's inevitable. It's rare that campaigns are about issues. They are much more often about personalities, about skillful political gamesmanship, about the art of shaping perception, about the size of the bank account and what you can spend on a campaign.

Tonight, we hope to explore all of this in a thoughtful way. Our first panel is going to focus on politics – the politics of policy. Lee Miringoff and Hank Sheinkopf – is Evelyn here yet? I hope she will show up soon, but the two of them ought to be able to have a great conversation, nonetheless.

Our first panel will focus on politics. How have Michael Bloomberg and Freddy Ferrer used issues to define themselves and to outline a vision for the future of the City? Have they tried to reach the public in a way that conveys big, substantive differences on important issues? How do politics, polls and the media shape or distort the issues that are so important to the neighborhoods and the people in New York City. And as we head into the debates coming soon, starting Sunday, running up to election day, is there any hope of charging up the substance of this race, above the creation of image that we are seeing in the advertising every day?

During the second hour, Jonathan Bowles from the Center for an Urban Future will moderate a slightly different discussion. We will switch gears and discuss some of the most pressing problems facing the City today. What issues have been flying under the political radar during this campaign? Can we expect to see anything different, anything new in the way that the City is run and the way certain issues are addressed, after November 8<sup>th</sup>?

So, to introduce the two panelists: Lee Miringoff is director of the Marist College Institute for Public Opinion, which is a survey research center that conducts polls in New York, as well as nation-wide. He is also president of the National Council of Public Polls and serves as a polling consultant for WNBC TV.

And Hank Sheinkopf has been a political and public affairs consultant in New York and around the world for almost 30 years. He has worked for Bill Clinton, for Gerhardt Shroeder, for Elliott Spitzer, Betsy Gottbaum, Bill Thompson and many, many others.

So, we are missing the media piece, unfortunately. I hope Evelyn will stroll through that door any minute.

Hank, you said to me the other day that traditional politics in New York City are all over and that everything has changed. What did you mean by that?

**HANK SHEINKOPF:** We used to think about New York City politics as being simply a function of ethnic and racial tribalism. And what has occurred, very interestingly in the last several years, and I think that part of this is a reaction to the divisiveness of the Giuliani years and a reaction to the election of the first black mayor, David Dinkins some time back. The politics have now become more based on class in this town, than race. And I think that's rather important. So arguments about two cities don't work, only in so much as they have a social class basis. If you look at the Weiner campaign, which was pretty interesting to me, this past Democratic primary, what you see is a campaign that proves for sure that the myth of ethnic, outer borough, white working class is simply a myth, that those people don't exist. The population of this City has changed dramatically. The economics of it have changed dramatically. If you look at Southeast Queens, what you see is an area of the county that has a higher per capita income than the rest of the county. And Southeast Queens, for those of you who don't know, is black. So there's something

very different going on. You don't know what the impacts of the swelling Asian population will be, particularly in the outer boroughs. What we see is a Manhattan...when I first got to Manhattan as a young man – I was young once – what was fascinating was that you got here. Now, people get here not because they strive but because they can buy their way in.

So, the sense about what makes the city work poetically is very much tied to how it works overall. And it is a very different place. The population shifts, the voter view and it has a lot to do, I think, with why this election will or will not work out the way some people think it will.

If race is not the issue and social class is, then you have to have an argument that permits social class and economics, those places that Democrats tend to do best in. That propels people with some action. And you need some intensity behind the argument. When you are running against a billionaire and you lose momentum for a moment, you lose the campaign. And that moment was Diallo, and it's been downhill ever since. But it tells you that race, no. Attitudinal stuff, yes. Social class, yes. Changing population, yes. One astounding statistic and then I will pass the mic: 20 years ago, in the county of Queens, 50% of the population were Jews. Today they are 15%. A count of households, prime voter households, which is how we determine who votes and who doesn't vote: New York City overall – take the Jews again because it's kind of interesting – top population 1950, 2 million. Today 850,000, of which 20% are Russians, which means you have 680,000 with prime voter households of under 350,000. It's astounding.

Look at the rest of the population. What you see is a very different city and the impacts won't be felt in this election necessarily but certainly in 2009.

**ANDREW WHITE:** So, given those demographic shifts, attitudinal shifts, Lee, what do you see as the issues then, broadly defined, that play to that change?

**LEE MIRINGOFF:** I was just going to comment and maybe then go that way. First of all, it's nice to get away from number crunching, which is what we've been doing for about six months now, and to actually be back with students in an academic setting, graduate students studying these kinds of issues.

I was just going to comment on what Hank was saying. If Rudy Giuliani's administration fueled some racial division, I think part of what we are seeing also is not only the demographic shifts, but reflected in the strategies and style of what the chief executive is all about now. And if Giuliani was fueling the racial divisions, certainly the Bloomberg administration's strategy was to try to mollify those differences. And we saw in the survey we did a month or so ago about the traditional question: are you better off now than you were four years ago? And we asked it in a whole slew of issue areas from the economy to healthcare to crime. And what we were struck by in those numbers is that the differences along racial lines were very muted in the city response. It is a very, very different picture. And I would argue that – we started talking about how politics, to some degree, overshadows policy and it certainly does. And I'm sure going to get into that this evening. I would also suggest that the strategic efforts of these various administrations and their leaders fuel divisions, don't fuel divisions and we're seeing now a little bit of that kind of fueling attempt.

Bloomberg was basically out to get a certain group of voters that he didn't get four years ago and I think he's made a concerted effort in these four years to attract them. And I think we are seeing those results right now.

**ANDREW WHITE:** Who, exactly, are you referring to?

**LEE MIRINGOFF:** African Americans. Clearly, just the way it's worked out, a much larger swing group right now. In 2001, I believe, in the exit polls Bloomberg got 25% of the African American vote. The number right now looks like it's going to be close to 50. It probably won't be in the end. But it will probably come close to doubling his support among that community, which deals with other things around partisan attachments breaking down and all that, which we can talk about.

**ANDREW WHITE:** Yeah. I want to get back to the polling. What do you think about the issues that resonate with that kind of an audience, with that kind of an electorate? With folks who are feeling better off than they were four years ago?

**LEE MIRINGOFF:** There is no doubt and I'm sure Hank has seen this also, that there has been an issue shift and we've seen it reflected in the campaigns. It's reflected in your booklet. Eight years ago crime was the major issue. We've got one through the security concerns of four years ago. And now issues that more often have reoccurred on the scene: education, healthcare and especially this time, housing, that you mentioned in your introductory remarks. In many ways, the housing crisis in the city has gotten involved in both campaigns.

Part of what the Bloomberg campaign has also been about is, again – not to overuse the word “strategically,” but they have been plugging up every possible weakness with lots of money. And in some of our initial surveys, which I am sure will be reflected in their private campaign polls, talked about things that voters were unhappy with Bloomberg about and it was initially housing, and it was healthcare and it was the issue that people felt he didn't care about. Concerns like that.

So, fast forward, during September and October, what are the ads we've been seeing? We've been seeing the ads about housing, we see the ads about issues about healthcare costs rising. We saw the prominently used African American female who was talking in the ads about, “You don't have to be warm and cuddly to show that you care.” You've probably seen that ad.

In a sense, the politics of what that campaign is about, fueled by lots and lots of money, have been efforts to plug up specific issue weaknesses that they have in the campaign. So there is this shift and if you ask what the number one issue is, it's education and again, that's permeated the discussion as well.

**ANDREW WHITE:** Evelyn Hernandez, good to see you. Evelyn is opinion page editor at *El Diario/La Prensa* and she's a member of the paper's editorial board. She is also a founder of the National Association of Hispanic Journalists and you may have seen her frequently on Kirtzman and Company and on New York 1. Evelyn, do you see substantial differences between these two candidates on the issues, beyond the personalities?

**EVELYN HERNANDEZ:** Do I see substantial differences? I do. I do see significant differences because I think that Fernando Ferrer is trying to – and we can argue about how successfully he has been able to accomplish this – but I think what he has tried to do is talk about a larger issue and people say that he is revisiting the two cities theme. But I think he has tried to talk about two cities in some form or other, at several points in the campaign, and sort of resurrected it directly this week. But, in fact, this was his theme four years ago and despite the mainstream media, mostly, sort of painting it as a divisive theme, it's actually a theme that rings true for people who are living it. Very much so.

And I think if I were to...in critiquing his campaign, I just think he should have come out with it stronger and more forcefully from the very beginning again this year. Because, in fact, when you are talking about education, when you are talking about housing, when you are talking about jobs, and the city has lost jobs, despite all the figures that say that unemployment is down. All of us know that when people stop looking for work they stop getting counted as unemployed. Those issues are issues of the haves and the have nots. And those are issues that are not about race at all. They are about economics. And they are about who has been able to participate in the economic boom of the last four years. And who has been left out?

And when you talk to people around the city, a lot of people feel like they have been left out. They feel like they are paying higher taxes. It's great that the property values have gone up but what are you going to buy? When you sell your home, what are you going to buy? You can't afford to buy anything else so basically your house is worth a lot, if you are planning to sell and move to Wisconsin. But if you want to live in New York City, realistically you're not able to benefit from those kinds of increases. If you have two or three homes, you can benefit but not if you are living in the one house that you own.

So, there's a lot of disenchantment around the city with this idea that somebody has made money in the last four years and somebody's done well in the last four years but "it ain't me." And in terms of education, it's also a matter of for a vast majority of people in this city, public education is all you got. Even Catholic schools, if you have been following the news, are now beyond the reach of a lot of people because of economics. They've gotten so expensive. And Catholic schools are closing down because there aren't enough people to go to those schools anymore. So Catholic schools, which used to be the working class and certainly in Puerto Rican neighborhoods and Latino neighborhoods, maybe you couldn't send your kid to a private school, to a Dalton. But you scrimped and saved and sent your kid to parochial school and, in fact, if you talk to a lot of the middle class and upper middle class Puerto Ricans in the city now, who are in their 40s and 50s, you will see that a lot of us went to Catholic school at some point in our education.

So, it's really – the two cities theme is really a question – is economic, when you look at it as an economic theme and not a racial theme, it's a very true. It's a reality of what New York is and what New York is continuing to become in 2005. And so I think, in that sense, a lot of people do believe that theme.

Now, of course we aspire to – we tend to vote toward our aspirations and not for our reality, so everybody would prefer to be a rich billionaire than to be a middle class homeowner, clinging by your fingernails to the middle class. So, in that sense, perhaps people would rather vote for a

Bloomberg than a Ferrer. But I think that when you actually talk to people on the street, when you actually go out and talk to people about what their concerns are, their concerns are that they are not going to be able to stay in the middle class. That the struggle now is to just survive and not lose ground and fall backwards.

Now, within that, where race comes in is that unfortunately, the reality is also in this country that when you talk about poor people specifically, and when you talk about people who are struggling, a lot of those people do tend to be the people of color. So in that sense, race plays a role. But it's really an economic issue. And when you look at it that way, I think that's really where Ferrer has a message that rings true for a lot of people. Unfortunately, the question is how many people have been able to hear it consistently given the fact that he has been so outspent by his opponent.

**ANDREW WHITE:** Right. And there are two points to bring out of that and comment on, first of all: how has the two cities message resonated broadly with the electorate. Hank?

**HANK SHEINKOPF:** What I said before about the two cities, not as race, but two cities as social class, is really where the city is heading and I think the problem for the Ferrer campaign has been inconsistency in message. There is nothing wrong with the argument. The argument has standing. The argument is, in fact, accurate. And it's no different, by the way, no different than arguments, similarly made by others in public life going back to the beginning of my career, which is a long, long time ago. So this ain't new. It was called divisive in 2001 because Al Sharpton was hanging around. Had he not been there, it wouldn't have been divisive, it would have been, "Oh yeah, he's on my side, I'm a blue collar guy from the outer boroughs." But that's the difference. So the reporting corps saw that as a way to kind of destroy the argument.

Is it, in fact, a good argument? It's a very good argument. But my business isn't policy. My business is politics. And the bottom line is a simple one. If you don't reinforce the message, you look like John Kerry. And that's part of what's happened here. Money is certainly important to politics. No question about it. But if your message is good, you can break through. There's a slew of them. I can go on and on and on, people who spent hundreds of millions of dollars to get elected and didn't draw flies.

If the message is good, if you galvanize the base, get the people out, you win the election. The other problem is Democrats are just absolutely full of junk. I was at the Stonewall Democrats last night and what I sensed was energy in the room. When I talk to Democrats in this town, and in Washington, I get sick. You want to win a class battle, which is what this Democratic primary ought to be about? You go and fight social class. You don't talk about it. But people have vested interests in ensuring that nothing changes. And Ferrer has done a bad job, until recently, of reinforcing what is a reasonable argument, because it has legs, particularly in an emergent population. Particularly in a city going through demographic changes and particularly in a city where striving is the motto. Where striving is going to become a lot more difficult for a lot more people.

**ANDREW WHITE:** Would you address or reconcile what everyone was saying about the haves and have nots and the Weiner campaign talking about the middle class, which wasn't the same thing?

**HANK SHEINKOPF:** Oh, no question about it. When Fernando Ferrer stands up and talks about two cities, the press corps picks it up differently than when Anthony Weiner talks about outer borough, middle income people. There is no question about it. And I'm someone who was at the first shoot out, with Herman, in '69. The second shoot out in '73, where he helped them rob the election from him. And I remember standing in 1969, closing up polling places in the Ravenswood Projects and I am a blue collar kid from the outer boroughs, by the way. Without free university and the things the city used to have, I would be cleaning the toilets here. There's no question in my mind, because that's the world I came from.

I was a unionized restaurant worker and I'm an ex-cop. So my perspective is a lot different. That's the world I come from. And I understand what he's talking about. In '69, when we closed up polling places, Badillo's name was not on the ballot. The machines were rigged. People had ripped off the labels. This is real stuff. This is the stuff that happened. And that's the way it was. So when a Puerto Rican guy stands up and says, "Two cities." The press corps – remember, New York City politics is covered on a daily basis by seven daily newspapers, including *El Diario*. Seven daily newspapers. So the free press here determines more of what occurs and how paid media is received than any place else in the country.

If you are running a mayor race in Houston, and I've been at that movie, you shut off the newspaper the day the television goes up. Paid media goes up, goodbye newspaper. Throw it out the window. Not so in New York City. Free media reinforces everything that goes on. It sets the structure for what paid media does. The difference here is when Anthony Weiner stands up and talked about middle income people in the outer boroughs getting banged around, people tended to pay attention. The problem is there ain't enough white, blue-collar people in the outer boroughs to vote for him. That's the difference. They don't exist.

Anybody who doesn't believe me, go take the number 7 line. Go take the number 7 line. Where are the great Irish that used to live on Briggs Avenue? They've been gone for 35 years, in the Bronx. The Jews of Mosholu Parkway. This is not the city people are talking about. So what happens to the white, outer borough working class – what is left of them – is they have this romantic vision of how the city used to be and it doesn't exist anymore so Weiner kind of got lost. He kind of got lost.

And Ferrer didn't get the numbers, not because he made a bad campaign in the primary but because of the very simple fact – and this has to do with the New York City political culture – people tend to view overall, the mayor as an eight year term. Think about it. They just don't turn out mayors. And incumbents, by the way, nationally get re-elected at the rate of about 98%. I want to make two points, in my lifetime there have been two mayors who have served one term and that's pretty interesting. And I'm old enough for Wagner, which is really the problem for me. And the ass end of O'Dwyer. But be that as it may....

Dinkins and Beame. And you have to then ask yourself, why do we, with a five to one Democratic registration edge, return Republicans or anybody else? Why do we elect Republicans? If you look at the history of New York City politics, going back 60 years or better, what you find is a pattern of electing Republicans or so-called fusion candidates, based upon the crisis of the moment i.e. LaGuardia – corruption, Republican; Lindsay – massive ethno-demographic change overnight (by

the way) that reshaped Brooklyn and the Bronx. It was almost like that. White flight and the destruction of the political machines, which Ed Koch helped to make happen by getting rid of Carmine DeSapio. Rudy Guiliani – crime. Whether it's true or not is not an issue. Mike Bloomberg – 9/11.

The problem that the Bloomberg campaign has been able to overcome is that they have, in fact, extended the crisis out, in a city where for the first time in New York City history...and I'm the guy that fed this to the *Times*, the turnout should normally be majority minority. So, while the city goes through transition, when the mayor's term is seen as an 8-year span and when people are just depressed, not voting is voting. This is something I learned and I used to teach graduate students about. It is the decision to actively not participate. It is the greatest form of power, the forcing of a non-decision. Therefore, not voting is a pretty powerful argument. So, when people don't turn out, they are submitting to the whims of New York City politics.

**ANDREW WHITE:** But both these messages are pretty populist. Weiner and Ferrer clearly were playing populist messages to different audiences. You could argue even that Bloomberg is trying to make a populist message out of the way he's selling who he is. Twisted populism but it's populism.

**HANK SHEINKOPF:** It is populist. This is a populist place. Look, there are three stools to the populist chair. For those of you who are students, Kazin wrote a great book about populism. There are four legs to that stool. Overall alienation, an economic argument that works, a religious component and a general desire to burn down the building.

So, you have to look at... the Democratic Party whose leadership is...I don't care who they are, I think they have failed miserably to get people interested at all, because incumbency is more important [to them] than taking dramatic overture. But be that as it may.

So, that all being said, New York City politics being no different in some ways than national politics. I can tell you nationally, having worked in 46 states and having been a presidential guy...

[tape cuts off briefly]

**HANK SHEINKOPF:** Religion is still a quantifier. So, Bloomberg has been able to buy that out and churches have always been a place of organizing. So look what's happened.

**ANDREW WHITE:** So Lee, and Evelyn, to what degree is the content of Bloomberg's administration been a selling point for him on the campaign trail? Why have all of these churches and community organizations and policy wonks and others rallied to his case?

**LEE MIRINGOFF:** I'm not sure this totally answers the question but if I rewind back to last spring, Ferrer was ahead of Bloomberg. Bloomberg's approval rating was in the low 40s. Most people in New York thought he was heading in the wrong direction. It's sort of a funny thing that's going on the last six months. He has really – if we ask people – we haven't done this, but if we ask people whether they think Bloomberg has been popular for a long time and it was always looking like he was going to get re-elected, people sort of think that's the case. But it really wasn't. And

Hank alluded to it earlier. And I think rather than having a cross-cutting issue like the two cities, which might have galvanized the base, which hasn't happened, we've had some defining moments that shifted with the Diallo comment and we see that in the numbers.

That was the time Ferrer fell below Bloomberg for the first time, in April. And the only other time that there was a slight evening in the numbers was right after the West Side stadium debacle for Bloomberg, where he was doing well and that sort of went down. People were upset with him for a variety of reasons, because he spent so much time on it, not because they wanted it. And then he recovered quickly from that. And then the last time, the major change in the numbers, has been with the alleged subway terrorist threat. And those have been the three issues, using the term that way, that really moved people during this campaign.

There hasn't been, either happily or unfortunately, the kind of dialogue on issues. So the answer is, I guess that there's been a lot of other things going on that have been capturing the public attention. And some of it was self-inflicted by Ferrer and others of it was just the way things broke.

**ANDREW WHITE:** Do you see those the same turning points in the Spanish-language media as you do in the English-language media?

**EVELYN HERNANDEZ:** Well, I think the Diallo gaffe was certainly a serious gaffe across the board. And I think that more than the actual words, it was the sense that Ferrer was trying to please, to pander, to please the group that he happened to be in front of. And that's unfortunate, because his history is not one of pandering on this issue or on any issue having to do with police brutality or these kinds of police and the community and community issues. And in fact, the people who were criticizing him when he made that gaffe had done a lot less or nothing in Bloomberg's case. And he wasn't even in the picture at the time.

But, be that as it may, I think that he came back from that and I think that probably the high point for Ferrer has been the night that he won the primary and there was some question and some media made a bigger, played this differently, the fact that he didn't have the 40%. But anybody who follows elections was pretty confident that he had a solid 40% of the vote and there would not be a runoff. So it was interesting to me to watch how the mainstream media played up the iffyness of it when I know that a lot of those reporters knew that that it was a pretty sure thing that he was going to have the 40%.

**ANDREW WHITE:** So, you think the media was intentionally shifting that?

**EVELYN HERNANDEZ:** Well, I think that if Anthony Weiner had been the one who had gotten 39.95% of the vote, that there wouldn't have been so much hedging about whether it was 40% or not. I think that there would have been a lot more confidence in the media that the 40% was there.

**LEE MIRINGOFF:** What did Messinger get in '97, in the primary?

**ANDREW WHITE:** A couple of percent less. It was close.

**EVELYN HERNANDEZ:** Right. I think it was that the speech that Ferrer gave that night was the best speech I've heard him give in a long time, maybe ever. I don't know how many of you heard it but it was a very eloquent, sort of, two cities speech but where he said, "This is our time and this is your time. Your time is now." And in fact, when we endorsed him on Tuesday, we quoted from the speech because it was such a great rallying cry. Unfortunately, we haven't heard that speech again.

**ANDREW WHITE:** Well, certainly these candidates are both putting populist topics out on the table, with their weekly or more than weekly statements about different issues. But to what degree, then, is the media's response to all that driven by the polls? To what degree are the polls driven by the media response? To what degree is that shaping what we are seeing?

**EVELYN HERNANDEZ:** If I could jump in here, I think that there are several things going on here. First of all, I agree that Ferrer's message has not been consistent. I think that's been a problem. And he needed to be consistent and hard and steady throughout because he was facing two very daunting aspects here, which is he was facing an incumbent and people tend not to vote out incumbents. And he is facing an incumbent with a whole lot of money.

And we forget that people were mad at Bloomberg because of the cigarette ban and educators, a lot of educators in this city are still furious with Bloomberg. There are other people in other agencies where Bloomberg has made changes at the top and then left them alone and those people are happy. But people in education, where they were micromanaging to the point where teachers were getting scolded or were getting warnings because their bulletin boards didn't look right. In that area, which really was happening, there's really a lot of unhappy people, people who are not happy with Bloomberg at all, because they feel education should not be run like a corporation.

But I think that it's very interesting the way that a candidate of color, a Latino candidate in this case, how those sort of stumbled and the dips in the polls are reported, is a much more dramatic – the Diallo thing was a very dramatic gaffe and every time he stumbles or every time there's even a dip in the polls, it's just this sort of very dramatic – to the point where people don't bother to point out that Bloomberg himself was 20 something points behind. Whenever he was 20 points behind, a few weeks ago when he first was 28 points behind. Bloomberg was 28 points behind or around that many points behind, four years ago and the guy won the election. Things like that, that don't get pointed out. And that elections tend to be roller coasters. And so it seems like when a minority candidate is running or a Latino candidate is running, the advances that he makes are minimalized and whenever he does make a mistake, it's really given much more dramatic play.

**ANDREW WHITE:** Although, as we were saying before, when you look across race and ethnicity, you see similar responses to the polls, even in terms of not so much support for Bloomberg but being positive about Bloomberg. It's kind of remarkable to see. He's got positive approval ratings in every borough in the city.

**LEE MIRINGOFF:** I think that the campaign, more than anything else, has set that agenda. And I think that if you compare, and I think Evelyn has mentioned this and I agree with her, part of the problem – the money notwithstanding, which is a big notwithstanding in this particular campaign – but part of the problem has been, I think, that they were trying to do from the Ferrer

campaign several different things. And I think, at times, and I'm not inside the campaign but it looks like at times they played to the two cities theme and at other times they were trying to pick up more to the middle. And that's why some of the – I don't think the Diallo thing was necessarily a huge accident. I think it was something that was a big problem but if you're picturing two cities, you shouldn't be doing that as well, because now you're in a sense putting a damper on your own support. And on the base you are trying to mobilize.

But I think the campaigns are the ones who set that agenda. And I think that the media is reflecting that more than driving it, in this case.

**ANDREW WHITE:** Even when one candidate can dominate the paid media?

**LEE MIRINGOFF:** The paid media. But not the free media.

**HANK SHEINKOPF:** I have to defend reporters. They've got to write stuff that fills that birdcage at the end of the day. Nobody remembers the bylines of the stories but something has got to get filed. And reporters thrive on conflict. That's what makes stories. So a dip here, a dip there, especially when you are up in the beginning and you are way ahead of the incumbent and that's the drama that moves it. Do I think that the gaffes that the Ferrer campaign has made, which are not insignificant, are viewed by the public –

Let me back it up, campaigns are often seen, in my experience, by the public, as precursors to how someone would govern. And errors are remembered. And if you run a bad campaign, people don't think you necessarily are going to be able to do the job.

The other thing that comes to mind, and I think that all things occur within a liquid kind of an environment of the moment. It's like polling data is fresh in the moment it's taken. It's reflective of that moment. Then we think about how long it's generalizable, and how it has statistical reliability.

Same rule applies to the general message creation and development and movement of that message. We have two things operating here. One I call the delusion of fusion, that somehow if you create fusion arguments in New York City politics, it's better government. And that it's really cleaner government, when that's just nonsense.

**ANDREW WHITE:** What do you mean?

**HANK SHEINKOPF:** Contracts. There's a great book written by a political scientist who has since left the planet. And the title is indicative – he did a lot of books on Chicago and the Chicago machine. But the title stays with me: "Don't Send Nobody Nobody's Sent." People don't do business with government people they don't know. They do business with people they do know. So it's kind of nonsense that fusion is going to make you cleaner. That's garbage. What has happened here and what the Bloomberg management style, which has leaked into the campaign and the Ferrer campaign has followed with a similar kind of campaigning to its own detriment, is what I call the "rationalization of the irrational nature of politics."

There's nothing rational about how people make decisions in the voting booth. I don't want to blow anybody's brains out, but these are not intellectual arguments. We make it too difficult. The average guy, average wife, woman, man, husband, whoever is the breadwinner, comes home – and forget you live in New York City, but even if you live in Staten Island, okay – that was a joke. I don't want to offend anybody from Staten Island. They've got to figure out when the babysitter is going to get there so they can get in the car. And in some parts of this country, you can drive 20-25 miles to stand in line, after you picked up the babysitter and picked up your wife and your husband, you get in the car, you drive to the voting booth, you stand in a line. You stand with the registrar, you put your head down, the registrar gives you the book, you stand in line and the registrar has bad breath. You go into the booth that is badly lit. You pull a lever. You can't figure out the ballot. They make your life miserable. You finally figure it out and you cast your vote, you close the machine, you step out and drive all the way back twice. Not rational. Okay? Doesn't make it easy.

People also don't respond to normative messages. Not rational. If X happens Y will occur. No. It's about emotion.

So what Bloomberg has done, if you look at those spots, there's nothing emotional about them at all. They are very rational, right ahead, straight ahead arguments. And the Ferrer campaign has produced non-emotional arguments. You do not defeat an incumbent. In 35 years of practice, I know one simple thing, no incumbent is defeated without a negative or comparative argument with velocity. No incumbent is defeated without an emotional argument that has a comparative or negative component. Where's the beef, pal? Why aren't they doing it? It's because they have decided that they are going to fall into the – they are going to try to rationalize an irrational process. It doesn't work. That's why they are going to lose and they are going to lose by big numbers.

Could you even up the money scored? No, you can't. Can you make a dent in it? Could spots be about people and the way they live and about schools in real terms? Not what you say but demonstrated, so you can prove case positive, you were the answer to the argument and the pain people feel? Yes, you can. But they are not doing it.

**ANDREW WHITE:** You didn't see – throughout the primaries there was almost nothing but negative campaigning going on, toward Bloomberg. The four Democrats were all targeting Bloomberg with negative campaigns. And it didn't seem to work. Look at Gifford Miller.

**HANK SHEINKOPF:** Right off the top of my head, okay: this is the house that Mike Bloomberg lives in. It's worth about \$35 million. It's on 79<sup>th</sup> Street, across from the Park. Now, let's look at where you live. You live on 149<sup>th</sup> Street and the Concourse. Pretty nice, huh? You're never getting out. Your job? You're a coffee boy. You go downtown, you work until your feet bleed. Maybe you make some tips there. Then you come back. Your child: in a school that doesn't work. His future? Not great. Mike Bloomberg says everything is fine. What do you think?

**EVELYN HERNANDEZ:** There you go.

**ANDREW WHITE:** And you have the radio voice too. Impressive.

**EVELYN HERNANDEZ:** I think one of the most outrageous ads that I've seen in this campaign season is the one where Mike Bloomberg tells us that he remembers when he came to New York 40 years ago and how expensive housing was. And I'm like: "Yeah, and it's been that long since you've had to think about it. Right?" About how expensive housing is. That is the most audacious...talk about nerve.

**HANK SHEINKOPF:** The better ad...."They are having big parties in Manhattan these days. The red rope is there. People are getting into discothèques, living the high life but not here in Maspeth." The point I'm trying to make is if you want to win campaigns you have to personalize the argument in an emotional context that relates to the people you're talking to. This attempt to rationalize irrationality...is not helping them. They are not going to get it because they don't understand the emotionalism involved. They are talking it but that's not what gets people to respond.

**EVELYN HERNANDEZ:** Right. And to extend the two cities theme, talk about – we are not talking about poverty in this campaign at all. The poverty rate has gone up during this campaign. Fully 20% of the people living in this city, live in poverty. We are not talking about that. We are not talking about unemployment, under-employment. We are not talking about the fact that the development – whatever proposals we have – these big development plans, they give all sorts of great breaks to big developers like Michael Bloomberg and there is no job plan, no training component for people so that the average person can get a job in one of these. We are losing middle class housing, Mitchell Lama is going offline. Those are very emotional issues. People are pissed off about that. And yet, it's true, Ferrer has not tapped into that anger. He's being too nice and too polite and it's going to cost him the election.

**ANDREW WHITE:** Although I've got to say it's interesting to see, even in this room, we can make Bloomberg out to be a plutocrat, just because of his wealth. Not so much because of the policies that he has been implementing for the last four years.

**HANK SHEINKOPF:** I'm not casting judgments on him.

**ANDREW WHITE:** I want to get a couple of questions from the audience before we move to the next panel. So, have Bloomberg's policies really favored the elite?

**HANK SHEINKOPF:** I'm not in the policy business, I'm in the politics business so I go about this differently. Policy – okay, who cares if they have? You want to win campaigns. I know that sounds awful but this is about winning and losing. Okay? You want to make this argument real? You got to make it real for people. These guys are talking in the abstract. Bloomberg puts up plenty of points. It's moved his favorables. Freddy doesn't have the money to put up plenty of points so find one argument that bashes everything else and some people pay attention. He's not doing it. They are running a bad campaign.

**EVELYN HERNANDEZ:** I think Bloomberg is a good mayor and a decent man. I think that the policies deal with, as I said, they do seem to help a certain echelon of society and other people are being left out.

**AUDIENCE MEMBER:** There are two parties in the City. Do you feel that Freddy perhaps is not getting the full benefit of the party that he represented? A lot of the campaign issues that we are talking about, strategies, the mobilizations of the urban people that he should be reaching. I'm not getting the flavor that the party has mounted a New York City Democratic campaign that would further that goal.

**LEE MIRINGOFF:** So, first of all, Bloomberg is attracting about half the Democratic voters right now so that is going to neutralize a lot of the party leaders, in terms of understanding that their folks are very divided in terms of their own loyalty. But I am struck by the endorsements that Ferrer got by the major office holders, who obviously were not mentioning Bloomberg, or had no reason about why Bloomberg – talking about running against an incumbent by having some negative energy against something that incumbent does. And that we are not getting from the Democratic leadership. And neither did Ferrer get the Democratic money that traditionally comes in or was promised from the national leadership. Part of it has to do with the fact that the campaign didn't get off.

**HANK SHEINKOPF:** Just one point. What party? The best of it, frankly, they are extraordinary people who have high principles. I count Dennis Rivera in that lot, who is an extraordinary labor leader. I just think he's the best and he's out there doing it and he's doing it and he's really the Democratic Party.

**ANDREW WHITE:** Who did you say?

**HANK SHEINKOPF:** Dennis Rivera, the head of 1199, Healthcare Workers Union, is an extraordinary guy. He's out there doing it. So yes, people are doing it. Are they doing it with the same intensity as Rivera is doing it? Probably not.

**EVERLYN HERNANDEZ:** There's also a sense of inevitability that has settled over a lot of people and also there are a lot of Democrats in town who are thinking a little bit too much about 2006, 2008 and 2009 and haven't really focused on 2005. And if they want to run for mayor in 2009, they are not really that enthusiastic to have Freddy win.

The other thing is that when you have a five to one ratio, you have to wonder – people tend to vote locally in New York, they vote for the person, not the party at this point. More and more. And I think that when it's such a lopsided ratio, it stops meaning something after a while. It stops being a meaningful matter, after a while, that you have Democrats and Republicans, at the local level.

**LEE MIRINGOFF:** Most of us don't think it matters whether the mayor is a Democrat or a Republican. The voters, most Democratic voters, don't think it matters.

**ANDREW WHITE:** It has been interesting to see – I attempt to nationalize this race to say this is a proxy somehow for the national battle between Democrats and Republicans and really, it has not gotten any traction.

**EVERLYN HERNANDEZ:** No, it hasn't.

**LEE MIRINGOFF:** And also in Jersey.

**EVELYN HERNANDEZ:** Right.

**ANDREW WHITE:** So, last thought before we move to the next panel. Is there time enough for a shift in the numbers to any substantial degree? Do you think that Ferrer could win or could come anywhere near close to Bloomberg on November 8<sup>th</sup>?

**LEE MIRINGOFF:** The barometers are usually the approval rating of the incumbent whether the people think the city is heading in the right direction, the money, all these things are pointing against – the race is not likely to end up 25 or 30 points. The challenger will close likely, in the end he has two debates Sunday on Channel 7 at 10:00 and Tuesday on Channel 4 7:00 p.m. And those are his last best chances to galvanize any kind of thing. Obviously, the Bloomberg people want those debates to be late and close to election day.

**EVELYN HERNANDEZ:** And with no audience. They are in a studio with no audience so there's no chance that the audience will break out in applause or boo because there is not going to be any audience there. It's a studio debate.

**LEE MIRINGOFF:** So, the likelihood is that it ends up closer than it is now but unlikely that it gets very close.

**HANK SHEINKOPF:** You always get hung with predictions. 25%, nonsense, 8-10% probably, could have been 3-5%, should have been 3-5% either way. 75,000 votes should have been the number. If you look at the Bloomberg numbers going back to last December, January, February, even March. But I think two things happened. Because every campaign has a critical moment and the critical moment here is the Diallo misstep because it gave people a reason to walk in the other direction. And the largest voting block in New York City, black people, 30% of the potential turnout in a Democratic primary. I think it hurt badly and I think it gave whites the opportunity to say, "Okay, he feels the same way we do." Or, "I don't want to feel the way he does."

People tend to imprint their emotions on candidates. Freddy said that? That can't be true. Therefore, it hurt him across the board and reduced normative Democratic turnout.

**EVELYN HERNANDEZ:** And there were ways for Ferrer to come back from that. For example, and several people gave him options, Jose Rivera, the Democratic Party leader in the Bronx, he has had so many political titles, I could never remember which one to say for him.

**HANK SHEINKOPF:** Call him a good man.

**EVELYN HERNANDEZ:** A good man. He pointed out that when David Dinkins was mayor, he called the Puerto Rican political prisoners "assassins" and the Puerto Rican community was furious with him, because it showed a total lack of understanding of our history, a total lack of understanding of what was happening in Puerto Rico, a total lack of understanding of the independence movement in Puerto Rico. But the Puerto Rican community set that aside and still

came out strong for David Dinkins when he ran for re-election. And that was something that Freddie should have put out there. The information was gathered. The information was there. He should have put it out there.

He should have said, "Listen, my community, when we were insulted, we were insulted and we got mad about it. But we were able to put that aside for the greater good and because we wanted to do the right thing. And I expect that the black community will be able to do the same for us now."

For whatever reason, Ferrer and the Ferrer campaign have always, I feel, sort of bobbled things that involved race. The guy is a Puerto Rican running for mayor. Race is there whether he talks about it openly or not. And I think that was a time when he really needed to just throw history back at people and use it to his advantage. And he didn't do it. So the Diallo misstep could have been, I think, managed better and he could have recovered from it. People were able to use it and journalists just kept going back to it and going back to it and going back to it.

**LEE MIRINGOFF:** And he kept redefining what he said and what he meant also.

**EVELYN HERNANDEZ:** Well, his people kept inquiring about it.

**ANDREW WHITE:** He didn't manage it well.

**EVELYN HERNANDEZ:** No, he did not.

**ANDREW WHITE:** And getting back to the issue of competence, seems to have resonated more than most of the other issues.

**EVELYN HERNANDEZ:** And you have to remember with a candidate of color, competence is always that little question mark, that can be raised. Can he handle it? It is raised around the country. You will see black candidates and Latino candidates will have their, "Are you qualified?" "Is he qualified?" "Can he handle it?" "Is she competent?" So that's always an issue that as a candidate of color you are going to be scrutinized more in that area. Even though people will deny it and say that's not fair. We are just asking the question and we would have asked it if he was white. Baloney.

**ANDREW WHITE:** Not to deny the importance of that, but also I think as a Democrat, people are called into question now nationally, in politics, competence, as Democrats. But we are going to have to move to the next panel.

**EVELYN HERNANDEZ:** I think George Bush has changed that equation. (laughter)

**ANDREW WHITE:** So, thank you to this panel. Hold on, we are going to bring on another group. We will introduce our next moderator, who is Jon Bowles, the recently appointed director of the Center for an Urban Future, though he has been there for many, many years.

**JONATHAN BOWLES:** Thank you so much. Thanks to the panel for the previous session. It was fascinating and I think we have another great discussion lined up for you right now.

I'm Jonathan Bowles and I'm the director of the Center for an Urban Future. If you don't know, the Center is a nonpartisan, independent policy institute that writes studies about economic development, workforce development, higher ed and a couple of other issues that are critical to New York's future. We are the sister organization of *City Limits* magazine, which has been around for about 30 years now, writing about urban affairs issues in New York.

Just quickly, with this panel, we are going to try to move the discussion from the politics of getting issues into the campaign debate to the most pressing policy issues that City Hall will have to confront during the next four years. And how each of the candidates might address these issues going forward.

There's a lot to discuss so let me get right into introducing our esteemed panelists. Lilliam Barrios-Paoli is president and CEO of Safe Space NYC, a nonprofit organization serving more than 25,000 children and families at nearly 40 different program sites throughout Queens and Manhattan. Prior to this she was senior vice president and chief executive for community investment at the United Way of New York City.

Clara Hemphill is project director of Inside Schools.org, an independent online guide to New York City public schools, run by Advocates for Children, a nonprofit providing educational support, legal and advocacy services to parents, young people and professionals. She is author of *New York City's Best Public Elementary Schools: A Parents' Guide*; *Public Middle Schools, New York City's Best*, and *New York City's Best Public High Schools*. She also shared a Pulitzer Prize in 1991, when she was with *Newsday*.

Ronnie Lowenstein is director of New York City Independent Budget Office, the IBO. She was appointed director of the IBO of August, 2000, after having served as deputy director and chief economist and prior to her work there, she was an economist in the domestic research division of the Federal Reserve Bank of New York. And she taught economics at Barnard College.

Finally, Robert Yaro is president of the Regional Plan Association, America's oldest independent metropolitan research and advocacy group, where he served as executive director from 1990 to 2001. He co-chairs the Empire State Transportation Alliance and chairs the Civil Alliance to Rebuild Downtown New York, a broad-based coalition of civic groups formed to guide redevelopment in the aftermath of the September 11<sup>th</sup> attacks. He also teaches city and regional planning at the University of Pennsylvania.

So, I'm going to get started with some questions here. First, there has been a decent amount of coverage of the proposals that two candidates have put forth on education and housing, in particular. Beyond that, I'm curious though and let me start with anybody on the panel – about the other most pressing issues of the campaign? We haven't quite heard as much about things ranging from child welfare to transportation. Have the candidates offered valid and practical solutions to these issues, as well?

**ROBERT YARO:** I can jump in on the transportation front and the public realm issues. Parks, public spaces, that sort of thing. There has been very little attention paid to these issues so

we were pleased to see last week or the week before last that Mayor Bloomberg came out in support of a transportation ballot question that is the bond act that is on the ballot, and in support of the Second Avenue subway and other major transportation improvements. But it really is a little late. And it's nice to have elections. We should have them more often, I think. So both candidates have stated their support for these things but there doesn't seem to have been a lot of enthusiasm. It certainly hasn't been emphasized by the campaigns.

**JONATHAN BOWLES:** Let me go beyond that a little bit and we will get at some of the other issues in just a second. Looking at transportation, you said that there's talk about this, even if it's a little bit late. This is a pretty critical issue we are talking about. We've got a bond act but there are a lot important transportation infrastructure needs, that I know that your organization and others have talked about. Does the lack of interest by the campaigns or the coverage of the election, does that indicate that maybe this is going to be a big issue going forward? What do you think?

**ROBERT YARO:** Well, it certainly hasn't gotten the emphasis that other issues have had. We think it's critical to the future of the city and it's important to the quality of life of everybody who lives in the city. And the simplest way of putting it is: if you are worried about the long-term success of New York and the reason we need to sustain the system that we have and we need to create some new capacity, the fundamental issue is we live in a city that has added a million residents over the past 15 years. It's going to add another million or so over the next 15 or 20 years. We've got no place to put them and housing, of course, is one issue that we've had some – there are serious proposals in both campaigns. Again, has it been a front-burner issue? I would say it probably hasn't been for either campaign. And, so, we need to find places to put the next generation of New Yorkers, in places where they can live. But we also need capacity to move them around. If we don't, a lot of that population growth, a lot of that economic vitality and employment is going someplace else.

Every other big region in the United States is making these investments and we've done a good job of restoring the existing system. We haven't created new capacity in the system since Fiorello LaGuardia was mayor, 60-65 years ago.

**JONATHAN BOWLES:** It's surprising it hasn't gotten more attention. Let me move to other issues or anybody else to have comments on transportation.

**RONNIE LOWENSTEIN:** Let me comment on transportation and then move to another issue. I don't think there is any facet of the transportation system that is not a huge issue here. And we can put out a news fax from IBO that has transportation anyplace in it, and there's huge coverage and there are interviews of people at subway turnstiles. And we are dumbfounded by all you have to do is mention the subway and somehow you're in the press cycle.

Perhaps the issue here is that there hasn't been that much conflict between them on those major issues. And without that kind of conflict that drives media coverage, perhaps there hasn't been that much to date.

**JONATHAN BOWLES:** Are there things wrong with the direction that the city has been moving on transportation issues in the last four years, that could be raised?

**ROBERT YARO:** Well, it hasn't been a priority for the city until recently. And the good news is that both candidates now both support the ballot question and this idea of expanding the transit system. We haven't had enthusiastic support for that over the last four years but we are there now. And there is reason to hope that the next administration, whoever it is, given that they've both endorsed this concept, maybe will do better in the next four years.

**LILLIAM BARRIOS-PAOLI:** I don't know much about transportation other than I do take the subway. But my sense is that the problem with transportation and a way of understanding what is going on is not that dissimilar from what is happening with social services. There's a lack of vision and there's no central policy. So that there are things that are being managed and they are being managed okay. And things are moving along. But there's nobody, neither one is articulating a vision and neither one is articulating a real cohesive social policy. They are not addressing poverty. They are not looking for causes of poverty. They are addressing consequences of poverty sometimes but nobody is looking at the root issues. And dealing with them. And I think that's why you're not getting a lot of emotion. Because getting emotional about management is kind of hard.

**JONATHAN BOWLES:** We've heard in the prior panel discussion some talk of the two New Yorks and some of the poverty issues confronting the city. In your opinion, have any of those social service issues actually risen to a level of the debate in this campaign?

**LILLIAM BARRIOS-PAOLI:** No, I don't think there's been a serious debate about any of the issues around poverty, around income, around what causes certain things to happen. I think that part of it is that it doesn't make a lot of attractive conversation to talk about these things. But I do think that what you see happening is that we are latching onto sexy issues and talking in very vague terms and nobody is addressing why is that happening at all? And what are you going to do about it? If there's any fault I could find in the present administration is that the commissioners are allowed to manage, which is fabulous. Having been a commissioner, and not been allowed to manage, I can tell you it is very, very depressing. But you're commissioner and you're allowed to manage and that's great, but there's no central vision guiding what policies a commissioner is doing. So if you have a great commissioner, there are some wonderful things happening. And I can give you examples. But if you're not very imaginative, there's nobody else to tell you what to do or give you guidance. And I think that's the real shortfall.

**ROBERT YARO:** Something that we have been interested in looking at is how London is managing the same issue. London has a very charismatic mayor, Ken Livingstone. Red Ken, as he is known for his former political leanings. But one of the things that Ken Livingstone has done for London – again, these cities are almost like mirror images of each other. Both have about 8 million people, they have both added about 1 million people over the last 15 years or so, both facing enormous problems of affordability, running out of land for development and all that sort of thing.

And London has developed a new strategic plan, a long-range plan that was developed after a two-year public process. Literally hundreds of public meetings, a bottom-up process. And it created a framework for thinking about the future of the city of London that encompasses economy, job creation, social justice, environmental protection, housing, all the social services, all of these issues. And it's created a widely shared vision for the future of the city that is now being implemented by

the city of London. The city, for example, in its strategic plan, set a target of 50% of all the new housing stock in town being affordable. And they laid out a series of strategies to get there. And I've gotten to know the planning director pretty well.

Have they gotten to 50%? Not yet. But they are around 30-35% and here we are probably about 5%, if you count them generously. So that's the kind of thing that's probably needed. And that combined with the kind of management style and talent that you see in top-level city administrators, could be an incredibly potent future for the city. It hasn't been discussed in the campaign however.

**JONATHAN BOWLES:** Is there any indication that something like that might be considered, going forward?

**ROBERT YARO:** You know, we've had discussions with both candidates about it and there seems to be some interest in it. And I suspect this is something that you don't campaign on but we would hope that you govern on. And no one has rejected the idea. But it hasn't been enthusiastically embraced, I suppose is the best way of putting it.

**RONNIE LOWENSTEIN:** So what you are calling for is a broader planning process than we have had up to now?

**ROBERT YARO:** Yeah. And I guess one rap against the existing administration is they are really not into planning, they are into managing. And they are into – a lot of the economic development has been organized around projects. It's been organized around specific projects like the West Side or the Atlantic Yards and so forth. And what we would like to see and what I think is needed, is to put that into a broader framework. We have this really interesting challenge, where do we put 1.3 million people over the next generation? Where do we put a million jobs in a city that is largely built out? How do we make sure that we not just maintain what we have in the way of housing stock, but produce new housing that is affordable and convenient and attractive and easy to get to and so forth? And I think that only comes out of broader vision. And it's got to be something just not that comes down from on high, from the Mayor's office. It has to come up from the citizens of the city itself. And that's where we need to go and it's not something that is being discussed in this campaign.

**JONATHAN BOWLES:** By the polls that I've seen, by the standing of Bloomberg in the polls right now, I'm not even sure that there's a hunger on the part of the citizens of New York City for this kind of broad, major planning initiative that you are talking about.

**ROBERT YARO:** I think New Yorkers are just so startled that the streets are reasonably safe, that the subways kind of run, that nothing has collapsed recently. And those of us who grew up here, those are miraculous things. And I think the mayor gets a lot of credit. And essentially this gets back to just delivering basic services. It's the kind of thing you hear in the City of Chicago, which is the city that works. Mayor Daley, both Mayors Daley for the last 40 years have done so well in delivering basic city services. And I think that – should New Yorkers demand something better? I think they should, but they don't seem to.

**LILLIAM BARRIOS-PAOLI:** Another thing that I find interesting is we keep discussing – and I was thinking that during the prior panel – we keep discussing services and also politics in very traditional terms. While at the same time, we say that there’s a very large, new, immigrant community and lots of people of color and New York doesn’t look anything like it used to. And 50% of the kids in the school system are immigrants and children of immigrants. If you look around the room, including myself, most of us came here as pretty much adults, were not born here. And we tend to think of politics and services differently, because we were brought up in a very different reality. And I don’t think we are factoring that into the equation. So that the people that are doing the thinking about these issues are thinking in a very traditional way, while those of us who weren’t brought up particularly that way but are voting, are sitting there saying, “I don’t think so.” And I think that that is a very interesting piece that is not being factored in.

There are immigrants from many Latin American – I’m from Mexico originally – but from Latin America, from India and Pakistan and China and a myriad of countries, look at power differently, look at economy differently, look at their place in society differently, vote differently, accept things very differently and we are not factoring that in at all. And I was sitting listening to the discussion, saying: “You know, that’s not exactly how a lot of people that I know view things.” And that’s not being factored in.

**JONATHAN BOWLES:** Interesting. Clara, one of the issues that actually has gotten a lot of attention in this race is education. And I know that is something you’ve spent a whole lot of time looking at. What are the most important educational issues that you need to be still addressed going forward in the next four years and based on the comments and proposals the candidates have made, is it likely that those particular issues are going to be addressed in the right way going forward?

**CLARA HEMPHILL:** Well, I think everybody is agreed that things were bad before, and that a big shakeup was necessary. I think the problem has been with Freddy Ferrer is that he hasn’t presented a coherent vision of how he would make things better, while his criticisms of the current administration are accurate, he hasn’t been successful in presenting a different vision.

My staff and I visited about 450 schools last year. And our impressions is that although we think the test scores are somewhat overstated, that things are not as rosy as the Department of Education says, that in fact there are improvements at least in the elementary schools widely.

[tape cuts off briefly]

**CLARA HEMPHILL:** I think going forward, the mayor has insisted on improving government without spending any more money and I think he’s going to run into a real dead end there. In 2006, if we do see a change of governor – we are going to see a change in governor – but if we see a Democrat in Albany, I think the mayor’s position of spending not a nickel more for schools is going to find a very hard, he’s going to have a hard time selling it.

**RONNIE LOWENSTEIN:** Let me address the school thing. In fact, in recent years, the city’s contribution, city funding for city schools has risen sharply. And many of us involved in the Campaign for Fiscal Equity lawsuit that was just – when the lawsuit was going on and looking at data that at that point was several years old, it was at a time when looking at data at a time when the

city was actually drawing back its contribution. Some of that would be Guiliani administration. A portion of that was the city's fiscal difficulties. But whatever it was, at the time when the city was pulling back. But now we have the opposite situation. It's going to be very interesting to see how the CFE suit plays out, based upon the most recent court ruling, it would seem that no matter what the Mayor says the city will be bearing some of this tab. And that will be on top of additional spending they are doing now.

But at the risk of depressing people, I should say that another – that's my job – another issue that you just don't hear about is the city is facing a very significant gap, shortfall for the upcoming fiscal year, that starts July 1<sup>st</sup>. I don't want to overstate this because the school monitors, of which I am one, scare people and cry wolf and then all of a sudden, miraculously, the city comes up with a surplus during the course of the year and they say, "Oh, not so bad this year." But next year this gap is even larger and it's looming. Looming is our favorite word.

When the budget was adopted this spring, the looming gap for next year was \$4.5 billion. Which, if you had any memory for these things, is actually uncomfortably close to the gaps we were looking at following 9/11 and the recession. So it was really pretty bad. And at that time, I think there was a general feeling among the people that I hang out with and who spend way too much time looking at these numbers, that something was going to change. And given that we know a little bit about politics, but not much, we would have assumed that it was going to change shortly following the election. The city's budget is on a quarterly basis. There are often November modifications or November plans. And it seemed likely that we were facing a very large hole next year on the assumption that it was this mayor. But even if this mayor was not re-elected, whoever was sitting there in November would, along with the Council, come up with some way to get a jumpstart on dealing with the problem. Because the later in the fiscal year you wait to deal with it, the harder and harder it is to get fill to deal with.

But miraculously, based upon admittedly one quarter of data, because, remember, fiscal year goes from July 1<sup>st</sup> on, so we've got one quarter revenue data and yeah, it's actually better than anticipated. Better than this mayor's Office of Management and Budget had anticipated, better than IBO had anticipated. Corporate taxes are coming in gangbusters. The real property transfer taxes – not your property tax but the taxes the city charges every time you refinance your mortgage or buy and sell a property, whether it's an apartment or a house or a commercial office building. We've gotten in the first quarter what we expected the city to get in the first half. And those transfer taxes have been – along with solid Wall Street profits, not extraordinary but good and solid Wall Street profits in the last couple of years – have been what have been bolstering the City fisc.

Just to give you a little comparison, last year the city took in \$2.3 billion in the transfer taxes, which is just a little bit more than we got from the city's General Corporation tax, which is amazing.

**JONATHAN BOWLES:** Ronnie, let me ask you, with this gap, even as it's getting better...starring at you, have the candidates started to address how do you deal with this shortfall?

**RONNIE LOWENSTEIN:** No! Could you imagine doing that? Why would you want to? They want to get elected.

**LILLIAM BARRIOS-PAOLI:** That would be suicidal for any one of them to try to do that because what they are going to say is, “Elect me and I will have to do a lot more with a lot less.”

**RONNIE LOWENSTEIN:** Or, “I’ll cut your services, I’ll increase your taxes. Pick me and five fiscal monitors may vote for me.”

**JONATHAN BOWLES:** Are there proposals that candidates have made that make you worry, “How are we going to pay for this?”

**LILLIAM BARRIOS-PAOLI:** Nobody has really said anything that concrete and I think that’s part of the problem, is that everybody is spewing a lot of platitudes or having the discussion at this level, but nobody is saying what kinds of programs they would really implement on any level. And I think that’s why people are not getting terribly energized or very angry either. We were talking before about the fact that part of the issue is not that you feel so emotional about the candidates. You don’t hate the other one either. It’s a general blah feeling, because neither is giving you much.

**JONATHAN BOWLES:** I don’t want to spend too much time on this but I actually looked – and part of this debate, part of what the report that our organizations have put out is to put some proposals on the table. And I wonder if you could just take a couple of minutes – are there things that given the fact that we probably do have deficits going forward, are there creative solutions? People, in the past for instance, have talked about tolls on the East River. Has the time come for that? Should we be thinking about that, going forward, to pay for things like transportation? Are there other ideas?

**ROBERT YARO:** Yes. But probably not before the election. And that is one of the options. And again, London has instituted this congestion cordon, they call it, and it’s a congestion fee for people who drive into Central London. And it sounds shocking and so forth, but what it’s done is it’s reduced the volume of traffic by 12%, but the level of congestion by about a third or something like that. The number of people coming into Central London are still the same. And the interesting challenge they are facing now is that it’s been so successful they are now expanding it to a larger area, in the rest of London. It’s being expanded across the United Kingdom because it’s been very successful. The challenges are it’s not generating enough revenue compared to what they expected, because fewer people are driving into town.

That was number one. And number two is that they have had to rearrange all the bus schedules because the buses were all moving too quickly, because there’s less traffic. These are the kinds of problems we would like to have, as New Yorkers. I think this sounds pretty good. But that is something that we need to go back to.

We floated a proposal a few years ago – one of the dumbest things that has happened in this State in the last decade was the repeal of the commuter tax. And it happened and shouldn’t have. We proposed that it be reinstated as we called it, a Mobility Fee, and not a commuter tax, because we think that the proceeds ought to go into sustaining and expanding the transit system., that even people who don’t cross city or county lines ought to pay into this fee. Because New York City residents, you may live in Manhattan and work in Manhattan but you should still pay. It amounts to

a payroll tax and this is what places like Paris have done to improve their transit system. So those kinds of things are happening all over the world and I think what it comes down to is that in most cities or most world cities, voters are willing to support these things because they understand that it's a key to sustaining and improving the quality of life. We are going to have to go in that direction.

**RONNIE LOWENSTEIN:** I think this takes exception to something Lilliam said a minute ago, I think you actually have to give the Ferrer campaign credit for actually identifying sources of funding where they have put forward more ambitious plans. So where they are talking about dramatically expanding the city's contribution to education, they are talking about a stock transfer tax. Where they are talking about property tax breaks for both homeowners and renters, they are seeking to fund that with an extension of the personal income tax on high-income individuals, which is scheduled to sunset under current law at the end of December. There are a couple of other examples, as well, where they, I think with a great deal of integrity said: "We are going to do more and here is how we are going to fund it."

I don't know if that's done anything for his poll numbers. And as far as options more broadly, there are lots of them out there. Every year we compile some and try to think creatively about new ones. And each winter IBO puts out an options volume. Last year it was 70 some odd options ranging from things as tiny as: we no longer need frequent inspections of gas pumps because they are now all calibrated electronically, to larger things like stock transfer taxes and commuter taxes, labor proposals like: why do we have equal staffing day and night in the fire houses when the vast majority of incidents occur during the day? Stuff like that across a wide range of spending and tax issues.

So, I think there are actually options out there and I think when push comes to shove, whoever the next mayor and council will be, will be looking at them saying, "We are not going to have a lot of alternatives." Even if they don't want to advance a new agenda, and I hope that they do. Even if they want to just tread water, they are going to have to do something.

**JONATHAN BOWLES:** Clara and then Lilliam, I want to go back to some of the educational and social issues you were talking about earlier. Starting with education: what do you see as the vital issues that need to be addressed in the first six months to a year of the next administration, whoever it is?

**CLARA HEMPHILL:** I think the administration has done a credible job of making the really bad elementary schools somewhat better. The middle-class elementary schools have been pretty good for a long. What the administration did was really flood the elementary schools with good books, and good principals. I think they need to do more on improving teachers. The middle schools are still a mess, by and large. Once you get off the east side of Manhattan and a few neighborhoods in Brooklyn, things are pretty grim. So I think middle schools and high schools.

**JONATHAN BOWLES:** Is there anything in particular to address the middle schools that you would like to see the next administration take on?

**CLARA HEMPHILL:** I guess for all levels of education, I think they need to concentrate more on teacher recruitment and teacher retention. You can't just give people a teaching method dictated from the top and expect that to improve the quality of the teaching. A good teacher will do well with old books. A good teacher will do well with a traditional curriculum. And a good teacher will do well with a progressive curriculum. And although I don't oppose having uniform curriculum, I oppose the notion that this can be dictated from the top and that what they really need to do is recruit. They need to make teaching an attractive option for talented young people, which really is a national issue.

There was a time when talented women and talented African Americans had very few career options outside of teaching. That's not the case anymore so you have to do something to keep people interested in teaching.

**JONATHAN BOWLES:** I'm curious, are either of the candidates talking about that, or putting forth a plan on those kinds of retention issues?

**CLARA HEMPHILL:** I don't think so.

**JONATHAN BOWLES:** Lilliam, when it comes to the social services, we heard in the previous panel that poverty rates in the city, new figures out were recently rising over 20%. Clearly, these are pressing issues. Are you optimistic, given that there has been some talk about this, that it will actually be addressed more in the next four years than it was? And what would you see as the first couple of things to address?

**LILLIAM BARRIOS-PAOLI:** See, I would certainly hope so, because I think that the issue of poverty has not been really dealt with in any depth. I think that the concentration – looking at welfare reform as getting people off the rolls, has been sort of distorting the whole discussion that should be happening. We haven't looked at what has happened to the people who got off the rolls. Have they just become more mired in poverty and what are they doing? What are their children doing? Certainly, we see it reflected in what is happening to people vis-à-vis housing, what is happening to people vis-à-vis living doubled up, what's happening with all kinds of other indicators. But I think that's where the idea that you need to have some sort of central social policy that begins to deal with poverty and all of the indicators of poverty, is very important. I think they've done an extraordinarily wonderful job around homelessness. But some of the policies that they've instituted around homelessness are counterproductive in terms of what happens to poor people.

If I only get a housing subsidy if I stay on welfare, then it's not going to take a genius to figure out that the rolls are going to have to come back up because people are going to try to keep that housing subsidy, because they can't afford to stay housed and be employed. There are reasons why that happened, not because people weren't being thoughtful. It had to do with funding streams. But, however, that has to be well thought out because you are rewarding the wrong behavior.

I think since we've made the commitment as a society, I think that we are no longer going to be supportive of welfare, as such, we have to then begin to create an agency that deals with support for the working poor. There are people who are working very hard and cannot make ends meet, don't

have the skills to get promoted and keep making more and more money. So what are we going to do as a society to help them? And have their children do even better. And I think all of those subsidies that we created for people on welfare are going to have to be translated for the people who are now working. So if we want to assume that we are going to be a full-employment society, from my mouth to God's ear, then how do we support people so they can live decently and not just mired in poverty?

You can leave welfare at any point. That's not the problem. Many societies don't even have welfare. The problem is that once you leave welfare, the kind of life that you live, the quality of that life impinges upon education, impinges on everything. If you are hungry, you can't study well.

**JONATHAN BOWLES:** We are going to get into questions from the audience in just five minutes. But I know Bob wanted to chime in. But I also wanted to ask everybody, including Bob, part of this whole question of rising poverty rates and getting people into rising prosperity rather than rising poverty, has to do with an economic vision. Creating more jobs, more opportunities for people. And I'm curious, that has gotten some attention by the campaigns. What do you think about what the candidates are talking about when it comes to an economic vision? What is needed and what are the candidates talking about?

**ROBERT YARO:** I just want to go back for one moment to the question of poverty and housing. The cause of the big run up in transfer tax receipts that Ronnie was talking about, is of course the run up in housing prices. And it seems like every neighborhood in New York City is gentrifying to some extent. That it isn't just a few brownstone neighborhoods any longer. And it's putting enormous pressure on families across the city. Now, this is masked during this campaign because New Yorkers who own their own homes are feeling pretty good. They are all rich and we're all millionaires. Life is grand. But for the people who don't own their own homes and aren't in rent-controlled or rent-stabilized apartments are finding that rent stabilization is running out as these properties turn over. Increasingly they are putting in 40-50% of their income or more into housing. And, of course, it makes it really hard to put time and money into education or into food or medicines and things like that. So I think that this is something that has to be addressed.

And one thought is that if you look at how other U.S. cities, Chicago, Atlanta, Boston or others are dealing with this, that the mayors of those cities are reaching out the suburbs and coming up with regional housing strategies because poverty is being suburbanized – people being pushed out of the city into the inner ring suburbs. And of course, there has been this influx of middle and upper and middle income residents in the cities. And so the R word, which no one ever likes to mention in this town – but “Regional” – is that we have to start dealing with the suburbs that share a lot of these problems. And they have to be part of the solution.

It's the same thing in the economy. Our economy has become less and less diverse or diversified and less and less resilient as a result of that. We are more reliant on the fire industries, on Wall Street in particular, than we have ever been before, which is great when Wall Street is doing well. But then Wall Street has this terrible proclivity to do really well for a few years and then tank, and it takes a big chunk of the economy down with it. And so I think both candidates have identified this as an important issue. They've called for strengthening the economy, diversifying the economy. I'm not sure we've seen really well thought through strategies to do that.

**JONATHAN BOWLES:** Do you have any suggestions? One or two things, quickly, that you would love to see? I know you talked about the planning vision.

**ROBERT YARO:** One thing that is interesting, Los Angeles has been pursuing a really interesting strategy of what they call “logistics.” And every New Yorker knows that there are lots of trucks rumbling down the streets. And we may not be aware of it but the Port of New York is doing better than it ever has before, that the volume of containers coming into the city is up by 8% of year and it’s all translating into trucks.

Los Angeles has developed a “if you’ve got lemons make lemonade” kind of strategies. They have the same – it has been later but they are seeing the same kind of drop off in manufacturing employment. And logistics is essentially looking at how they can harness this activity of not only the goods moving but the warehousing, the distribution systems, the repackaging and so forth. And they are creating hundreds of thousands of new jobs in the Los Angeles region, around this industry. This is another one that requires that New York City collaborate with New Jersey and the rest of the region on a regionalized strategy. We have the potential to replace a lot of the lost manufacturing jobs. And these are the jobs for people who don’t have college educations and don’t have advanced skills and so forth. And I think at least one of the places that could really strengthen and diversify our economy.

**RONNIE LOWENSTEIN:** I think it’s striking. The latest numbers came out just the other day and in fact, we are indeed, more dependent upon the financial sector now than we have been in years. And this is after people talking about this issue for how many, many, many years now?

**ROBERT YARO:** For the students, forget about English literature, you want to go into finance.

**RONNIE LOWENSTEIN:** Social services doesn’t pay. . And we saw some movement towards a greater diversification, particularly in the tech industry for a period of time. And then when tech imploded, those numbers have barely budged. So we are actually more dependent on the industry than we have ever been. And of course, that’s the industry. And the employment associated with that industry, except for the trickle down portion, the core of that financial sector employment is not anything that necessarily our public schools are training little New York City kids to be employed by.

And thinking more broadly is important. Thinking outside of Manhattan in terms of incentives is important. Thinking in terms of no longer dealing with the better thy neighbor stuff that we deal with all the time from Connecticut and New Jersey is important. I haven’t heard anything about that in just years. Part of it is because New Jersey hasn’t been doing quite as well of late. And so their ability to offer those deals has been not quite as great as it had been. And as the city’s reputation has grown –

**JONATHAN BOWLES:** What about the Goldman Sachs deal?

**RONNIE LOWENSTEIN:** They built the building, decided they weren't going to occupy it, then came back to the city and said, "We are staying in New York, staying in Manhattan." And then got an incredible package. Not just the low-interest loans but on top of that direct subsidies and frankly, provisions that we haven't given to anybody else, in terms of escrow accounts and an ability to actually keep payments in lieu of property taxes that would have flowed back to the city from flowing back if they are not satisfied with the way things are going.

We couldn't have been any more generous and they had already said they weren't going anyplace. Amazing.

**ROBERT YARO:** In a city that can't afford to put money in the middle schools or into a Second Avenue subway. It's kind of interesting.

**JONATHAN BOWLES:** Let me throw it out to the audience. I'm sure there's a bunch of questions.

**AUDIENCE MEMBER:** *Questioner says we need more affordable housing, but says that the NYC Housing Authority is warehousing thousands of available apartments and suggests that the 80/20 housing program isn't as effective in creating affordable units as it should be.*

**JONATHAN BOWLES:** Is anybody talking about that issue and is it true? Do we have these?

**LILLIAM BARRIOS-PAOLI:** Let me take a stab at it. The 80/20, what ends up happening a lot is that they end up taking a lot of the elderly and handicapped, because people who are elderly, through Social Security or SSI, tend to make that kind of an income. And that's part of the eligible categories. So many a time, that is part of what happens in reality. So they are meeting maybe not the intent of the law, but at least they are doing what is supposed to happen. I have heard about the Housing Authority warehousing apartments for years and years and years. I'm sure since '89 as you mentioned. The argument that the Housing Authority tends to say is that at any point in time, given that they have such a large inventory, there is a number of apartments, a percentage of apartments that need to be repaired, that there is lead paint in them. There are kinds of issues in the apartment. And that it looks like a huge number, but they are in transition and that's why it looks like they are warehousing apartments. But that in reality, they don't have apartments that can be filled, that are not being filled.

I think that in order to prove one way or the other, you would have to do a huge audit to figure that out. And I think that hasn't really happened. The reality, I think, is that we have to look at what would – what happens a lot is that we don't look at the housing in a more local way. And look at what apartments does government really have control of? What are the resources that we have for housing and how can we better plan it? How can we better distribute it? And you have different agencies making different decisions and sometimes they are counterproductive. Because the Department of Homeless Services does housing subsidy, HRA does housing subsidy, the HPD has its own system. And the Housing Authority. And none – there's not one cohesive housing policy in the City and I think that's part of the problem. Even ACS does something for foster parents or for family reunification.

So, there's all these policies all around and everybody has some budget authority over it. It happens in childcare, it happens in all kinds of services. And there's no central vision coordinating all of this. So it's not just housing. A lot of other things could be better done if there was one roof, one person, someone, looking at what are the resources and what are the needs and planning accordingly.

**RONNIE LOWENSTEIN:** Just from the outside of the political process looking in, I thought that there actually had been an impact of the Ferrer emphasis on housing, particularly for lower income. And the Ferrer proposals seemed to actually have prompted the administration to rethink some of their proposals and add on additional plans to serve that population.

And I thought that that was – I sort of looked at that and said, “Gee, that’s working.” There’s a campaign, here’s an issue, there’s a recognition, “Oh, we should be doing something.” And all of a sudden, there are announcements and I fully expect there will be follow through. But I saw that as actually one of the few places where you could say, “Yes, an issue was identified. There’s been some response.” Perhaps the candidates have converged to some extent and I don’t know where that leaves you as you go into the voting booth but it works. It works.

**ROBERT YARO:** Democracy in action.

**JONATHAN BOWLES:** You are saying that basically whoever wins, it looks like probably because one candidate forced the issue forward, that we will probably see more affordable housing as part of a plan going forward?

**RONNIE LOWENSTEIN:** Yeah. Sure.

**JONATHAN BOWLES:** Next question. We have a lot of other questions here.

**AUDIENCE MEMBER:** It relates to this question you were just saying, one of the reasons I came here tonight to the forum was the postcard I got raised the question, why have some issues been politically charged while others are off the agenda. And on two that seem to be widely debated: one is housing, which you were just talking about where Ferrer came out with a proposal for low-income housing and then Bloomberg has a proposal now. And education, certainly, right up front in the debate. Whereas others that people really care about, I give you health insurance, which is a scandal, is not part of the public debate.

So, the question I want to ask, this could be dreaming on my part and reflect my youth and maybe things I’ve done with my life but in both education and in housing there have been organized campaigns. There’s the Campaign for Fiscal Equity, that I’m sure Clara knows all about. And in housing there’s Housing Here and Now, where I know a lot of community groups and many people here before worked with that and they have raised the level of debate. So the question is: do you think that made an impact on those issues or no? Is something else going on? Just why those two and could organized people and campaigns made a difference?

**ROBERT YARO:** It made a difference. I think it did.

**JONATHAN BOWLES:** So are you saying we should have a big campaign for the subways or some of the transit issues?

**LILLIAM BARRIOS-PAOLI:** I think that the issue that housing became an issue – it's a real problem in the city but also that was the one claim to fame that Freddy had, that he had increased housing in the South Bronx. So housing became a central question. And education was very central because Bloomberg, that was his one claim to fame. We are going to change the educational system. So that sort of dominated the discussion. I assume that if somebody had made healthcare a central policy, that might have been more talked about. But I think the candidates have sort of driven the discussion greatly.

**CLARA HEMPHILL:** I like the notion that advocacy can make a difference because I work for Advocates for Children. And I dearly like the idea that we make a difference. But I think if you look at the history of transportation and I think the Strap Hangers and Gene Russianoff over the past 30 years, have made a tremendous difference. And that I hope the time is right for other kinds of advocacy groups. I do think, with transportation, we need to keep the heat on because I think as soon as you let your guard down for a minute, things get bad again.

And I do think there was an interesting issue in the *Times* about healthcare, that showed how really bad it is, and how the badness cuts across social and racial lines. That we are all stuck with really rotten choices with healthcare. I think, clearly, poor people are stuck with more rotten choices than the middle class but I think that probably is a prime place for organizing now.

**AUDIENCE MEMBER:** Everyone has been talking about how poverty really hasn't been much of an issue in this campaign. And I'm wondering if you think it's because people don't realize exactly when we talk about poverty numbers what the poverty numbers, as defined by the U.S. government really is, which is \$22,000 on the national average for a family of four. I know it varies state to state but I wonder if you think that New Yorkers understand when we say poverty just how extreme that is, and the problem is that no one has come up with a way of making poverty, talking about it in a more palatable way, whereas in England, Tony Blair, when he took office announced and made a pledge to eradicate child poverty within a generation. Well, yeah, no one wants poor children but when you focus on poor children, you are focusing on getting their parents jobs and better housing for their parents and the family as a whole. And so I'm wondering if you think that the reason that we haven't figure out a way to talk about poverty is that people don't really realize just what poverty is?

**CLARA HEMPHILL:** I think, as Americans, we tend to blame the poor for their condition, while we think of education as offering opportunity so that we are more willing to spend energy on opportunity for small children. What is curious to me is that poverty and education and housing and all these issues are intertwined so that even if you put qualified teachers and nice books in the classroom, which God knows we need, you still have the issue of expensive housing means that teachers can't afford to move to New York. You still have the issue of homeless children who bounce from grandma's sofa bed to cousin's spare room to the homeless shelter and back again so they are in four or five schools in the course of a year. You still have kids who are put in inadequate childcare for many, many hours a day and don't get the kind of attention they need to prepare them for school. So that you will find that even if you have the good school, which for

some reason we are beginning to think is a child's right, if you don't deal with the issues of poverty, you won't solve the problems of education either.

**LILLIAM BARRIOS-PAOLI:** I think it's also numbers. If 20% of the people in the city of New York are poor or are living at a poverty level, that leaves 80% who are not. And you don't want to make – in the world of sound bytes and very small messages, you don't want to concentrate on the problems of the few. And compassion is not something that is very much in vogue. So that's the reality. And if it doesn't make for good sound bytes, it doesn't make for real fun stuff. And I think we avoid pain as much as we can.

I think that also it's more intractable. Solutions don't come in easy dosages. If you are serious about dealing with poverty, it's going to take a while, it's going to take resources and it's going to take a lot of things that have to be fixed. And I don't think you can put it in three words.

**ROBERT YARO:** And finally, poor people don't vote so it gets less attention and the solutions to poverty don't get fit on bumper stickers and 20 second sound bytes.

**RONNIE LOWENSTEIN:** Having said that, as an economist, doing redistribution at the local level is very tough. And if you do a lot of it, then that tax base, those high-income earners who could just as easily live in New Jersey or Connecticut or even Westchester and still have their Wall Street jobs, can come in and out and escape being taxpayers. There's always this problem that you want to push those issues of distribution further up the governmental ladder. They are better handled at the state and federal level. But there is this huge opportunity.

I think the mayor of New York has a national platform that maybe Ken Livingstone in London has. But very few other – maybe Schwarzenegger. But very few other political figures in this country have that. And if a New York City mayor were to get out there nationally and start talking about these issues, then maybe it would hit more people's radar screens. There's the bully pulpit here that no mayor in a long time has used. In some ways Guiliani used it. He sort of used it as, "Get those guys off of welfare." But you could do it another way. You could say, "We are failing these poor kids." And that might be an attractive message nationwide but I haven't seen it. Maybe it's hard for a billionaire mayor to do it but I think it would be a very good thing for the city mayor to do.

**JONATHAN BOWLES:** Any other questions from the audience? This will be the last question.

**AUDIENCE MEMBER:** *Questioner says Mayor Bloomberg spent too much energy and attention on the Olympics and building a stadium on the Far West Side.*

**RONNIE LOWENSTEIN:** The mayor wore his heart on his sleeve for the entire stadium debate and for him it was the Olympics. He knew what he was getting when he appointed Deputy Mayor Doctoroff. That's what he was trying to do. He made decisions that were entirely focused on, "We need the stadium because we need the Olympics." That didn't think about broader economic development and other needs. I would suggest that a large part of his resurgence in popularity is attributable to the fact that that's now behind him. Along with a whole bunch of property tax rebates that made many people very happy.

**JONATHAN BOWLES:** This last four years, the Olympics and the West Side Stadium was such a primary issue for Mayor Bloomberg. Everybody knows that. I'm curious, just the last question, if you all have one minute...is there a stealth issue out there that maybe isn't getting a lot of attention that you think, in the next four years, might be...I'm not necessarily talking about a development but just an issue you think is going to get a lot of attention in the next four years?

**LILLIAM BARRIOS-PAOLI:** I think if there is a real fiscal crisis, I think that's going to dominate everybody's agenda.

**RONNIE LOWENSTEIN:** Not fiscal crisis. It's going to be problems, it's not going to be disaster.

**LILLIAM BARRIOS-PAOLI:** Okay, a small crisis. Because that is going to impact everything else.

**ROBERT YARO:** And dealing with the fiscal crisis like the one that has been discussed here, obviously it's going to be finding the revenue but it's also going to be dealing with the underbody, the part of government that nobody likes to talk about, which is dealing with transfer payments, dealing with pensions, dealing with labor.

**RONNIE LOWENSTEIN:** Debt service, labor.

**ROBERT YARO:** Labor negotiations and so forth. And this is a place where you would like to see a business manager and hope that they cut some better deals than they did with the Jets. But it could very well be that would keep whoever the next mayor is busy and well occupied for four years.

**RONNIE LOWENSTEIN:** Can we have a wish list? We've got a property tax system that is our largest source of revenues. There's absolutely nothing about it that works. Not anything. When you look at effective tax rates, which is a technical term but it's how much you are paying in taxes by how much you could sell that apartment or house for, the highest effective tax rates are in neighborhoods that are stagnant. The lowest effective tax rates are in places that are burgeoning, like the Park Slopes and those sorts of neighborhoods. That doesn't make any sense.

The coop and condo taxes vary widely across the City and the very lowest taxes are paid by those who are fortunate enough to live in Manhattan, particularly in the blue chip areas of Manhattan around Central Park. I can go on on this list for a very long time. But there is no part of this system that hasn't broken down. It's been nearly 25 years since the system was established and to celebrate the silver anniversary in 2007, we should come up with a way to perhaps blow it up.

**JONATHAN BOWLES:** Mr. Sheinkopf, did you have a comment?

**HANK SHEINKOPF:** *Mentions that NYC is heavily dependent on the state and the state has a budget crisis also.*

**RONNIE LOWENSTEIN:** Okay, I should make a very strong distinction between the city's budget and the state's. The city is fiscally responsible in a way that the state dreams of perhaps. Although the linkage is obviously clear, because the state's ability to push its problems down to the local governments is pretty much unlimited. And as they seek to confront their problems, obviously we will be feeling a fair amount of the pain.

**JONATHAN BOWLES:** We have to wrap up. Well, thank you so much to the panel and to everybody here.