



**The Public Policy Forum**  
*The Prince of the City: Giuliani, New York  
and the Genius of American Life*  
**Presented by**  
**Fred Siegel**

*July 11, 2005*

*Richard P. Nathan:*

My name is Dick Nathan. I am proud to be the director of the Rockefeller Institute of Government, which is the public policy research arm of the State University of New York. We have regular public policy forums. Michael Cooper, our director of publications, and our deputy director, Brian Stenson, are the people who arrange these forums. Today's forum came to us as a suggestion. We are always glad to have suggestions. E.J. McMahon called me; he is a frequent participant at our forums and suggested that it would be a good idea to ask Fred Siegel to talk to us today about his book, which was just reviewed in *The New York Times* and last week in the *Wall Street Journal*.

Let me say a word about E.J. and thank him for suggesting this. E.J. McMahon is a well-known, well-informed, prominent expert on New York State government and New York State finances, both state and local. He's had a career working in the government, in the Executive Branch, and in the Legislature. He worked for the Business Council and he also served a stint as a vice chancellor at SUNY. Five years ago, E.J. joined the Manhattan Institute, now as director of their new fiscal program. In that capacity, he is

neither shy nor quiet. He is an important citizen and an expert on the finances and critical issues of our state. He will introduce our speaker.

*E.J. McMahon:*

Thank you very much, Dick. I'm not sure if you recall me mentioning it, but I picked Fred up at the train station today. His train was 90 minutes late, of course, which wouldn't surprise some of you. It reminded of the phrase, a conservative is a liberal mugged by reality. I think a libertarian is an independent who's hitched his personal schedule to AMTRAK.

If politics is the art of possible, true political leadership is the ability to perceive possibilities to which others are blind. In writing the story of Rudolph Giuliani's mayoral comeback of New York in the 1990s, our speaker today has given a book that highlights two key themes, I think. First, leadership matters. Leaders make a difference. Fred Siegel's *The Prince of the City* is decidedly not a brief of the determinist school of history. By 1993, as many of us can well recall, the entire New York political establishment was paralyzed by the notion that the city and the state were victims of forces beyond their control — immovable interest groups and power blocks, etc. Giuliani flatly rejected that notion. I think what Fred highlights is that this was absolutely crucial to his success, much of the success as he did bring about.

A second key theme, as important, is the theme that ideas matter. Here I'm happy to say a key role in the remaking of New York was played in some supporting capacity by the Manhattan Institute, whose journal Fred edited during a phase when Rudy Giuliani was literally going to school on the mistakes of the Dinkins administration. It's interesting, I think, that Giuliani's defeat in 1989 was probably the best thing that happened to him, and maybe to the city as well, because he spent those years very productively and he took office far better prepared than he would have been the first time around. I think New York was more ready for him at that point and he was more ready for New York.



While Dinkins was showing how not to run a city, mayors elsewhere were inspiring David Osborne's best-selling book, *Reinventing Government*, which also plays a cameo role in this book. People like Rudy Giuliani and also Bill Clinton among the many other shrewd politicians who were paying

attention and learning from this. In mentioning Dinkins, I don't want to be any harder on him than Fred is in this book, which treats the previous mayor firmly but fairly. As Fred shows, Dinkins' deficiencies as a executive were less important than his unthinking embrace of a whole set of ideas about government and public policy that were proven profoundly wrong and wrong-headed. Fred also uses the Giuliani record to highlight something that should be heartening to anyone who's spent time around Albany the past few years. Change is, in fact, possible. Unfortunately, when we reread Fred's account of the absolutely dreadful state of New York in the early 1990s, we're reminded that it's easier to bring about fundamental change when a crisis has brought everything to the brink of ruin and despair. When you reach that point, your best hope may indeed be a man with a high profile as a prosecutor. Especially if the prosecutor in question is a bundle of Nixonian quirks who's extraordinarily driven, passionate, tough, determined, thin-skinned, verging on paranoia, and an unconscious student of Machiavelli.

Giuliani's accomplishments are especially lasting and important in the areas of welfare reform, police, and in higher ed as well, which I think is not sufficiently appreciated but is highlighted again in Fred's book. As for other areas, I keep coming back to an anecdote I love in the preface, which is about the time when Marcia Kramer of WCBS, who many of us remember from her time here in Albany, informed Mayor Dinkins that aggressive panhandlers had finally pushed her to just move out to the suburbs. To which Mayor Dinkins response was, "Sorry you left us. Sorrier still that we can't raise your income tax." Well, the panhandlers have gone, but when confronted with

a fiscal crisis every bit as severe as the one that Dinkins had faced ten years earlier, Mayor Bloomberg's response, predictably applauded by the City's civic establishment and predictably rejected by the Legislature, was in large part to attempt to raise Marcia Kramer's income tax -- which did not go over Marcia Kramer's head, by the way. This explains why Fred and I remain pessimistic about the city's long-term economic growth prospects as summarized in our *Public Interest* article on the 30th anniversary of the fiscal crisis.

There are two other points Fred underscores and I think he seeks to highlight which I think Fred considers to be not sufficiently appreciated. One is how very close the city came to a Financial Control Board takeover early in the Giuliani administration and how this weighed on him and influenced some of the important things that he did during that period. Second is the importance of Giuliani's unique early appreciation of the dangers of international terrorism posed to New York in particular. The events in London last week have brought this issue to the forefront, of course. Eerily, when those bombs went off, Rudy Giuliani himself was in London just a few yards from the major subway or underground station. His political future probably hinges far less on the municipal history recounted in this book than on the degree to which security becomes the central issue of future presidential campaigns. I think it's fair to say, however, that most of us here this morning tend to focus less on international terrorism than on the nuts and bolts of state and city government. For students of politics and public policy, I think you will find *The Prince of the City* is a real treat. It's chock full of fascinating details. It reminds us, for example, of the close connection between Giuliani's surprising, awkward endorsement of Mario Cuomo and the crucial deal to allow him to use MAC funds for a second big severance package for city employees over the objection of MAC's Cuomo-appointed chairman. It also reminds us that many of Giuliani's most enduring and important successes came in partnership with others, particularly George Pataki as well as Peter Vallone.

So much for the review of the book. Now on to the author. Fred Siegel is a professor of history at the Cooper Union for Science and Art in New York City and a

senior fellow at the Progressive Policy Institute in Washington. He came to the Cooper Union from the University of Paris where he was a visiting professor of Modern American History. He also taught at Columbia, Queens College, and Empire State College. Fred has been a Mellon fellow, a National Endowment for the Humanities fellow, and a fellow for the Institute for Advanced Studies. His last book, *The Future Once Happened Here: New York, D.C., L.A. and the Fate of America's Big Cities*, was named by Peter Jennings as one of the 100 most important books about the United States in the 20th century. Fred lives in Brooklyn with his wife, Jane Rosenberg, who is a professor of sociology at Long Island University and also unofficial mayor of her neighborhood. Fred wishes it to be known, and in fact insists on having it known, that he's undefeated in 20 tennis matches this year. I'm reliably informed, however, this is due primarily to the fact that he's extremely careful in selecting his opponents. Fortunately, off the tennis court Fred relishes nothing more than a good argument, which is one of the reasons why I think you'll find it's good to have him here in this setting. Ladies and gentlemen, Fred Siegel.

*Fred Siegel:*

Thank you, E.J., for that terrific introduction. I should just add one thing to what E.J. said. The second author of the book was my son, Harry. If you look at the picture in the back of the book, you'll see the less handsome fellow is he.

I'm going to get into why I chose the title from Machiavelli, *The Prince of the City* and what the phrase "genius of American life" means. But first I want to talk about a pattern, which I think will be of interest to you in Albany. It's a pattern that E.J. and I talked about in our article for *Public Interest*. It goes something like this. In periods of booms, New York City increases public sector salaries, locks in all sorts of long-term costs. When the downturn comes, as it inevitably does, the public sector is then held harmless and the private sector is squeezed. Let me show you what I mean by this. In the first hundred pages, I go from La Guardia to Dinkins and when I get to John Lindsay, I talk about the fact that John Lindsay doubled the welfare rolls in New York City at the time of the largest economic boom in American history, the mid-1960s. The black male

unemployment rate in 1968 was 4 percent. When the downturn came, one out of seven New Yorkers was on welfare. The city was left with an enormous burden. Leave aside the damage done to the people shunted out of the job market, marginalized by this. Just think for a minute of the fiscal costs imposed by Lindsay's decision.

The second long-term element of New York's political culture, when La Guardia came to power, he came to power as a reformer. La Guardia was undoubtedly a great mayor, but in retrospect some of his achievements are tarnished in the following way. La Guardia displaced Tammany. Now Tammany was extraordinarily crooked. But Tammany had certain virtues to it. When Tammany screwed up, they were thrown out of office. Tammany was somewhat sensitive to the question of taxes because they could be thrown out of office. La Guardia replaced Tammany with civil servants. It was a good idea at the time, or so it seemed, but civil servants are like headless nails. They're permanent. They can't be displaced. They're there forever. They are like the grass that grows. They survive storm and stress. They're there when it's all over and the next mayor rolls in and tries to roll over them.

The background to this book is this political culture. The headless nails were then unionized under Wagner. New York was the first city to unionize its workforce. The public sector interests that drive New York City are the same public sector interests that drive New York State. Often when those interests can't get what they want in the city, they come here to Albany in order to succeed. So you have the combination of enormous fixed costs that are unsustainable, delivered in times of boom, which have to be paid for in times of downturn, and a workforce that was essentially semiautonomous. New York introduced what Yugoslavia talked about, a kind of workers' control. The schools are run for the benefit of the teachers, the hospitals are run for the benefit of the hospital staff, and so on. Giuliani tries to break with this. But he breaks with it under extremely difficult circumstance for the following reasons. Leave aside any problems that David Dinkins has. Any mayor who governed when Dinkins was in office would have trouble. New York goes into a recession (E.J. and I talked about this in our article) earlier and comes out later. We went into a recession in 1990 and the rest of the country went in 1991. We

came out the third quarter of 1996. The country had been out since the third quarter of 1992. We have a much-exaggerated version of the boom and bust cycle particularly in the city, partly because of the financial services industry and partly because of this political business cycle.



Let me now take this into the Dinkins and get specific for a minute. Mario Cuomo was thinking about his reelection in 1993. In the beginning of the year, he knew he would be up in 1994 and he began to put pressure on David Dinkins to clean up his act, to restrain hiring in the midst of this enormous economic downturn. In

New York, 3 percent of the population had lost 25 percent of the jobs in the national downturn. One of the things that Dinkins did, which was quite extraordinary, was to raise taxes by more than a billion dollars in the midst of a recession. You don't do this. Of course, Bloomberg would do the same thing. Bloomberg in many ways is a more competent, far wealthier version of Dinkins. When Cuomo and, through Cuomo, Felix Rohatyn, the Robert Moses of New York City finance in some ways, tried to put pressure on Dinkins, Dinkins reacted with fire. There was a famous boycott where a guy named Sonny Carson, a thug and racial racketeer, had been shaking down a Korean deli a few blocks from my house. It was an ugly incident that went on for six months although the *The New York Times* refused to cover it. He warned that the Korean boycott troubles would be nothing compared to what would happen if Cuomo brought in the Financial Control Board. To quote Dinkins, "I'll bring in Jesse Jackson to make this a real black/white thing." Cuomo backs off. He's running for reelection.

Now stop for a second. Let's leave this fiscal track for one second. Giuliani is running against Dinkins. Giuliani will never be forgiven for defeating Dinkins, the city's first African-American mayor. The fear is that if Giuliani is elected there will be riots.

Roughly 40 percent of the city voters were afraid that there would be riots if Giuliani were elected. The pessimism in New York, the permafrost, was so thick that what people feared was not that Giuliani will be inactive but that he will be active. And by being active will set off riots. This is the same argument the Financial Control Board comes to him with. I don't think it has ever been revealed before in print exactly what happened the first months of the administration when the Financial Control Board came to Giuliani and read him the riot act. They recognized that they had been too lenient under Dinkins and they were going to clamp down. They wanted to take over. There was a broad sense, pushed by Shelly Silver here in Albany, that this made sense. After all, how can a Republican govern New York? Ipso facto impossible. Silver goosed/organized the City Council to denounce Giuliani and make it clear that they weren't going to go along with whatever he did. He did the same thing he did with state legislators who were supposed to meet with Giuliani and then stood him up. That state legislator group was led by the ethically challenged Larry Seabrook. You had this confrontational situation and the people on the Financial Control Board were afraid that if Giuliani made cuts there would be riots.

If Giuliani was merely tough in this situation, we all know his operatic personality. If he were merely hard-hearted, he wouldn't have succeeded. A lot of his success was what E.J. talked about. He had spent four years preparing to be mayor. When Bloomberg was asked what he did his first 100 days, he said, "I prepared for the next thousand." He still isn't prepared. He still gets taken to the cleaners every time he mixes it up with Shelly. Giuliani understood where the levers of government were. He understood how things worked.

Let me give a few examples of this. When it came to the police, I'm not going to talk about the success in policing, I'm going to assume that everyone know a good deal about this. There was an attempt to merge city police forces. He was told this is impossible. Every mayor since Wagner had tried. Wagner, Lindsay, Beame, Koch, Dinkins, they all tried. It made no sense to have police for the Transit Authority, police for the Housing Authority, and police for the rest of the city. The radios weren't

interoperable. They couldn't coordinate with each other. The duplication of expenses, etc. Everyone had failed. But Giuliani was one of these guys who actually read the fine print. He looked at the MTA, a state agency created during the Lindsay years. The history of New York since La Guardia is of giving away the city's assets — the airports, the subways — to the state in return for social service funding. In other words, those assets are crucial to the infrastructure assets, crucial to the overall well-being of the city were given away in order to receive social services money, which Jane Jacobs described as transactions of decline. In any case, Giuliani looks and sees, "My God, I've got input into the MTA here. I'm just going to stop funding the Transit Authority Police. Let the MTA cover the bill." Nobody noticed this before. Well, the MTA caved. When the MTA caved, the Housing Police were negotiable and the police merger went through.

Similarly, when it came to budget and welfare reform, a lot of what Giuliani does in the first two years, and I'll come back to this in regards to Cuomo, is driven by the budget. The city is technically bankrupt. It can't pay its bills. It has no cash. It's stretching out its payments to vendors. It's lying to vendors. That's too strong. It's being slightly deceptive to vendors. It says we'll have the money but they're spending money faster than it comes in. Even though they quickly put a hold on new hiring. Giuliani looks at the budget and he says, "Wait a minute. The city charter is different." This is the old city charter. In the old days, we had a Board of Estimate in New York. The Board of Estimate, which was composed of borough presidents, the comptroller, the mayor, had to be negotiated with. If you wanted to build something on Staten Island, you had to go through the same kind of thing in Queens and Brooklyn. It was the basis for the kind of logrolling you're well aware of. In Albany, some things can be done. Upstate it has to be done downstate, etc.

In 1989, when Dinkins was elected, the city charter was changed. The Board of Estimate was eliminated and power was given to the mayor and the City Council, but mostly to the mayor. In particular, budgetary power went to the mayor. Well, Giuliani saw this when he began to push for welfare reform, which was essential. By this time, one out seven people was on welfare, 1.1 million people were on welfare. It was

unaffordable. So what Giuliani says to the City Council is, “If you don’t cooperate with me on welfare reform, I’m going to slash what you’re interested in. I’m going to cut you out. Your districts are going to lose.” He played hardball and he knew he could do this. This goes to a recent debate here in Albany because he set the budget estimate. The rules of the new charter gave him the power over the budget. I know you’re going through this right now with Shelly and Joe Bruno. I was just at the Joe Bruno Memorial Train Station, which I understand that Amtrak doesn’t have the lease to. A small oversight? Marvelous.

The key here was that Giuliani understood how this charter worked and because he had the power over the budget estimate, something that Shelly and Joe Bruno want to give back to the Legislature, which they haven’t had since Al Smith’s time if I have it right. He had control of the situation far more than people realized. Dinkins never grasped this. Giuliani grasped it.

Let me describe this. One day, I’m working as a professor. I’m editor of the *City Journal* and I’m running policy seminars for Giuliani. I spend an afternoon with him just going over the city charter and I realized, as we were going over the city charter, he’s gone over the city charter 20 times before. He’s reading it with a microscope. He studied the city charter the way Napoleon studied the topography of a battlefield before he began to fight. He understood the terrain far better than his rivals did. Do you want to know why it was he was able to govern against the grain? Pick on every major interest. It wasn’t just his operatic personality. His operatic personality obscured the policy work within. The think tank I work for did Clinton’s program platform in 1992 and this will surprise you. These two guys are strikingly similar. I don’t mean just in marital ways. I mean in terms of their ability to absorb vast amounts material, synthesize it, make sense of it, and talk on equal terms with policy experts around them. Question them intelligently. They would quickly go to the heart of an issue.

The other thing that Giuliani does is he realizes that he can’t take on every interest. Having begun to move on welfare reform, he sets the public sector unions, or at least some of them, against the social services industry. This is crucial because this goes to the question of the genius of the American life, the subtitle of the book. New York’s

liberal mayors traditionally talked the language of compassion. What the city owed the poor and what they delivered were higher rates of poverty and higher rates of crime and social degradation. Giuliani broke with that rhetoric. He broke with the rhetoric of dependence. He didn't want to be dependent on Albany and he didn't want to be dependent on Washington. He understood that the game was stacked against the city. In Washington, the game was stacked against the city because, as Moynihan was never tired of pointing out, for every dollar we sent to Washington we got back 79 cents. In the case of Albany, Albany was wonderful to certain interest groups in the city but terrible for the overall city budget. It was a way the city interest groups circumvented local government to fund themselves generously. In some ways Washington is a parallel question as well because the money that did come to Washington went directly into social services or the public sector. So there was no interest, unlike the old Tammany days, in how well the overall city did. While this is not a brief for Tammany, I'm not asking to bring it back, but I just want people to see that the tradeoffs didn't always work out so well in eliminating it.

Now the Machiavellian side of Giuliani is a wonderful quote from Machiavelli, "politicians talk endlessly about compassion." Giuliani grasps this. He never studied Machiavelli, but he understood the concept. One of his favorite phrases is, "I prefer to be respected than loved." In Machiavelli's words, "I prefer to be feared than loved," a little tougher. The second part of this is the genius of American life. The genius of American life is upward mobility. The people aren't always going to be poor if they are allowed to rise in life and do better than previous generations. But the city had made poverty an industry and it kept people poor and somewhat comfortable, marginalized.

Giuliani broke with that. It's somewhat back with Bloomberg's concept of a luxury city that leaves very little room for a rising middle class. In Bloomberg's luxury city when he's not giving away huge sums of money to friendly developers, you know what happened with the state on the West Side trying to sell a \$1 billion property for \$100 million. You'll find out about Atlantic Avenue where Bruce Ratner's proposing to build 2 million square feet of office space the city needs like a hole in the head. There is

absolutely no demand for office space, which translates into massive city subsidies for Bruce Ratner from his friend Michael Bloomberg. But in this luxury city that Bloomberg talks about and he talked about the stadium as a generator of economic opportunity, which has been nowhere in the United States or the convention centers. Another mirage. The middle class either serves the very wealthy like Mike Bloomberg or they serve the poor. There is no room for an independent middle class given the level of taxation, the level of regulation, and the level of subsidies to well-connected political interests. This *Kelo vs. New London* decision that just came down is a real danger to New York. I don't know if people saw Doug Ray's piece in *The Times*, I think yesterday, on what the New London decision meant. That kind of eminent domain taking from New Haven has destroyed New Haven.



Giuliani wanted to be judged by results, understood what the charter changes meant, and he understood the relationship between the city and the state. He comes to Albany and when you come to Albany for your first trip, you're supposed to come with a begging bowl in hand. The same way you're supposed to go to Washington.

But he didn't. He comes for the Education Committee and it's almost scripted. Mayors are supposed to say how terrible it is that the schools are underfunded. The schools by the way are not underfunded. They are widely overfunded. The school system had more teachers per capita than any time in its history. Just as fewer teachers in the classroom and fewer actually are teaching students because hours are so short. The shortest hours of any big city school system in the country. You're supposed to come up and say, "If you give me a few hundred million dollars more, I'll do my best, but we'll still be desperately short." He didn't. He said, "Don't give me anymore money. I have no idea where the money is going." And he was right. There were 1,500 separate accounts at the Board of Education. A guy named Hellenbrand was the guru here. He was a mendicant of finance.

He was the only one who knew where all the accounts were and what they added up to. It was an utterly Byzantine system.

In the review in *The Times* that some of you may have seen, Jim Trout thinks I'm being mean to poor Cortines. I think Cortines is a good guy and a decent guy but Cortines was oblivious to the fiscal situation. The city was bankrupt. Giuliani asked him to tell him how many people are working at the Board of Education. He can't. This is actually a true story. My friend Sol Stern called up the Catholic School's central office and asked how many people work here. The guy said, "Wait a minute." He goes around the room. "We have 37 people."

Cortines discovers a lost continent of 3,400 people and that wasn't the end of it. My wife, E.J. mentioned, once spent a semester at the Board of Education. It was good for us financially, I must say. However, she was doing research and she discovered that every single initiative that the Board of Education had ever taken was a success. All initiatives were a success. They just weren't gauging any of the use of the money or over time. That's why when people talk about improving test scores in New York City; they ought to take it with a grain of salt. In any case, let me not go there.

Let me turn for a second to crime. I think you all know broken windows and ComStat, I think that's been done fairly well. I want to give you two things that didn't happen. It is often the way it is discussed. Even Fred Dicker today made a mistake. Fred Dicker talked about community policing. New York did not have community policing. Community policing has worked nowhere. Community policing is what Chicago has, but that means that Chicago has one-third the population as New York but more murders. Three times more murders per capita. Now, the thing I don't understand about Chicago and I'll bring this back to New York, is that if you're on State Street or Michigan Avenue or the Miracle Mile, crime is very low. It's out in the neighborhoods, especially in minority neighborhoods, that crime is completely out of control. One of Giuliani's virtues, for which he was never forgiven, is that he treated crime in East New York the same way you treated it in Park Slope. He took it seriously. Harlem and Fifth Avenue, he would never be forgiven for that.

Now, how many people saw the remake of *Shaft* with Samuel L. Jackson? Anyone see this movie? One person, thank goodness, somebody's literate. In that movie, Samuel L. Jackson improvises. He likes to ad lib. He doesn't let the directors tell him what to do. At one point, Shaft is going out to go after a series of bad guys that have been let go by the wimpy judges. He says, "It's Giuliani time." That's not what happened. Police use of force dropped more rapidly in New York than crime.

Here's the other thing. There's an annual story for *The Times* by Fox Butterfield. I don't understand Fox Butterfield. When he was in China he wrote one of the best books ever written about China, *China: Alive in The Bitter Sea*. He came back to New York and his brain went to vanilla fudge. He writes an annual article. It's stunning. Imprisonment is up and crime is down. He can't imagine there's any connection between the two things. That didn't happen either. In parts of the country, crime went down because of higher imprisonment. In New York, imprisonment didn't go up in the 1990s. This was an extraordinary public policy success.

Let me describe ComStat at a very practical level for a minute, this day-to-day mapping of computer crime. In the 1980s, Cooper Union was right on the edge of the East Village between Third and Fourth Avenue on Eighth Street. My office is on the ground floor, so in those days I would watch people break in to cars and try sell what they stole in front of Cooper Union at the open air drug market, which was allowed on First Amendment grounds because these guys were smart enough to have a few stolen books that they were selling as well. In any case, Ben Ward, Koch's police commissioner, would have a tactical squad move in on Avenue A, Alphabet City, the center of the drug trade, not far from where I lived as a small boy. Things got cleaned up on Avenue A. But then people just came over to First and Second Avenue or then when they hit First and Second Avenue, they came over to Cooper Union. I actually heard two guys outside my window talking about it. "Things are really hot a few blocks away. We can do anything we want here." That's not the words they used, but it's a cleaned up version.

What Giuliani did and what Bratton did was not just displace crime, they reduced it. They made it such that crime did not pay. It was simply too difficult to make a living on criminal activity. Now that brings me to the biggest mistake Giuliani ever made, firing Bill Bratton. Bill Bratton is an extraordinary leader. People say, “Why did he do it?” Because they’re the same person. When Bill Bratton and Rudy Giuliani were in the room at the same time, no one else had air to breathe. I’m not sure if either of them had air to breathe. They are both ramrods. They were both intellectuals in politics. Giuliani asked people to read David Osborne. Bratton had people read Hammer and Champy’s *Reengineering the Corporation*. Giuliani has an 8:00 meeting. Bratton has his 9:00 meeting. They were the same man and there simply wasn’t enough room for both. They were so similar. If you spent time with them, neither of these guys are guys you want to go out to dinner with. I admire them both enormously. These are guys on the job 20 hours a day and 2 hours are in between and 2 hours are actually sleeping, maybe. This was an enormous mistake. Many of the failings in the second Giuliani term take place because Bratton was not there. Because he was replaced by a lifeless technocrat, Howard Safir, who was cut off from the life of the city and cut off from the life of the police department.

Let me come back to Albany for a second and talk about cooperation. E.J. did mention cooperation. The depiction often is of Giuliani as a lone man holding up history. He wasn’t, as strong as he was, as tough as he was, as strong as his staff was. Abe Lackman is up here now. Abe Lackman, as you know him from Albany, is a very sharp guy. It was Abe who figured out how to do the severance packages that E.J. talked about, Abe and Randy Levine. Malone made a great deal possible. So did Pataki. For all my dislike for much of Pataki’s administration, let me give him credit for a whole number of things where Giuliani and Pataki worked together.

I’ll conclude by finishing with the role of ideas. You want to talk about Giuliani and terror going back to 1985, I’ll be glad to do it in the questions. Giuliani and Pataki worked together to clean up the Javits Center. I have a true anecdote in the book. My nephew was in the computer business and went to the Javits Center. He paid off again

and again. He paid off four or five more times. Every small thing. Plugging in the computers, he had to bring an electrician. Finally, he's a very tough guy, so he punched a guy out. He'd had it. He couldn't take it anymore. His business was at the wall. He was facing competition from much larger companies and he was being soaked. He never came back to the Javits Center. They cleaned up the Javit Center. Under Cuomo, it had been a mob operation. I don't say this because I read about it. I say it because the guys I coach little league baseball with worked at the Javits Center. I know why, as a professor, I could be there at 2:00. I couldn't understand why they were there at noon for little league practice. Because they could be there 10:00, it didn't matter. They didn't have to show up.

Harlem in those years was an extraordinary disaster. If you walk down 125th Street, the main street of Harlem, sidewalk merchants had taken over the block. There were feces on the sidewalk, rats scurrying along the sidewalk; it was a scene out of the Third World. Any time Dinkins threatened to clean up, because the local merchants in Harlem were enraged, Morris Powell, Al Sharpton's close aide and an escaped mental patient with a long history of violence, threatened that there would be trouble and Dinkins backed off. So what Giuliani did was that he sent Rudy Washington up there. Rudy Washington is one of the heroes of the book. A little known guy, very quiet. Rudy walks in. He was probably one of the toughest guys in an administration of tough guys. He's the guy who cleans up the Fulton Fish Market. I tell a story of him backed up against the wall surrounded by guys with fishhooks. On 125th Street, he was more afraid. I asked him, "Why were more afraid on 125th Street than you were at Fulton Fish Market?" He said, "Because the guys at the Fulton Fish Market were semi-rational. You never know who you're going to run into on the subway from 125th Street who would shoot you." So what Washington did was he got all the local politicians, all the local racial demagogues, like Charlie Rangel, and forced them to sign a document saying they wouldn't demagogue the situation if Giuliani cleaned up the street, which was essential for the Harlem revival. It succeeded. But it almost blew up a few months later when Sharpton goosed a number of his followers, again led by Morris Powell, who turned a landlord-tenant dispute into a racial dispute and seven people were murdered at

Sharpton's instigation. It went back on track because of someone else in Giuliani's administration, Debbie Wright, who I also talk about and what she did in privatizing housing in Harlem. But let me not go into that now. If you people are interested in that, I'll do it.



Let me finish by turning to the role of ideas. One of the dismaying things for me is looking at the recession of the early 1990s and how that was responded to and looking at the recession of the last few years and looking at how that's been responded to. In the early 1990s, we had books like Osborne, serious books like Champy's. What books have we had about reforming city government in recent years? We had Richard Florida and his books on the "Creative Class." A kind of marketing device, a patently fraudulent argument that if only people like him were given more money cities would succeed.

The early 1990s were extraordinary moment of ferment. The great accomplishments in the 1990s in cities and at the federal level with welfare reform were made possible by this bipartisan ferment. People who were willing to talk about problem solving rather than drawing ideological lines. The only question I get in Washington these days, besides "Who's running for president" is "Which side are you on?" When I say, "I'm not on anyone's side," that always creates enormous problems. I say, "I've worked for Giuliani. I've worked for Clinton. I liked them both."

It's the absence of debate and ideas now that make me pessimistic about the future of cities. Many of the successful mayors in the 1990s have been followed by far less illustrious people. In Detroit, Dennis Archer did a good job of beginning to revive Detroit. He was followed by Kwame Kilpatrick, the hip-hop mayor, who's taking it down the tubes very rapidly. You can go on city by city. In New York, we've got Bloomberg

after Giuliani. New York is much stronger. We're not going down the tubes but nor do we have a very bright future. We have enormous outyear budget deficits. The cost of housing makes it very difficult to start a new business. Increasingly, Manhattan is a long-term-stay hotel for the rich and footloose from around the world, for Euro trash, etc. etc. Not a city to build a political life around.

Let me conclude with this quote from the 19th century writer Walter Bagehot. By the way, Giuliani did not cooperate with this book. Some people say I'm too nice to Giuliani in the book. Giuliani would not look at it in this way. He will pick out the 20 percent of the book that's critical of him. This is Bagehot, "the greatest pleasure in life is doing what people say you cannot do." What he did was he made New York governable. He made the ungovernable city governable long before 9/11. Thank you.

*Richard P. Nathan:*

Stay there, Fred, and we'll ask people to ask questions. I didn't want to be first but I have some of mine. Thank you for such a good coverage of the book. I read the book over the weekend and you added things and have given a lively and important presentation of it. Jack Maple was the originator of CompStat, which later under Giuliani morphed into JobStat, which I'm an admirer of. We recently had a presentation about that. Giuliani is a manager? I have two thoughts about all the "stat" systems. I believe performance management has to be crucial and carried out at the level where you're running things. In my mind, I give New York City a lot of credit for this. So I'd like you to talk about how much of this was important to the mayor, I always wondered about that? Second, Jack Maple was there under Dinkins and left with Bratton. How much of CompStat is Giuliani's? Talk about his performance management role.

*Fred Siegel:*

The key to his management was the 8:00 meeting. To attend the 8:00 meeting was really rather extraordinary. All the commissioners were around the table. If there is a problem between fire and sanitation, say alleys that were blocked by sanitation trucks so firemen

can't get in at a crucial time. Any kind of problem, people were called to account there and then. One of the things that are frustrating for an historian is that if I hadn't been at the 8:00 meetings, I wouldn't have had a sense of how things worked from looking at the archives. Very little was put on paper. These were canny lawyers; nothing was put on paper. Now there may be more in the archives, there were still things coming in when I finished the book. But most business was done in meetings that I attended right then and there. From talking to people who attended them all through the Giuliani years, it was done right then and there. So management meant a clear set of signals coming out from City Hall as to what was to be done and how people were to connect with each other in the coming days.

Jack Maple is an extraordinary character, right out of a Damon Runyon novel, wearing spats, a homburg, and a cravat. He was an unbelievable character. He was like a classier version of Bernie Kerik. This is hard to imagine. Maple knew that if you began to map crime, you could do something with it. Traditionally, police statistics were something you looked at after the fact, three or six months later. Maple had the idea of making them forward looking. Actually, one of the examples he used was Avenue A. That's why I used it, not just because it's near me. We know what happened here on X, Y, and Z on Avenue A. Let's hit those places and also hit the places that their likely to move to right afterwards so that there's no relief. So what happens is if you keep pushing open-air drug markets, eventually they dry up. It's not that the drug traffic has ended in New York, it's just all indoors where it does much, much less damage.

I live on Argyle Road in Brooklyn, for those people who know Brooklyn, right near Prospect Park. I live in a big old Victorian house, which is known as Victorian Flatbush. Three blocks away on the edge of the Parade Ground at the beginning of Prospect Park was an open-air drug market 24 hours a day in the early 1990s. It was a disaster. Kids would go by on their bicycles and they would get their bicycles taken right out from under them. Theft was going on and on and on. What Maple understood is, and I saw this happen, when the police hit that market they moved about three blocks away. They were ready for them. They never let them get entrenched. Part of the way this

worked was that people got entrenched. People were then intimidated and they simply circumvented the area unless they were foolish or unwary. The logic of numbers only works if there is a question of accountability attached.



Now I've written about Baltimore. Baltimore adopted the CityStat approach. The trouble in Baltimore is the lack of professional quality in the administration up and down. You can see this in a simple way. I've done ride arounds with police in many cities. In Baltimore and Philadelphia, you don't feel like you're

running around with professional cops. They're different than New York. You realize how well trained the NYPD was. Part of the problem of applying CityStat in Baltimore was that the quality of staff was much lower. People in New York think city employees are all off. No they're not. They're a much higher quality than city employees in most places. Giuliani was able to take advantage of that. What Giuliani and Bratton did was tap into the latent energy of city employees who had been constricted by bureaucracy and by a CYA (Cover Your Ass) attitude. They gave the people who wanted to be more active and more productive, particularly the police force, a chance to do more. In the welfare agencies, most of the people who work in the welfare agencies are one step away from welfare themselves. They didn't sympathize with the clients. They liked the idea that people should have to work for a living. That was what they were doing. So when welfare reform came in, they embraced it eagerly.

*Richard P. Nathan:*

I went to my friend Jason Turner's JobStat meetings and followed his work. That was part of our national research on the implementation of the 1996 Welfare Reform Act. I have a sense from you that Giuliani back-burnered these kinds of things.

*Fred Siegel:*

Oh no, he backed Jason to the hilt. There's an account in the book of Jason being called up before the City Council. In the second term, what happened was that a number of people on welfare declined dramatically. There was more money to help the people who were still on welfare. So the city began giving people certain kinds of medical help, certain kinds of technical help and educational help to get off welfare. You would think this would be a good thing. The City Council was furious because the City Council core constituency is the social service industry and what Giuliani and Turner were doing was drying up their industry. So they were enraged. It was an ugly session. A guy named Steve DiBrienza, a screamer, just ranted at Turner. Turner would usually leave, but Giuliani always backed him up. Let me go back on this. Giuliani did not wait for welfare reform. This is important. This may be the key factor about the Giuliani years. Welfare reform and police reform occurred before the economy recovers. Welfare reform occurs without any federal authorization. He takes the old federal rules.

Here's what happened. Under Ed Koch, a woman name Blanche Bernstein, now largely forgotten, figured out if you ask people to come to the welfare office to pick up their check that those people who are working would not come. People were double dipping. Well, Koch wasn't willing to take the flack. Charlie Rangel accused him of genocide. Charlie accused people of this on a regular basis. Koch caved. It turned out that there were people from Newark who were double dipping. Let me read you one passage from the book:

“Most New Yorkers learned about the mayor's plans for welfare reform in an appropriately Gotham-like manner. In October 1994 police were in the process of booking a man named Herbert Steed on charges of bilking 225 African tourists out of \$800,000 when they discovered that he had a welfare ID in his pocket. Steed, it turned out, was living in a \$4,000-a-month apartment in the Trump Tower, owned a bevy of luxury cars and was negotiating for the purchase of an English manor house on Long Island Sound. He was also receiving \$352 a month in welfare relief benefits on the grounds that he had no income and no assets while living in a tiny Queens flat.”

Giuliani used that moment to present his welfare reform plans to the city. By the way, people sometimes think of welfare reform in racial terms. Anyone who has spent time in Brighton Beach understood that when Russian immigrants came, the one thing they knew how to do was game government, game the rules. I remember visiting a Russian friend and I discovered that his mother was technically an 1199 and she was taking care of a cousin, I couldn't figure it out. But in any case, they had figured out how to put the whole family on the government payroll, one way or the other, even though everyone was also working. It was brilliant in one sense.

*Jay Gallagher:*

I'm with the Gannett News. Fred, you're kind of down on Bloomberg it sounds like. Are there any Democrats in the field you think that would do a better job?

*Fred Siegel:*

Fred Ferrer elected Bloomberg in 2001 by submarining Mark Green. Freddy Ferrer will elect Bloomberg in 2005 by submarining himself. Freddy Ferrer is the best thing that ever happened to Mike. The trouble is you have a choice between mediocre and much worse. This is me, but I think accurate. Bloomberg doesn't know what he's doing. Being a billionaire covers a lot of failings. I cannot speak on a platform in New York without discovering that everyone else on the podium has already received a check from Bloomberg in one form or another. I understand why I'm not receiving one, but I'm puzzled why everyone else is getting one.

I'm hard on *The New York Times* in the book, but Sam Roberts has done a terrific series of articles on Bloomberg's charitable giving. He didn't spend \$70 million the last time. He spent well over \$90 million, I suspect, to win last time, when you look at all the hidden contributions. Giuliani was hated by every interest group in the city. When Giuliani ran for reelection, people who had to deal with him laid low. He had a very weak opponent, Ruth Messinger, and a weak message. She's a very nice woman in some ways, but not a real challenge. It's very hard to run against an incumbent mayor. That's why

what Giuliani did in 1993 was so extraordinary. You know this with George Pataki; the power of incumbency is simply enormous. The city was really hanging by a thread. I want to emphasize what E.J. said. Had there not been Staten Island secession on the ballot in 1993, Dinkins would have been reelected. I wouldn't be talking to you now and I certainly wouldn't be living in Flatbush. In other words, the difference between a Dinkins reelection and Giuliani reelection was the fluke of what Mario Cuomo did to satisfy Staten Island for his 1994 hopefully fourth term as governor. He allowed Staten Island to have a referendum on secession. That's what made the difference. There was a 45,000 vote margin in 1989 and a 50,000 vote margin in '93. A very tiny margin and that was the difference.

Let me go back to Bloomberg by way of Dinkins. Dinkins favorite rhetoric was to talk about partnership. "I'm partners with the federal government." "I'm partners with Mario Cuomo." That's the same rhetoric with Bloomberg. City government does not have partners. We have adversaries. Albany is our adversary. Washington is our adversary. They do not do us good. I'm talking now as a resident of New York. Albany imposes mandates, imposes costs, and does nothing to pay for them. So as soon as someone starts talking about partnership, you know that they have no idea what they're talking about. I once had a conversation with Bloomberg when he told me he would be third senator from New York in getting federal money. I think you saw that with the terror funding how we were the third. Wyoming got \$9 per person. We got \$1.25 per person. This connects to Giuliani's crucial insight in my opinion. He understood that this game of dependency was disastrous for New York. That New York had become a dependent city filled with dependents. That when Dinkins had a problem, he said only Washington could solve it, only Albany could solve it. With Bloomberg, we're back to same rhetoric. Washington and Albany have to help us. They're not going to do it. It's not going to happen. So you have to govern the city in a way that you'll understand that cities are naturally economic entities undermined by government policy. By the way, that line comes from a Democrat, John Norquist, the fine mayor of Milwaukee who is now out of office for Giuliani-like scandal reasons. But if you follow what I think is going to

happen with Atlantic Avenue and put that together with what happened on the West Side, I think you'll see why I'm so critical of Bloomberg.

*Robert Ward:*

I'm with the Public Policy Institute of New York State. I'm going to ask you to talk about what you see happening in recent years and going forward in terms of the source of influences that you trace from La Guardia up to Giuliani — Working Families Party, other things that may come to mind.

*Fred Siegel:*

The public sector politics of the city and state continue. Giuliani was an interruption. They're back. He left no heir, no political heir. Bloomberg was a last minute accident. Without 9/11, he wouldn't have been elected. The guy Giuliani really wanted to succeed was Peter Vallone. For whatever reason, Vallone wasn't willing to pick up the baton. It didn't happen. If you remember the 9/11 events, Giuliani had Vallone at his side every single day. Bloomberg almost did a good deed. He proposed the idea of nonpartisan elections in New York. In other words, the key with Tammany is that you could throw the bums out. You can't throw the bums out anymore. The only people who vote in elections often are the people directly involved in government. In the 2003 off-year city elections, the City Council races, we had a 3 percent turnout. You have simultaneous depoliticalization for most of the people and intense politicalization for those who live off the public wheel. That's an untenable situation for the long term. I think it applies to the state as well. I joke that with the City Council that year, you're more likely to be murdered (unfortunately a city council member was murdered) than defeated for reelection. I guess for Albany, you're more likely to be indicted than defeated for reelection. It's not quite as harsh as the city, but the purpose of nonpartisan elections was to introduce a degree of competition even between two Democrats, some degree of accountability. The polls in the city showed about a 50/50 split with the public, but if we look at who actually comes out on election day, it's the prime voters, those people involved in city government, it went down 70/30. That in a nutshell is why I'm not very

optimistic. I don't mean something terrible is going to happen. There is a kind of informal deal, I can't prove this, but functionally it works this way, Bloomberg agrees not to tamper too much with police and welfare reform and Giuliani agrees to say nothing as Bloomberg screws things up in other areas. In return, when Giuliani runs for president, I suspect there will be a large check awaiting him. That's not encouraging for the future of the city. It may be good for Giuliani's purse but it's not good for the future of the city.

*Stuart Silbergleit:*

I'm with the Energy Association of New York State. This is probably repetitive from what you had to say. You were talking about the crime and how they targeted certain areas and then they would not let it get entrenched in surrounding areas. Are you saying that crime actually fell and criminals became good citizens? Or did they move elsewhere? Did they come upstate? Did they go to other surrounding areas? What happened?

*Fred Siegel:*

Well, first of all, many people engaged in criminal activity also worked. They lived in a grey zone. Those people in the grey zone tended to move back more into normal traditional society. So what happened was that the people who did occasional crime stopped doing crime all together and people who were doing crime full-time did less of it. We didn't see displacement. In other words, crime didn't suddenly jump in Yonkers or in Nassau County or New Jersey. It's the people who are involved in the opportunistic business of crime tended to get out of it as opposed to people who were either pathologically or professionally committed.

*Richard P. Nathan:*

This was terrific. You can talk to this wonderful man and buy copies of his book, which he'll gladly autograph. Fred, we thank you. E.J., we thank you.