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MAYOR MICHAEL R. BLOOMBERG OUTLINES SIX CRITICAL STRATEGIES TO TACKLE UNEMPLOYMENT, SPUR JOB CREATION AND BRING ABOUT LONG-TERM ECONOMIC GROWTH

Mayor Bloomberg's Remarks as Prepared for Delivery at a Breakfast at the Brooklyn Navy Yard Co-Sponsored by the Association for a Better New York and the Brooklyn Chamber of Commerce Follow:



"Thank you, Bill, for those kind words - and it's a pleasure to welcome everyone to the Brooklyn Navy Yard, which we've turned into one of the most successful, private sector urban manufacturing districts in the country.

"This is the place where America used to make battleships - the Maine, the Arizona, the Missouri. And now, the private companies you see out these windows make everything from the kevlar vests worn by the U.S. Army's special forces to the Sweet and Low that you just put in your coffee.

"We're here this morning to discuss the most pressing and immediate challenge facing our country: helping more people get back to work. The national recession that began in 2008 hit New York - like everywhere else - hard. And today, many New Yorkers are still feeling the pain.

"But over the past 12 months, New York City has been leading the nation in private sector job growth. In fact, our economy has grown twice as fast as the country's - and eight times as fast as the rest of the state's. Our economy has grown faster than any other major city's in the country - and none of that growth has come on Wall Street. Since last October, we have added 55,000 private sector jobs - in industries with average salaries between \$35,000 and \$92,000. These are middle-class jobs - in accounting, engineering, advertising, health care, retail, tourism - even construction. Here at the Navy Yard, we've added 2,300 jobs over the past eight years, and we're set to add 3,100 more over the next three.

"The economic policies that we have pursued to drive this growth have been neither left nor right, liberal nor conservative. Despite what ideologues on the left believe, government cannot tax and spend its way back to prosperity, especially when that spending is driven by pork barrel politics. Federal spending to stimulate the economy had a temporary, positive impact - but we are two years past the economic meltdown of 2008, and unemployment is still too high, the underlying economy is still too weak and the federal deficit is still rising too fast.

"At the same time, despite what ideologues on the right believe, government should not stand aside and wait for the business cycle to run its natural course. That would be intolerable, given the enormous unemployment we face, and the worsening job prospects for the 15 million people who are trying to find work.

"Government is not an innocent bystander in the marketplace, and it should not pretend to be. In the face of the current economic weakness, government must act: decisively, responsibly and immediately.

"For New York City to continue our growth, we need our federal and state governments to chart a middle way - between a government that would wash its hands of the problem and one that seeks to supplant the private sector; between a government that would stand on the sidelines and one that would take over the game.

"This is not to say that we should try splitting the difference between Democratic and Republican positions - that's thinking too small. While it's true there are no simple solutions to complex problems, fortunately there are solutions that can get us out of this mess, that can be embraced by those across the political spectrum, and that can start us on the road to long-term sustainable recovery.

"Common sense solutions that are straight-forward and relatively cost-free: things we can do together, to put people on private payrolls and encourage new investment; things that increase personal opportunity, instead of dependence on taxpayer bailouts and taxpayer handouts; things that encourage entrepreneurship and attract global talent and capital.

"By taking these steps, we can do a far more effective job of unleashing capitalism's most powerful force - innovation. Unless we innovate, we cannot hope to succeed. And if we do innovate, there is no way we can fail.

"The current barriers standing in the way of innovation and job creation are much more political than economic. We need change, and whether the recent elections will be a cure for America's economic problems - or just another symptom of our dysfunctional politics - remains to be seen.

"What is clear is, though, is that the country is growing more and more frustrated with government's inability to keep America prosperous and fair and more skeptical that the jobs we need are coming soon. As families struggle to get by, they have seen little but partisan gridlock, political pandering and legislative influence-peddling. Finger-pointing, blame games, and endless attacks. Put simply: when it comes to creating jobs, government hasn't gotten the job done. The central defining issue of the day is jobs, and that is what government at all levels must be focused on. Washington and Albany are not working, and as a result, too many Americans are out of work, out of savings and out of patience.

"Last month, voters turned against Democrats in Washington for the same reason they turned against Republicans in 2006. Democrats now, and Republicans then, spent more time and energy conducting partisan warfare than forging centrist solutions to our toughest economic problems. This abdication of responsibility has many causes, including party primaries that take place in gerrymandered districts where moderates are out-numbered and independents are often excluded. Bloggers and partisan pundits feed a 24-hour news cycle that values conflict over consensus, rewarding people at the extremes who scream the loudest.

"The result? Both parties follow the mood of the moment - instead of leading from the front. They incite anger instead of addressing it - for their own partisan interests. They tell the world about every real or imagined problem in America - and not what is right with America. Especially in these tough times, we need our leaders to inspire the whole country - not criticize half of it.

"It's time to take a step back and ask ourselves: when did success become a bad word in America? When did cooperation in government become treason? The new 'politics as usual' is making a mockery of our democracy - and a mess of our country. We've got to stop it - because we're paying a heavy price. In fact, right now, we are falling behind the world in education, technology, economic opportunity - even life expectancy.

"This can't go on. We've got to pull together, and focus on what's important for America - and then roll up our sleeves and fix the things that need fixing. This is the greatest nation on earth - the Shining City on the Hill as Ronald Reagan called it. And I believe, as Bill Clinton said, that there is nothing wrong with America that cannot be cured by what is right with America.

"Our freedom, our ingenuity, our work ethic, our creativity, our openness to new ideas and new people, our belief in a better tomorrow - these are the qualities that have allowed us to confront and overcome the toughest of challenges. And these are the qualities that elected officials at the local, state, and federal levels must work to unleash right now. To do that, we need to shift course. We need those in government to stop demagoguing and start delivering.

"The conventional wisdom that the two parties hold diametrically opposed beliefs on how to promote economic growth is simply wrong. It's very encouraging that the White House and

Republican congressional leaders have reached a compromise agreement to extend tax cuts and unemployment benefits - and it's proof that bi-partisanship really is possible in Washington. But this cannot be the end of bi-partisanship - it must be the beginning. Cutting taxes is easy enough - cutting the deficit is another story. The Deficit Reduction Commission offered a good start, but it's disappointing that Congress is choosing not to debate its recommendations. We can't afford to keep pushing these tough decisions off. We need more than a commission, and more than lip service. We need results. And not next year or the year after - but now.

"Forging bi-partisan agreements around economic issues is not easy, but I believe common ground exists not only on tax relief and not only on deficit reduction but on many other areas that drive job creation. Lying at the heart of that common ground is an idea that has the potential to fire our economic engines by sparking the powerful economic force I mentioned at the outset: innovation.

"Throughout American history, innovations combined with government investment have created fundamental and lasting structural changes to the economy that spurred new private sector investment, new jobs, and new prosperity for the country. For instance, after the financial panic of 1819, it was New York Governor DeWitt Clinton who built the Erie Canal - ushering in a new era of westward development and growth. In the 1860s, with the Civil War tearing the country in two, Lincoln's transcontinental railroad set the stage for America to fulfill its manifest destiny, by opening new markets and allowing private sector innovations - in industries like steel and oil - to drive a new era of national growth. When the country was seemingly near collapse in 1907, it wasn't long before people like Henry Ford pioneered mass production techniques that ushered in a new age of industrial growth, with government building new roads, bridges, and tunnels to support it.

"President Roosevelt's New Deal helped mitigate the Great Depression. But it was the aftermath of World War II - which saw the development of new industries like aircraft technology and nuclear energy - that gave birth to the modern economy. When the G.I. Bill of Rights opened college to the working class for the first time in history, 'The Greatest Generation' - using the infrastructure created by FDR, Truman, and Eisenhower - built the strongest, most advanced economy the world has ever known. Then, when recession came in the late 70s early 1980s, we climbed out of it with the help of technologies - like microchips and lasers - that gave rise to entirely new industries, and millions of good-paying, high-skilled jobs. At the same time, America made big investments in basic science and let the free market work its wonders.

"After the recession of the early 1990s, the internet - which originated from both public and private investment - launched a boom that has revolutionized the world. And today, cell phones have shown the potential to alleviate more global poverty - by empowering users to tap into commerce, education, health care, and information - than any government or private aid program in history.

"What are we doing to unleash innovation today?"

"The answer is, unfortunately: not enough. Unfortunately, very little of the stimulus package passed in Washington promotes innovation. Very little of the health care bill passed in Washington promotes innovation. And the Obama administration will have to be very careful to make sure that the financial services bill passed this year doesn't hinder innovation.

"Creating an innovation-based economy means linking our policy and spending decisions to economic goals - not political goals. 'Shovel-ready' projects is a nice political slogan, but it is not an effective long-term economic recovery strategy - or even a strategy for addressing unemployment. Most of those shovel-ready projects require physical skills that the unemployed don't have - and in most cases, those jobs are only open to members of trade unions. The same is true for many of the so-called "green jobs" that the stimulus bill supported.

"We need strategies for putting people in all industries back to work, doing jobs they have the skills to do - or that they can learn. And that means the federal government must do more - right now - to create the conditions, and pursue the strategies, that will lead to more private sector investment.

"The good news, I believe, is that these engines for growth are not liberal or conservative - left or right. They are made-up of centrist, fiscally-responsible measures that majorities in both parties should support - and I'll briefly touch on six of them. You might call them the Six Steps to Economic Recovery and Job Creation. And they are the very same six steps we are using here at the Navy Yard and across the five boroughs.

"First - and this is an easy one - instill confidence.

"Building confidence is a big part of getting the private sector to invest. There is much pessimism in the system because there is much uncertainty about what Washington might or might not do - on taxes, regulations, and policies. And that uncertainty breeds economic paralysis. Banks have money but are reluctant to loan. Businesses have money but are reluctant to invest in new equipment or new hires. Families, fearing a double-dip recession, are reluctant to spend. The potential for progress is there but nothing is happening. Why? Because government solutions ooze ambiguity.

"Right now bureaucrats in Washington - at the direction of lobbyists - are writing thousands of regulations over the health care and financial services industries - the 'fill in the blank' sections in the bills that Congress passed this session. Writing these regulations will probably create more jobs for lawyers and accountants to interpret, explain, and evade than the number of real jobs created by the legislation itself. With billions of dollars at stake, this process has chilled economic activity. We need certainty, rationality, consistency and predictability in the rules of the game. Improving individual business confidence is the most powerful way to stimulate the economy - and best of all, it's free.

"One of the reasons why New York City has been leading the nation in job growth over the past year is that people have confidence in our City's future. In fact, fewer people left New York City in 2009 than in any other year since these records first started being kept in 1991. Why are more people staying - and coming? Because they believe in New York. They believe

in our future. They want safe streets, good schools, beautiful parks, exciting cultural opportunities - and mostly, they want career opportunities. And they know that no other place in the country is delivering as much in all of these areas - as consistently and effectively - as New York City. And so - even through the worst national recession America has faced in decades - people are continuing to move to and invest in our city.

"Second: Promote trade.

"New York City was founded on international trade, and it is the reason why we became the country's largest and strongest economic engine. The more trade we do with foreign partners, the more markets we create for domestic producers, the lower the prices we pay for the goods we buy, and the better off we all are.

"I was glad to see President Obama travel to India to make the case for investment here. We need our federal representatives to be salespeople for America - not just in India, but in China, the Middle East, Latin America, and all over the world. Most governments around the world take attracting foreign investment, and selling the products they make at home, to be one of their primary responsibilities. Our state and federal governments, too often, take it for granted. And too often governments do even worse: they block overseas companies from investing here, and selling their products here.

"Protecting domestic industries from foreign competition is a sure way to stifle innovation and job creation, as our experience protecting the American auto industry sadly attests. The trade agreement the Obama Administration has hammered out with Korea, which should win support from a majority of both parties, would help create jobs in our most promising industries, while also allowing American consumers to save more of their paychecks.

"America is still a nation of producers - but what we manufacture has changed. Instead of making t-shirts and televisions, we now make products that require greater skill - from designing fashions to writing software to creating content for the media and arts, like here at the Steiner Film and TV Studios. The more international markets we can open up for these products, the more jobs we can create here at home. And if we don't get into those markets, other countries will. Already, more and more of those who have been competing on wages are now competing on skill, and that's a competition we can't afford to lose.

"Third: Reform regulations.

"It's not that we need more regulation or less regulation - it's that we need smarter regulation - regulation based on what companies do today, not what their industries have been called for decades.

"Today, derivatives are as important to agricultural and insurance companies as they are to banks. But they're all regulated by different government agencies that are dominated by lobbyists, guided by partisanship, and overseen by a laundry list of legislative committees. And as we all know, government agencies inevitably become more consumed with their turf and their power than with the quality of service they provide to their customers. Legislatures

inevitably layer more and more rules and regulations on the agencies, carefully tailored around the needs of industries that support their re-election campaigns.

"Here in New York City, we're tackling the challenge head-on, by re-thinking the entire way our agencies interact with the public - so that an agency's work is focused around its customers, not its rules.

"We need more of this approach at both the state and federal level. We need to re-think and re-build government with the consumer in mind - that is, the American workers and taxpayers, not bureaucrats and special interests.

"Four: Cut business taxes.

"High federal business taxes can lead companies to move operations overseas - look at how tightly Ireland is clinging to its low corporate tax rate. Similarly, high local taxes can lead businesses, and business leaders, to move out of state.

"It's very encouraging that this week's compromise agreement between the White House and Republicans to extend the Bush tax cuts also cuts taxes for companies that invest in new plants or equipment. It's critical that Congress pass these cuts so that new spending and new investments can create new jobs.

"In New York City, we've cut taxes for 17,000 small businesses and sole proprietors, which has given a real boost to businesses just getting off the ground and it helps encourage more out-of-work New Yorkers to launch their own start-ups.

Five: Invest in job training.

"We've seen what a difference it can make here in New York City. Up until 2004, our Workforce One Career Centers were placing about 500 New Yorkers in jobs a year. Last year, in the depth of the national recession, we made 25,000 job placements - a fifty-fold increase. And this year, we're on track to reach 30,000 job placements. How did we do it? We did it by completely revamping our Workforce centers, by connecting our job-training programs to our economic development programs and offering training in the skills that companies are looking for now - not five years from now. By doing this, we've been better able to connect the supply of labor to the demand for labor. And we've also improved access to our training and placement services, by expanding the number of centers and their hours of operation.

"Today, we are announcing that we will open 10 new Workforce One Express Centers across the City over the next year. The Express Centers will focus exclusively on screening and matching jobseekers to jobs - and they will partner with community colleges, public libraries, and neighborhood organizations in areas where there are high concentrations of unemployment. Our goal is to increase job placement to 35,000 in 2011, and to 40,000 in 2012.

"Cities across the country have expressed interest in our approach - and the federal government is wisely funding the replication of our approach in Tulsa, Oklahoma, and parts of Ohio. But it could help many more unemployed people by opening more centers like ours around the country, especially in areas with high concentrations of unemployment.

"Making sure that companies are able to hire the people they need brings us to our sixth and final step: Fix immigration.

"There is nothing we could do to unleash innovation and job growth that would be more powerful than fixing our broken immigration system. Right now, our immigration policy is a form of national suicide. We educate the best and brightest from around the world, and then we tell our companies that they can't hire them. We ship them home where they can take what they learned here and use it to create companies and products that compete with ours. The rest of the world is thanking us! They're doing everything they can to attract those very people - and we're doing our best to help them.

"Any person with the skills our companies need ought to be able to work here. And any entrepreneur with capital to invest ought to be able to immigrate here. Immigrant-owned companies have created over 400,000 jobs nationwide since 1990 - and one-quarter of high-tech companies founded in the U.S. since 1990 have had immigrants as founders. The next generation of immigrant entrepreneurs is waiting in the wings - and letting them in would be one of the best ways to start solving our unemployment problem.

"In New York, we know the economic power of immigration - because we see it every day. Nearly 40 percent of city residents were born outside the U.S., and beyond the cultural, religious, and civic contributions they make to our city - they do something else: they work. They start businesses. They create jobs. They pay taxes. We need more of that, not less.

"Here at the Navy Yard, we took advantage of a federal program that provides a green card to anyone who is willing to invest more than \$500,000. That helped the Navy Yard attract \$60 million in new investment - and now Steiner Studios has used the same program to attract another \$65 million to fund its expansion.

"We want even more foreign capital to come here - so that more jobs are created here. The federal government could do that very simply: by making it easier to qualify for the program. And it should go further, by creating a new visa that allows immigrant entrepreneurs who have U.S. investors to come to America to launch their businesses. Any elected official who says he or she is pro-business ought to be able to get behind this idea.

"Even if the road ahead for comprehensive immigration reform may be tougher in today's climate, the two parties ought to be able to join together in making it easier for businesses to hire the people they need. Right now, there are many high-skill jobs that American companies cannot fill, because they cannot find the workers - and other companies are struggling to fill low-wage jobs that Americans will not take. Family reunification is a compassionate goal, but when it comes to assigning visas, we can no longer afford to disregard the needs of our businesses. Allowing companies to far more easily hire and keep the best and the brightest and the hardest-working would be perhaps the most powerful

economic stimulus package Congress could create. It would not cost a nickel, and most importantly, it would help businesses expand and hire more unemployed Americans.

"In New York City, we have made innovation the centerpiece of our economic development and job creation strategies. Whether it's the small business incubators we've created in industries ranging from food service to fashion or the investments we've made in large bioscience labs or the infrastructure we've funded here in the Navy Yard and around the City, we have created the conditions that incentivize private investment, encourage entrepreneurship, and attract global talent.

"That is not a liberal or conservative approach to job creation - it's an effective approach. And it's an approach we need more of at the state and national level.

"We don't have all the answers here in New York City. But we do understand that if we embrace our strengths as a country - our entrepreneurial foundation, our culture of innovation, our world-class higher education system, our freedom and social mobility, and our diversity - if we embrace these strengths, we can grow our economy, create jobs, and reconstitute our broken system. If we make the choice to commit to these goals, we will have the change we want.

"We all know that hard choices await us - at every level of government. Here in New York we faced similar tough fiscal choices following the devastating attacks of 9/11. Back then, we made the tough decisions. They weren't always the popular decisions - but they were the right decisions. And they laid the foundation for the City's resurgence.

"Today, we again have our future in our own hands. We can blame others or we can put our nose to the grindstone and get back to work. We can keep kicking the can down the road and allow the country to fall farther behind, as we have in recent years or we can face up to the hard choices and do what Americans have done so well in the past: Pull together, remembering who we are, and why our ancestors came here.

"Hard-working New Yorkers inspire me every day - and I believe in the American work ethic and the American Dream more than ever. We are strong as a nation and resolved as a people and if we act and seize this moment, we can continue to be the greatest country ever brought forth in this world.

"Thank you."

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