

MAYOR BLOOMBERG URGES WASHINGTON TO FACE CHALLENGES AND STIMULATE BUSINESS

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Mayor of New York City

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Excerpts from Mayor Bloomberg's Remarks

Barrier to Full U.S. Economic Recovery: Four years ago a financial crisis undermined our economy. Today a political crisis caused by Washington's paralysis is standing in the way of a full recovery.

Short-term Challenges Facing U.S. Economy: One of those challenges is short-term: the uncertainty that is paralyzing businesses and hindering investment in both plant and people.... That will continue until Washington takes two steps. First, they must adopt a credible plan to deal with our deficit.... The second step the private sector is waiting for Washington to take is to implement the new health care and financial regulations that everybody's waiting for.

Right now thousands of pages of new conflicting and incomprehensible regulations are being written by government lawyers who have little appreciation for the way the markets work or the way businesses and banks operate. No one knows what the real impact will be on the private sector, and that uncertainty is artificially depressing lending, investment, and hiring levels. Removing that uncertainty and the uncertainty over fiscal health would be a huge shot in the arm for our economy.

Long-term Challenge Facing U.S. Economy: We are facing a structural economic crisis that is much more dangerous to our future. Dealing with that long-term challenge is the hard part, and it's a challenge that is largely being ignored in Washington.

Globalization has moved many middle-class jobs overseas, where the industries of tomorrow are being created. Automation has rendered many middle-class jobs obsolete. Cost increases, especially for health care, college tuition, and tort law, have eaten away at real income. Higher education is improving outside the United States at a rate almost guaranteed to reduce our competitiveness. And relative productivity has decreased so much that it now often takes two middle-class breadwinners to make ends meet rather than one.

How New York Is Meeting That Challenge: Let me touch on just **four key ways** that we're working to align our economy with the structural shifts that have taken place, and how Washington can help us accelerate our progress.

First, in New York we've taken a comprehensive approach to improving our business environment.... We're helping entrepreneurs get their ideas off the ground by joining with the private and nonprofit sectors to create incubators that have the capacity to launch more than a thousand new businesses over the next three years.... If the next President and the next Congress spent half as much time discussing how to help entrepreneurs as they've spent debating whether upper income tax rates should be 35 [percent] or 39.6 percent, we'd be in a heck of a lot better

shape. You show me a businessperson who cares about his federal tax rate more than his customers, and I'll show you Darwin at work.

The **second idea** we focused on in New York City is creating the infrastructure that we need to build a 21st-century economy. For instance, we're building the first new city-funded subway extension in five decades.... We need more federal investment in infrastructure not to create construction jobs, but to create the foundations for businesses to build and grow here. And over the last seven years, American infrastructure has slipped from number one in the world to number 14 in terms of economic competitiveness. We have the worst air traffic congestion in the world. Of the world's top 10 ports, seaports, we have none. China has six. There are 15,000 miles of true high-speed rail in the world, and none of it is in America.

The **third area** we focused on in New York City is opening up new markets to investments. For instance, we've modernized our zoning regulations to open huge swathes of the city, much of it outside of Manhattan, to commercial and residential development, which has generated billions of dollars in new investment.... Washington could be doing more to open our export market by knocking down barriers to trade. Bashing China, the next great market for our domestic manufacturing industries, just gets us nowhere. The Chinese are not just our competitors; they are also our customers, and we need better access to that growing middle class there.

Manufacturing high-skilled goods requires high-skilled labor, and that's the **fourth major area** of focus. Rebuilding the American middle class cannot be done without retooling our skill set.... We must stop the disastrous policy of running our public school systems across the country for the people they employ rather than the students they should serve – and we must also raise the standards in our schools and focus on math and science and the analytical abilities the marketplace is demanding.

But while the rest of the world is rolling out the red carpet to attract immigrants, our federal government is giving them their walking papers. I've called our immigration policies national suicide. By turning our backs on our history, we are destroying our future. The fact that we give students a first-class university education and then tell them they have to leave and live in countries that compete against us may be the single dumbest economic policy we have on the books. And it's no coincidence that cities with the highest rate of immigration, including New York City, have the highest rates of economic growth. But Washington has just refused to recognize that its immigration quotas are much lower than our economy demands. And until that changes, our economic growth will continue to be artificially depressed.

What Washington Must Do: To get our economy moving, we need Washington to finally begin addressing our most pressing economic challenges. In the short-term, that means eliminating the uncertainty that is paralyzing businesses by adopting a credible deficit reduction plan that balances new revenue with spending cuts.

And in the long term, it means helping cities and states do more to create pro-business economic environments that spur entrepreneurship. It means allowing business to tap into new markets by clearing away trade barriers. It means helping us build the modern infrastructure that will catalyze private investment. And it means attracting and developing high-skilled workers by fixing our broken immigration system and aligning our school system with today's economic realities.

Dodd-Frank and Biggest Impediment to Growth: I don't think there's any question that there should be regulation. Unfettered capitalism just leads to ups and downs and haves and have-nots that society will never tolerate. On the other hand, it's the uncertainty of the regulations and how they're going to be interpreted that is the most difficult thing.

You know, people are flexible. People are creative, particularly bankers. The financial industry attracts a lot of people who have created so many new things, nobody understands them all. But they have to know what the world is that they're going to be dealing with. And the uncertainty of the regulations, the uncertainty of court decisions, the uncertainty on the tax law is the biggest single impediment, I think, to growth.

DAVID RUBENSTEIN: Welcome ladies and gentlemen, members and guests of The Economic Club of Washington, welcome to this luncheon at the Renaissance Washington Hotel. I am David Rubenstein, President of the Club. Welcome to all of you.

In the years that I've been the President of this Club, we have had a lot of very good speakers, business leaders and government leaders and political leaders, but today we have somebody who does something unique. It's unique because there are virtually no people who combine the ability to be a great business leader and a great philanthropic leader with being a great political and governmental leader. It's a very rare thing. Michael Bloomberg, the Mayor of New York City, has succeeded in all three of these areas, and I really couldn't think of a single other person in our country or our country's history who has been a great business leader and entrepreneur, a great political leader, and also a great philanthropist.

Let me just tell you a little bit about Mayor Bloomberg's background, because it probably wouldn't have been predicted when he started out that he would do this. As he will tell you himself, he was a C student and he didn't think that he would actually acquire the kind of reputation he now has acquired and deserves. He was born in Massachusetts and grew up in Medford, Massachusetts, went to Johns Hopkins in Baltimore, where I'm from, and at Johns Hopkins, as I think the Mayor would say, he was a C student, except he had a couple of D's – [laughter] – and worked his way through Johns Hopkins, got into Harvard Business School, and then went to Salomon Brothers and became the head of equity trading, but then was pushed into the Information Technology area. Ultimately, when Salomon was sold, Mike was fired. As part of his partnership share, he got \$10 million, and he took that \$10 million and built one of the greatest privately owned companies in the world and one of the greatest information technology companies in the world, Bloomberg.

As everybody knows who's in the business, it's an indispensable tool. Now there are 310,000 Bloomberg terminals around the world. His company has 15,000 employees, and it's a company that has 192 offices around the world, and it's a company that is ubiquitous. And people in my world – the finance world, business world – really can't live without Bloomberg, and we all often wonder how we survived without it.

Mike, as a result of that, has done fairly well financially, but many people who do well financially keep their money, and they don't quite give it away. Mike has become one of the biggest philanthropists in the United States by far, annually giving away hundreds and hundreds of millions of dollars to thousands of organizations and to his own alma mater. Much of what he's done is anonymous. He has been one of the most philanthropic people in history to his alma mater, and let me just leave it there. But no one can match the generosity that he's given to Johns Hopkins. And he's done so many other things in New York and outside of New York, and much of it anonymously. So when you rank the greatest philanthropists in our country, Mike is certainly in the top two or three for sure, up there with Warren Buffett and Bill Gates. And I can't think of who else would be in that league.

In the political world, it's very unusual for somebody to be a success in business and be successful in philanthropy, but also want to put himself in front of the public. But Mike did that. He ran for Mayor in 2001 and won, took over shortly after 9/11 in New York and all the troubled times there in New York and around our country and is now serving his third term. As a result of what he's been doing in New York, he's actually made a real difference there. Today crime is down 35 percent in New York since 2001. High school graduation rates are up 40 percent since 2005. Teenage smoking is down more than 50 percent. Seven hundred and twenty-five acres of park land have been added to New York City since he's been there. And since October of 2009, more private sector jobs have been created in New York than the other 10 largest cities in the United States combined. So he's made an incredible difference in the economy in New York and in the health of New Yorkers. The people who live there, their health is much better as a result of it, and their safety is much better. So combining philanthropy, business skills, and political skills is a rare thing, and we're very honored to have today the 108th Mayor of New York City, Mike Bloomberg.

Thank you. [Applause.]

MAYOR MICHAEL BLOOMBERG: David, thank you for that introduction. As Alan Simpson would say, that's the most recent introduction I've had. [Scattered laughter.] He uses the joke every time, same joke.

Anyway, thank you for having me. Let me just start off by saying what I know is on everyone's mind. The attack on the American consulate in Libya is just another tragic reminder that the freedoms that we cherish continue to come under attack by those who do not share our commitment to liberty. I thought the President this morning struck exactly the right tone in his remarks, and clearly, our thoughts and prayers are with the families of the three victims.

Let me talk a little bit about the economy in this country. Yesterday in New York City and in Washington and in Shanksville and all over the country, we marked the 11th anniversary of the attacks of 9/11. Back then many people thought that our city, New York, would take decades to recover, but today I'm happy to say there are twice as many people living in Lower Manhattan than there were 11 years ago, and there are more jobs as well.

Four years ago all the progress that we'd made coming back from the attacks and the recession that followed once again seemed at risk. On Friday, September 12th, 2008, the growing financial crisis reached a tipping point. Bear Sterns had already failed, Fannie Mae and Freddie

Mac had just been bailed out, and now Lehman Brothers was teetering on the brink of bankruptcy. The future of the global economy, I think it's fair to say now, hung in the balance. By the end of the weekend, it was clear that Lehman Brothers would not survive. And that was about the only thing that was clear. Even after the government stepped in to save AIG, panic spread throughout the markets, and for the first time in our lives, the entire financial system was in imminent danger of collapsing. Hank Paulson, Bob Steel, Tim Geithner, Ben Bernanke, all of them and their teams deserve enormous credit, I think, for the way they handled the crisis.

But so does someone else. And that someone else is President George W. Bush. After Paulson outlined the TARP plan to President Bush, he then began discussing how difficult it would be to get Congress to go along. Reportedly, the President cut him off and said, quote, "Hank, let me worry about the politics, you just do what is right." And that was exactly the right message, and it may well have saved this country and the entire world from a catastrophic economic meltdown. You do what's right; let me worry about the politics.

If you're looking for a definition of government leadership, that's about as good as I think you'll ever find. But in Washington, that idea is usually turned on its head by members of both parties. Too often, things are done or not done because of politics. Today, every policy position involves a political calculation: What will this mean in terms of poll numbers, campaign contributions, television ads, endorsements? And if you want to know why the recovery from the Great Recession has been as sluggish as it has, the hold that these questions have on Washington, I think, is a good place to start.

Four years ago a financial crisis undermined our economy. Today a political crisis caused by Washington's paralysis is standing in the way of a full recovery. Both parties and both ends of Pennsylvania Avenue have let us down. They have focused on generating headlines in the media rather than generating head count in the workplace. They have given us an economy that is shrinking our workforce rather than growing our future. And they have tried to divide America into small, single-issue constituencies, pitting one against the other rather than getting us to work together for all citizens.

As a result of this leadership vacuum, our cities around the country have had to tackle our economy problems largely on our own. Local elected officials are responsible for doing, not debating; for innovating, not arguing; for pragmatism, not partnership. We have to deliver results at the local level, and that's one reason why, since the 2008 financial collapse, most of the U.S. job growth has happened in cities.

Let me use New York as an example, but I'm sure there are other cities that have done even better than we have. Four years ago New York City was the epicenter of the financial collapse, but since then, despite being burdened with huge job losses on Wall Street, we have been the epicenter of the national economic recovery. As David pointed out, since the beginning of the national recession, the U.S. has gained back just over 40 percent of the jobs we lost. So our country is still down 60 percent. In New York City, we have gained back more than 200 percent of the jobs we lost, so for every job we've lost, we have added two more. To put that in perspective, if the rest of the country had weathered the recession as strongly as New York City, there would be 12 million more jobs today, and that would be awfully good news for the roughly 12 ½ million Americans who are unemployed right now.

That's not say that it's all rosy in New York. All cities, no matter how responsibly they have faced the real-world problems, still have lots to do. Unemployment is still much too high, though in New York City, that's partly because people are coming to New York knowing there are jobs to be found. In fact, there are more jobs in New York City and more people working in New York City than at any other point in our history.

Nationally, the picture, unfortunately, is much darker. And that's the big question in this year's campaign. That's what it's become. Are we better off today than we were four years ago? For political reasons, Democrats obviously say yes; Republicans obviously say no. But I think we're asking the wrong question. It is not whether we are better off; it's whether we are as well off as we should be and whether either party has a plan to give us the levels of growth we need. Sadly, the answer to both those questions seems to be no, because the truth of the matter is the work that cities are doing to spur job growth has been held back by Washington's two-party failure to address the biggest challenges our economy faces.

One of those challenges is short-term: the uncertainty that is paralyzing businesses and hindering investment in both plant and people. Let me just briefly touch on that before discussing the longer-term challenge. When businesses view governments' finances as unstable, when they see unsustainable levels of borrowing, an unpredictable regulatory environment, businesspeople get worried. Nearly every CEO and every business leader that I know tells me that the question marks hovering over Washington are negatively affecting major investment decisions. And even though many companies have healthy bottom lines – in fact, they are sitting on records amount of cash, and interest rates are at record lows -- they are not investing or hiring.

I think that will continue until Washington takes two steps. First, they must adopt a credible plan to deal with our deficit, along the lines of Simpson-Bowles, and if Democrats are serious about getting it done – and they hold all the cards – they can just say to the Republicans, all the Bush-era tax cuts are on income groups that you care about, and they're expiring on December 31st; you need us to help stop it; now, if you want to talk about spending cuts and adopt comprehensive tax reform with a lower corporate tax rate, well, just talk to us. And if the Republicans are serious about growth, they'll take the offer.

The second step the private sector is waiting for Washington to take is to implement the new health care and financial regulations that everybody's waiting for. Right now thousands of pages of new conflicting and incomprehensible regulations are being written by government lawyers who have little appreciation for the way the markets work or the way businesses and banks operate. No one knows what the real impact will be on the private sector, and that uncertainty is artificially depressing lending, investment, and hiring levels. Removing that uncertainty and the uncertainty over fiscal health would be a huge shot in the arm for our economy.

That's the short-term challenge we face, and that's the easy part. Addressing it will help us solve the cyclical economic crisis we face. But we are facing a structural economic crisis that is much more dangerous to our future. Dealing with that long-term challenge is the hard part, and it's a challenge that is largely being ignored in Washington.

The facts are the fundamentals of the American economy have been shifting for decades, and we haven't been keeping up. The housing bubble covered up some of the problems for the better part of a decade by expanding the construction industry to a level that was not sustainable and by allowing people to borrow against the value of their homes, which fed customer spending to a level that was also not sustainable. When it all came crashing down, the federal government stepped in to protect the banks and the auto industry. But those were only stopgap measures. Long term, the question we need to ask is not how do we protect particular industries. It is how do you strengthen an American middle class that is under siege and to help it grow? And that's the tough challenge that we face today.

America's creation of the most open and prosperous middle class the world has ever known was one of the great triumphs of the 20th century. It was the growth of our middle class, in fact, as much as military policy and diplomatic strategy, that led to the downfall of the Soviet Union. And don't think that the Chinese government didn't notice. Right now the American middle class is being pressured from all sides. Globalization has moved many middle-class jobs overseas, where the industries of tomorrow are being created. Automation has rendered many middle-class jobs obsolete. Cost increases, especially for health care, college tuition, and tort law, have eaten away at real income. Higher education is improving outside the United States at a rate almost guaranteed to reduce our competitiveness. And relative productivity has decreased so much that it now often takes two middle-class breadwinners to make ends meet rather than one.

The shifting fundamentals of the American economy and the squeezing of the American middle class are an enormous problem that the Great Recession has laid bare. And it's a problem that not any one city can solve, but it is a problem that, like many cities, unlike Washington, we are trying to solve. Yet Washington is tying one hand behind our backs.

I've always said that the biggest difference between government and business is that in business, you move resources to the most successful product line in order to drive growth. But in Washington, too often it's exactly the reverse: you take resources away from the most successful areas and spread it around based on who has power and who screams the loudest. So instead of investing in cities to spur more growth for the entire country, Washington has taken tax revenues from cities and spent them where their personal politics are improved rather than where investments would reap rewards. We cannot solve the country's structural economic problems and rebuild our cities without stoking the economic engine of growth, and that's where most people live. That's where the vast amount of job creation and tax revenue will come from.

Nevertheless, cities are finding innovative ways to tackle these problems on their own, and the cities, I'm happy to say, are making some progress, including New York, and the cities are, to some extent, leading the nation in job growth. So let me touch on just four key ways that we're working to align our economy with the structural shifts that have taken place, and how Washington can help us accelerate our progress.

Use New York as an example. Everything we do isn't directly transferable to other cities, but it has been working, and a lot of it is copiable. First, in New York we've taken a comprehensive approach to improving our business environment. Usually the pundits think of

this as lowering taxes, something that we've done for thousands of small businesses in New York City. But taxes are just one element of the environment and usually not the most important. Is the first question most entrepreneurs ask: Can I afford the taxes? It's not that. It's: Who are my customers, and where do I need to be to serve them, and how do I get up and running quickly? It is not: Can I afford the taxes?

There is nothing harder that I know of than starting a business. Been there and done that; long days and long nights full of stress about whether you're going to be able to pay the rent and keep the doors open. If we're serious about creating jobs, we should be doing much more to help entrepreneurs, because most of the job growth we experience in the United States comes from the formation of new companies.

In New York City, we're helping entrepreneurs get their ideas off the ground by joining with the private and nonprofit sectors to create incubators that have the capacity to launch more than a thousand new businesses over the next three years. We've also helped entrepreneurs open the doors more quickly by creating what we call a New Business Acceleration Team, which expedites the approval process for restaurants and retail establishments. And we've created Small Business Solutions Centers, we call them, to help connect entrepreneurs to the capital and expertise they need to open and grow. We've also created a new role at City Hall, a Chief Business Operations Officer, with the sole mission of making government more responsive and efficient in dealing with business customers.

You know, businesses can locate anywhere, and it's up to government to roll out the welcome mat by creating a pro-growth environment. If the next President and the next Congress spent half as much time discussing how to help entrepreneurs as they've spent debating whether upper income tax rates should be 35 [percent] or 39.6 percent, we'd be in a heck of a lot better shape. You show me a businessperson who cares about his federal tax rate more than his customers, and I'll show you Darwin at work. [Laughter.]

The second idea we focused on in New York City is creating the infrastructure that we need to build a 21st-century economy. For instance, we're building the first new city-funded subway extension in five decades. Our state government refused to do it, so we went ahead and did it with our city tax dollars. And that's already attracting billions of dollars of new investment in our city for the far West Side of midtown Manhattan, which will be our next great business and residential district.

With city and a small amount of welcome state and federal funds, we've built new sewer and water lines throughout lower Manhattan. We've invested in new cruise terminals, new container terminals, new freight rail service, new ferry service. And with the help of private funds from some of our most generous citizens, we've added 730 acres of new parkland, which will attract not only new residents, but also major new commercial developments.

Elected officials in Washington talk about infrastructure when discussing the economy: That's the key thing; I'm going to solve all the problems with infrastructure. And it is something that our economy certainly needs for our future, but they talk about it as an employment program

rather than as an economic development strategy. Funding infrastructure is not a direct jobs program that will solve today's unemployment problems. Federal stimulus funding helps some construction workers get back on the job, that is true, but it did not and it could not create jobs for the 96 percent of Americans who don't and can't work in construction. You have to wonder who in Washington thinks your middle-class office worker can run a crane, pour cement, or lift a hundred pounds of conduit. Have they ever been to a construction site?

We need more federal investment in infrastructure not to create construction jobs, but to create the foundations for businesses to build and grow here. And over the past seven years, American infrastructure has slipped from number one in the world to number 14 in terms of economic competitiveness. We have the worst air traffic congestion in the world. Of the world's top 10 ports, seaports, we have none. China has six. There are 15,000 miles of true high-speed rail in the world, and none of it is in America.

Cities that need infrastructure investment to drive job growth don't get it for political reasons, even though our taxes support the rest of the country. And I think exhibit A is Amtrak's profitable Northeast Corridor, which Washington uses to subsidize money-losing lines in rural areas rather than invest in high-speed rail and better service for the Northeast.

Members of both parties spend money to protect public sector jobs in antiquated industries – maintaining traditional postal service in the Internet age is a good example of that – and they buy private sector-produced goods, including military hardware the armed services say they don't need in order to protect jobs in their districts and their own job.

Making matters even worse, Washington imposes infrastructure costs on cities that stop us from building what we actually need. For instance, in New York, the Environmental Protection Agency tried to force us to build a \$2 billion concrete cover over a reservoir. Why? Because birds flying over it might defecate in the reservoir, even though every scientific study said it wasn't necessary, and no one in the community wanted it. And only after the media highlighted the absurdity of this mandate did the EPA decide that it wasn't actually necessary. And right now the EPA is forcing us and other cities to spend billions of dollars on water quality projects that have no scientific or public health basis. Washington is the last place we should be making policy for what local infrastructure to build. The problem is, Washington views infrastructure as a regulatory requirement or a political opportunity instead of an economic imperative, and the longer that continues, the further behind our competitors we will fall.

The third area we focused on in New York City is opening up new markets to investments. For instance, we've modernized our zoning regulations to open huge swathes of the city, much of it outside of Manhattan, to commercial and residential development, which has generated billions of dollars in new investment. And that's one reason why Brooklyn has become the world's coolest place. I think it's definitely too cool for this crowd, but that's an – [laughter]. Ask anybody who goes to New York, where'd you stay? It's a hotel in Brooklyn or Queens, not in Manhattan. Where'd you eat? It's a restaurant you'd never heard of in a place you didn't know had restaurants.

Across the city, zoning changes will result in hundreds of thousands of new jobs, many of them paying middle- and upper-income salaries. We've also reclaimed areas of our waterfront that have been rusting away for decades and opened them up to new investment. We've opened our doors to the world by opening and expanding tourism offices in 18 countries. As a result, tourism from those countries has increased 60 percent. Ten years ago, our city had 37 million visitors a year. Last year we had 51 million, and that has meant thousands of new jobs.

Now, not every job created by tourism is a middle-class job, but we need jobs for people on every rung of the economic ladder, and the fact of the matter is most of them are middle-class jobs. Tourists support artists and actors, musicians and merchants, managers of hotels, restaurants and museums, all middle-class jobs, and all of them have been growing in New York City.

Now, we've heard a lot about how the Administration is focused on increasing exports, but tourism is a huge export industry, and the federal government's visa policy couldn't be designed any better to discourage visitors from coming here and bringing their money to support our jobs. Washington could be doing more to open our export market by knocking down barriers to trade. Bashing China, the next great market for our domestic manufacturing industries, just gets us nowhere. The Chinese are not just our competitors; they are also our customers, and we need better access to that growing middle class there. The three major trade agreements that we have signed over the past four years with Colombia, Panama, and South Korea are helpful, but at the same time, the Administration has done the country no favor by pursuing protectionist policies like the new tariffs on Chinese solar panels and wind turbines. We've all seen how well tariffs worked out for the U.S. auto industry, and I don't think it's going to work out any better for our green energy industry. We are still a nation of producers, but most of the products we make require great skills, where we do hold a competitive advantage. The more we can open up these markets to our goods, the more jobs we can create here at home. But the more barriers we face to those markets, the more other countries will cut in on that business and take all the jobs that go with it.

Of course, manufacturing high-skilled goods requires high-skilled labor, and that's the fourth major area of focus. Rebuilding the American middle class cannot be done without retooling our skill set. When I was in high school, many low-skilled jobs came with a ticket to the middle class. Not anymore. Today, with most blue-collar jobs, no longer do you just work with your hands. Nearly every job requires more analytical thinking, more technological skills and more computer literacy, and that's why public education reform is so crucial and urgent.

Now, I do give Presidents Bush and Obama, both of them, a lot of credit for enacting No Child Left Behind and Race to the Top. Both have helped inject accountability and innovation into our schools. But the changing economy demands that we do more to give students the skills they will need to succeed in college and careers, and that's why we must stop the disastrous policy of running our public school systems across the country for the people they employ rather than the students they should serve – [applause] – and we must also raise the standards in our schools and focus on math and science and the analytical abilities the marketplace is demanding.

New York City has begun linking students directly to college and careers through a new partnership with IBM, which turns high school into a six-year rather than a three-year experience. Those who graduate not only get an associate's degree; they also get an interview at IBM. And last week we opened a new high school focused on software engineering, because coding is beginning to rival English as the international language of business. And while higher education in basic science research is being defunded at the federal and state level at an alarming rate, at least in New York City we're doing everything we can to advance them.

Last year, after speaking with business leaders about what resources they need to grow, we launched a competition inviting world-class universities to build new applied science and engineering campuses in our city. And the response really was stunning. Cornell and the Technion Institute of Israel will be investing \$2 billion to build a new campus on Roosevelt Island, and two new facilities will be built by partnerships involving Columbia, NYU, Carnegie Mellon, the University of Toronto, the University of Warwick, the City University of New York, and the Indian Institute of Technology, as well as IBM and Cisco. Together, these projects, which Rob Steel put together, will more than double the number of engineering students and faculty in our city, and we believe that they will be a game changer for our economy. They will create tens of thousands of new jobs and position New York City as the world's leader in technological innovation, even ahead of Silicon Valley.

If you want to see the difference researchers and engineers can make to an economy, just look at North Carolina. A recent article compared the economies of North and South Carolina. There is no reason why they should be dramatically different, but the fact of the matter is they are. North Carolina has 14 Fortune 500 Companies. South Carolina has one. And a big reason is that while South Carolina clung to its textile and manufacturing industry, North Carolina focused on building its university system, creating the Research Triangle and attracting the banking industries. And the cities around that Research Triangle, along with Charlotte, which is home to a major state university, have led North Carolina's economic renaissance.

That's the course we're charting in New York City, and it's a course the federal government should be helping more cities follow. The applied science competition, I think, is one way that we work to attract the talent that will drive job growth in the new economy. And as I've always said, talent attracts capital far more effectively than capital attracts talent. So we've also invested in the conditions that attract the best and the brightest hardworking people from all around the world: safe streets, cutting edge cultural attractions, beautiful parks, top-quality public schools.

But while the rest of the world is rolling out the red carpet to attract immigrants, our federal government is giving them their walking papers. I've called our immigration policies national suicide. By turning our backs on our history, we are destroying our future. The fact that we give students a first-class university education and then tell them they have to leave and live in countries that compete against us may be the single dumbest economic policy we have on the books. And it's no coincidence that cities with the highest rate of immigration, including New York City, have the highest rates of economic growth. But Washington has just refused to

recognize that its immigration quotas are much lower than our economy demands. And until that changes, our economic growth will continue to be artificially depressed.

Now, I'm confident about the future of our country, even though I might not sound that way. I believe our best days are still ahead, partially because I believe in cities. I also think that most Americans do as well. But business leaders do not make investment decisions based on patriotism and love of country, and it does seem neither does Washington.

To get our economy moving, we need Washington to finally begin addressing our most pressing economic challenges. In the short-term, that means eliminating the uncertainty that is paralyzing businesses by adopting a credible deficit reduction plan that balances new revenue with spending cuts.

And in the long term, it means helping cities and states do more to create pro-business economic environments that spur entrepreneurship. It means allowing business to tap into new markets by clearing away trade barriers. It means helping us build the modern infrastructure that will catalyze private investment. And it means attracting and developing high-skilled workers by fixing our broken immigration system and aligning our school system with today's economic realities.

As President Clinton said last week, and I quote, "The old economy is not coming back, and we've got to build a new one and educate people to do those jobs," unquote. It will be up to the next President, whoever it is, and the next Congress, whoever leads them, to take up that challenge and take actions that will ensure our country remains a beacon of progress and prosperity for generations to come.

Thank you very much. [Applause.]

MR. RUBENSTEIN: So, Mike, your term is up in January of 2014 –

MAYOR BLOOMBERG: Four hundred and seventy-six days, but who's counting? [Laughter.]

MR. RUBENSTEIN: Would you consider moving to Washington and running for Mayor here? [Laughter, applause.]

MAYOR BLOOMBERG: I suspect, David, that all the votes that I would get are here for lunch. [Laughter.]

MR. RUBENSTEIN: I think there would be more than that, but in the financial crisis that you addressed, the Dodd-Frank legislation tried to address it and the Volcker rule was part of it. Do you think that is a plus or a minus for the financial service industry?

MAYOR BLOOMBERG: I don't think there's any question that there should be regulation. Unfettered capitalism just leads to ups and downs and haves and have-nots that society will

never tolerate. On the other hand, it's the uncertainty of the regulations and how they're going to be interpreted that is the most difficult thing.

You know, people are flexible. People are creative, particularly bankers. The financial industry attracts a lot of people who have created so many new things, nobody understands them all. But they have to know what the world is that they're going to be dealing with. And the uncertainty of the regulations, the uncertainty of court decisions, the uncertainty on the tax law is the biggest single impediment, I think, to growth.

People say, oh, well, we need more stimulus. You know, companies are loaded with cash. You can buy four-year money, five-year money, 10-year money, 3 percent. Nobody's not building or expanding because they don't have access to resources or really that they don't think down the road we'll have a future. It is, you don't know how to go about it.

I think Dodd-Frank, the health care bill, and the last time we had to address the debt ceilings are great examples of how Washington should not work. I think what scared the public is they watched the making of that legislation. That's the old joke, don't watch sausage or legislation being made; it will turn your stomach. Well, some sausage tastes good, and even if it doesn't, so what? When the President turns over to Congress the ability to write laws, we're in trouble, because the way a Congress works is: if I'm going to support you, you've got to give me mine. What the President should be doing is bringing a bill down and then cajoling, bribing, threatening, kissing, whatever it takes, modifying at the edges to get that piece of legislation passed. That way, you get a cohesive piece of legislation with real regulations that aren't inconsistent. That's not what was done.

MR. RUBENSTEIN: Now, do you fault Democrats or Republicans more or less?

MAYOR BLOOMBERG: Both. I don't think there are any heroes here. I've been unable to get either side to focus on the fact that, in the next four years, 48,000 Americans are going to be killed with illegal guns. I've been unable to get them to just give a real economic plan. No matter what they do, their whole strategy is to avoid saying anything specific. And in all fairness, to some extent, that's because the press tries to reduce everything to a sound bite, and that leaves you in almost an impossible situation.

You know, the press – Charlie Rose said to me this morning when I was on his show, well, the President's not available; Romney's not available. Well, the press should demand that they become available. I talk to the press five days a week, and I don't have a press secretary doing it. I answer the questions. I might screw up every once in a while, but you know, we have a right to know what our leaders are focused on.

And the Dick Lugar lesson is really something that should scare all of us. Dick Lugar was a conservative Republican Senator who at least talked to the other side and tried to find a way where everybody got something even if no one person didn't get everything. And he got defeated in a primary. And so today you have lots of Democratic Senators and Congressmen and lots of Republican Senators and Congressmen who know that we need to reform our immigration policy for the economics of this country, but they are afraid to be seen coming to the middle. They're afraid to be seen having dinner with each other.

MR. RUBENSTEIN: So do you expect to stay involved when you're finished as Mayor in public policy or things like this?

MAYOR BLOOMBERG: You know, I haven't thought about what I'm going to do next. There's plenty of time to do that. I've got a full-time job, which I love, look forward to going to work every day, and I'm just going to focus on that. And then I'll see what to do down the road.

MR. RUBENSTEIN: And as Mayor –

MAYOR BLOOMBERG: But I care. I'm going to live here. My kids are going to live here in America.

MR. RUBENSTEIN: As Mayor, some of the things you've done have been controversial – limiting smoking, trying to limit the size of sugar drinks, and so forth. Your view on smoking – did you ever smoke yourself?

MAYOR BLOOMBERG: Of course I smoked. [Laughter.] You know, the answer to this “Nannygate” stuff is the following, and just think about this. In New York City, life expectancy today is three years greater than life expectancy in America. And 10 years ago we were even. Now, if expanding the lives of 8.4 million people by three years isn't an accomplishment for government and isn't something that we should continue to do, I'm sorry, I don't know what other purpose is. And today McDonald's announced that they are going to start putting calorie counts in all of their restaurants, and even on the takeout menus, so you can see. That tells you that we will win the battle for portion control and full-sugared drinks.

Obesity is taking over this world as the biggest public health issue. Today, for the first time in history, more people in the world are going to die from the effects of too much food than from starvation. And it's also the first time any disease in the history of the world has gone from being a rich person's disease to a poor person's disease. This is devastating people who are starting up the economic ladder. It is going to overwhelm our health care system. We see in six-year-olds the type of diabetes you used to get in 19-year-olds, and in 19-year-olds the diabetes you would expect in a 60-year-old person. Just start watching people in the street. How many people do you see without a limb? How many people are blind? How many people are dying early? We have to do something about this.

All of these things, whether it is bringing down crime, fewer traffic deaths than we've ever had, fewer fire deaths than we've ever had, faster response time on ambulances and fire trucks, smoking cessation, calorie counts -- we've won the battle nationwide with trans fats; sodium content, people are starting to focus, and all of these things really do translate into better lives for Americans and, in fact, for the world.

MR. RUBENSTEIN: So you obviously have passion for public policy. Do you wish you had gotten involved in electoral office earlier in your life, or are you happy with the way you did it?

MAYOR BLOOMBERG: Well, my advice to people who want to go into government is, first become a billionaire and then do it. [Laughter.] You know, it helps. [Laughter, applause.]

MR. RUBENSTEIN: When they called you up at Salomon and said, you're out of the firm, here's \$10 million – your share of the profits, \$10 million – what did you think you were going to do? Did you ever think when you started that company, it would become as prominent as it did?

MAYOR BLOOMBERG: I remember getting into the car when we sat down with different members of the executive committee, and I was told I was not going to be invited to the new firm. We were selling Salomon to Phillipps Brothers, a commodity firm. I remember for a couple seconds in the car thinking, those sons of bitches. And then I instantly got it out of my mind, and I've never revisited that, and I have nothing but good things to say about what Salomon did for me and the people that I worked with. It was the best firm I've ever worked with other than my own, and we were the most scrupulously honest and competent firm, and they gave me a new opportunity. Now, if somebody had called me up and offered me a great job, would I have taken it? Probably, although, you know, you can't relive history, so I don't know.

But the fact of the matter is, I never looked for another job. Soliciting's undignified. [Scattered laughter.] And you know, deep down inside, I had been with a big company, and I wanted to try a small business. I had been in a company where I was blamed for not doing this, that, or the other thing. And really, there wasn't much blame; it was just that I disagreed with one of their policies. But I wanted to be in a situation where I can't blame anybody but myself. And that's why I like golf. It's the best sport because it doesn't matter what you do while playing; it's only me. And I like that kind of a challenge and that kind of accountability.

MR. RUBENSTEIN: What is your handicap in golf?

MAYOR BLOOMBERG: If I shoot bogey golf, I'm fine.

MR. RUBENSTEIN: OK. Did you ever think your company wasn't going to make it? In the early years, were you nervous it wasn't going to make it?

MAYOR BLOOMBERG: Sure. Well, for the first year, it's always an exciting thing. Every two weeks I wrote another check to the company from my personal bank account to put money in to pay the help, and of the three that it took me to get customers, you could see that that light at the end of the tunnel wasn't a train coming towards you; it really was that you were going to get out of this and it was going to work. The middle year what you find is your family and your friends say, you know, I know you know what you're doing, and I have all that confidence in you – [laughter] – but you know, just in case – because we were competing against big companies, and every article in the paper said, this is foolish, you can't win against big companies. I've always thought that competing against big companies for a small company is not only exciting, it has enormous potential because big companies never believe that the little company is going to challenge them until it's too late. And big companies have such an infrastructure and investment in product and people and brands and that sort of thing that they can't change. And you know, Clay Christensen's disruptive technologies – if you need more examples of that taking place, just pick up the paper. Every day there's another industry going out of business.

The other day we gave awards to 10 different small startup companies – our Economic Development Corporation did – in the fashion industry. And I’m talking to this guy – why did he get an award? He has a computer program. You just stand in front of his camera, turn around once, and then he has your body measurements for every single square inch of your body down to a science. That goes straight to the loom, and the next set of jeans that comes off is built perfectly for your body. Think about how many people in the process that’s going to take out.

That’s one of the great challenges for creating new jobs, that that kind of technology takes away a lot of the kinds of things. But there is still the demand creating that kind of program. There’s still demand for the designer who comes up with what’s fashionable or not. So there is potential, but it requires investment and infrastructure, and it requires better education than we are providing our kids today with, and it requires people from around the world wanting to come here rather than sending these industries overseas.

MR. RUBENSTEIN: We have time, really, for one more question, and the question I would like to ask is, you’ve had a great career – in philanthropy, in business, in government, in politics. What would you like to see as your legacy? What is it that you would like to say that you achieved with your life?

MAYOR BLOOMBERG: Well, I think I’d want my kids to look back and say, he was a great Mayor and honest and made a big difference in the city. But I think the things that will last are things like the life expectancy numbers or the economic development of New York City compared to other cities, or reforming education, which is always a “two step forward, one step back” thing. But if we can be an impetus to Rahm Emanuel, for example, to stand up and fight for control of the school system in Chicago, or elsewhere around the country, I think those would be good legacies. If we could figure out a ways to stop this carnage from illegal guns, that would be another thing.

But if you go down the road and look back, those are the kinds of things – investment in educational institutions – my alma mater, Johns Hopkins, that you’re on the board of, or Harvard where one of my daughters went to graduate school, and I did, or Princeton, or NYU – those universities will, I hope, make a difference in the world, and I’ll be a little part of it.

At Hopkins, we have a malaria project, for example, trying to build a better mosquito. And the reason you want a mosquito that’s tougher than the others, is that it doesn’t carry the malaria parasite, and then it would drive out the others. It’s really probably the only way to stop malaria, which kills a couple million people every year. When our Nobel Prize winner, who runs the project, wins his second Nobel Prize – and I’ve challenged him to do so – I’ll have a little bit of that prize, because I helped fund it. And so will his clinicians, and other scientists who work with him, and so will patients who work with him. We don’t do anything on our own, and everybody collaborates and gets something from somebody else.

I also hope that I will set a standard, and that whoever comes after me will be a better Mayor than I am. I’m going to live in New York City. And I’ve always in my life tried to hire people smarter than me. I’ve certainly done that with my Deputy Mayors in the city. I’ve certainly done that with the people who are running Bloomberg. And hopefully, the public will

pick a successor who will turn out to be – nobody will ever think anybody is at the beginning – a better Mayor and will take it forward.

And I hope that Washington gets its act together and starts understanding we are in trouble in this country. Niall Ferguson wrote a great story about the end of civilizations and how quickly things can collapse, Rome in a couple of decades, the USSR in a couple of years. I mean, it was the second biggest power in the world, and in two years it was gone. We really are on a cliff, and it's not just a fiscal cliff. We're already over the fiscal cliff; the question is, are we going to pull the rip cord or just keep falling. But we're on a cliff socially as well. And the world is not necessarily on our side.

MR. RUBENSTEIN: Please don't rule out moving to Washington when you're done – [laughter] – we'd be very welcoming. Mike, I want to thank you very much. [Applause.] I know you're on a tight schedule. We appreciate your time, good luck.

MAYOR BLOOMBERG: Thank you. [Applause.] Thank you very much, I appreciate it.



**The Honorable Michael R. Bloomberg,
Mayor of the City of New York; Founder and Owner,
Bloomberg LP**

Michael R. Bloomberg is the 108th Mayor of the City of New York.

He began his career in 1966 at Salomon Brothers, and after being let go in 1981, he began Bloomberg LP, a global media company that today has more than 310,000 subscribers to its financial news and information service.

As his company grew, Michael Bloomberg started directing more of his attention to philanthropy. He has sat on the boards of numerous charitable institutions, including Johns Hopkins University, where he helped build the Bloomberg School of Public Health into one of the world's leading institutions of public health research and training.

In 2001, he ran for Mayor of the City of New York and, in a major upset, won the election. In office, Mayor Bloomberg has cut crime by more than 35 percent and created jobs by attracting new investment and supporting small business growth. He has implemented ambitious public health strategies, including the ban on smoking in restaurants and bars, and expanded support for arts and cultural organizations. His education reforms have driven graduation rates up 40 percent since 2005. The Mayor's economic policies have helped New York City avoid the

level of job losses that many other cities experienced during the national recession. And since October 2009, New York has added twice as many private sector jobs as the next 10 largest U.S. cities combined.

Michael Bloomberg attended Johns Hopkins University and received an MBA from Harvard Business School. He is the father of two daughters, Emma and Georgina.