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Bloomy's bubble bursts

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In the narrative crafted by Michael Bloomberg's public-relations team throughout the first nine years of his mayoralty, he was the fabulously successful businessman who saved New York's economy after the 9/11 attacks and then went on to master urban governance without breaking a sweat. Along the way, we have been told relentlessly, Bloomberg became the nation's leading education reformer, responsible for reducing by half the black-white achievement gap, while also launching lifesaving public-health and environmental initiatives.

And through it all, so the narrative went, he remained above the ugly partisan fray. A lifelong Democrat who turned Republican to run for mayor on the cusp of his 60s, he quickly transcended both parties and established himself as a true independent. And so, his consultants hinted, the nation's emblematic "no labels" politician might be available for the highest office in the land so that he could help repair the politically fractured nation as he has repaired New York City.

But all that was before the Christmas 2010 snowstorm, when this protean genius of 21st-century politics somehow forgot the first rule of New York City governance: The mayor must make sure the streets are cleared before he sets upon saving the world. As a powerful blizzard bore down on the city, Bloomberg, as was his weekend custom, was relaxing at his sunny Bermuda hideaway. Stephen Goldsmith, a new recruit as deputy mayor for operations owing to his efforts at "reinventing government" during his own innovative mayoralty in Indianapolis in the early 1990s, was in DC for the weekend and declined to return. Howard Wolfson, another deputy mayor, was vacationing in London. Bloomberg's principal deputy, Patricia Harris, was also out of town at an undisclosed location.

The handful of agency heads left in charge of the city's storm response neglected to declare a snow emergency, which would have allowed them to use measures like towing cars off busy streets to prepare for the disruptions. By the time Bloomberg flew back to the city on his private plane the next day, a disaster was unfolding on the streets. He then added insult to injury by urging New Yorkers — millions of whom could not get off their own blocks in the outer boroughs — to shrug it off and take in a Broadway show. When reporters asked Bloomberg to account for his whereabouts as the storm began, he replied that this was his "private time" and thus no one's business.

The outrage surging up in the city's neighborhoods was so palpable that even Bloomberg's most reliable boosters began making fun of the great manager's

performance. The mayor's approval rating plummeted to 34%, according to a Marist poll. The rumors planted in the media about his running for president finally, and mercifully, ceased.

It is tempting to depict Michael Bloomberg's reversal of fortune in his third term in office — a term he secured by muscling through a change in the city's term-limits law before spending \$150 million to win only 50.7% of the vote — with hubris metaphors drawn from classical tragedy. But this assumes there was glory before the fall. In reality, there never was greatness. There have been no lasting fiscal or education reforms.

The story of Bloomberg's mayoralty is this: There is no there there.

It is now abundantly clear that the myth of Bloomberg's accomplishments was the result of two forces: his own immense wealth and the city tax dollars generated by the stock-market surge of the 2000s. Both sources of revenue, private and public, were used to co-opt and silence his opposition and thereby allow the glamorized portrait of an indispensable manager and the guardian of the public purse to be drawn without countervailing criticism.

An objective accounting of Bloomberg's tenure reveals the many ways that Bloomberg's standing as New York's richest citizen actually undermined New York's democracy, even as the city's fiscal health and essential infrastructure deteriorated.

A BAD BEGINNING

While running for office in 2001 and after being sworn in as mayor in 2002, Bloomberg pledged to be the quintessential managerial mayor. He promised to resolve the city's budget difficulties without raising taxes and insisted there would be no city support for any new stadiums until the economy — suffering through a recession owing to the post-9/11 aftershock — had recovered. He also said he would negotiate new union work rules for a more efficient New York. And he insisted that he would lead the way in rebuilding Ground Zero.

Bloomberg reversed himself on each of those commitments. He ceded responsibility for the Ground Zero rebuilding to then-Gov. George Pataki and the Port Authority of New York and New Jersey, and then stayed out of it while they spectacularly mishandled every aspect of the reconstruction. Later he announced his support for a new stadium for the New York Jets on the far West Side of Manhattan.

Because of the city's damaged financial position in the wake of 9/11, Bloomberg reneged on his promise and instead proposed a 25% property-tax hike while signing public-sector union contracts that boosted wages well above inflation without receiving work-rule changes in return. This was fitting, he believed, for a metropolis that, he said in 2003, "isn't Wal-Mart. It isn't trying to be the lowest-priced product in the market. It's a high-end product, maybe even a luxury product." You want to live in and around a luxury product? You have to pay more.

Bloomberg maintained the policing achievements that had changed the city so dramatically for the better during the tenure of his predecessor, Rudy Giuliani. And he had some modest successes of his own in the early years. He imported from Chicago a 311 system for quicker access to city services and handled a brief blackout in 2003 well. New York recovered from 9/11 more quickly than expected. By the second quarter of 2003, Wall Street profits were beginning to rebound, and the city was emerging from the worst of its economic woes.

But rather than holding the line on spending and allowing the city's coffers to recover properly, Bloomberg simply reversed course and kept spending while keeping tax rates high. Even so, he chose to borrow \$1.5 billion to help cover the city's operating expenses. Not since the catastrophic near-bankruptcy of the 1970s had the city borrowed to cover day-to-day costs.

The aftermath of 9/11 was an extraordinary lost opportunity for the city. It could have been a moment when, in the name of shared responsibility for bringing the city back to life, spiraling labor costs could have been addressed. Public-sector employees working for the city labored but 35 hours a week and contributed nothing to their own health-insurance premiums. Rather than take up the matter, Bloomberg simply retained the status quo when it came to negotiating with the city's most important voting bloc. A routine was established: Bloomberg would start out by talking tough about how new contracts could be paid for only with increased productivity, and in response unions would reply in a patented and choreographed "anger" mode. This false confrontation would be followed by a renewal of the old contracts and their counterproductive work rules with a few cosmetic improvements. Thus the need for new borrowing.

In 2004, Bloomberg became obsessed with plans for a new football stadium, or a "multi-use" facility in Manhattan, as part of a quixotic bid for the 2012 Olympics. It was unclear, given the checkered financial fallout from cities that had previously hosted the Games, just what New York stood to benefit from securing such a questionable honor. New York was already the most visited tourist destination in the United States and fourth or fifth (depending on whom you ask) worldwide. Nonetheless, as the centerpiece of the Olympic bid, Bloomberg proposed to bequeath the Jets' ownership a billion-dollar parcel for a fifth of that price. The unpopular push for a West Side stadium left Bloomberg, whose poll numbers had fallen to as low as 31%, with a hard road to re-election.

The stadium albatross was lifted from Bloomberg's political neck when, despite his best efforts, it was blocked by the Democrats in the state Assembly. Meanwhile, thanks in part to the Bush tax cuts, Wall Street had come roaring back, not only softening the blow of Bloomberg's foolish fiscal policies but also refilling the city coffers. Bloomberg was rescued from his own destructive policies by events beyond his control.

THE SCHOOLS FIASCO

Nothing illuminates the vacancy of Bloomberg's mayoralty more than the false narrative that depicted him as America's "education mayor." At the time he took

office, a complex set of rules gave the mayor relatively little control over public education in the five boroughs and disseminated authority to such an extent that no one could be held responsible for the parlous condition of the schools. Bloomberg stepped into the breach and made the city the same offer Giuliani had, but failed to obtain: Give me full authority over the school system and then judge me by the results.

At the signing ceremony for the mayoral-control bill in June 2002, Bloomberg heralded a new era of accountability. He promised the taxpayers that he would now deliver a bigger education bang for their bucks.

He hired Joel Klein, the former head of the Justice Department's antitrust division in the Clinton administration, as the new schools chancellor. After a six-month review of what was working in the schools and what wasn't, the mayor announced his reform program (called Children First) at his Martin Luther King Day speech in Harlem on Feb. 20, 2003. Bloomberg hit all the right notes, combining a commitment to fiscal restraint with what seemed like an empirically grounded approach to curriculum and classroom instruction.

Bloomberg said that the \$12 billion the city was then spending on the schools should be enough to provide a decent education for all children because he and Klein were now going to "make sure we get the most value for the school system's dollar." Bloomberg also seemed to be rejecting the progressive-education approach to curricular issues and classroom pedagogy and casting his lot with education traditionalists.

But soon it became clear that, in this area as in others, it was necessary to pay attention to what this mayor did rather than what he said. Bloomberg began dipping deeper into the city treasury for more and more tax dollars for the schools. From fiscal 2003 to 2011, the education budget grew from \$12.7 billion to \$23 billion annually — almost a 70% increase in inflation-adjusted dollars. Most of the money was paid out in 43% across-the-board teacher-salary increases in just the first six years of Bloomberg's tenure. He also added more than 4,000 teachers to the payroll, reaching 80,000 — one teacher for every 13 students in the system. But the mayor who prided himself on his business acumen in managing the city's workforce obtained almost nothing in return from the United Federation of Teachers for this unprecedented bonanza.

Indeed, the purpose of the extra spending could not have been to improve student performance, since he said very plainly that he didn't believe there was any connection between the two. Rather it was to shore up his political prospects and help make his reputation as the nation's "education mayor." Instead of insisting on changes in teacher-compensation packages that might have reduced the city's long-term pension and health-care costs, Bloomberg cashed in his chips in the coin of either direct political support from the UFT or its calculated neutrality.

For the last half of the decade, Bloomberg and Klein dominated the national education-reform debate. They toured the country touting their signature reforms,

including assigning letter grades to schools and bonuses to teachers and principals as powerful incentives for improving student-learning outcomes. The indisputable evidence, they claimed, was in the spectacular gains by city students on the state's annual reading and math tests in grades three through eight. For example, in just two years the percentage of students passing the math tests went from 54% to over 82% (an unheard-of gain in the annals of education).

The extraordinary teacher-salary increases bought Bloomberg the union's blessing for extending the mayoral-control law in the state legislature in the summer of 2009. The union also gave Bloomberg a pass when he brazenly succeeded in overturning a term-limits law that had been written into the city's charter, so he could run for a third term (the move also overturned term limits for the City Council that voted in favor of repeal). Later that year, the UFT remained neutral as Bloomberg faced off for re-election against Democrat William Thompson. Bloomberg won with a bare majority; a shift of 50,000 votes would have tipped the race to Thompson. The 43% salary increases did little for student achievement, but it turned out to be a shrewd political investment for the mayor.

And then, in early 2010, the Bloomberg education bubble burst. State Board of Regents Chancellor Merryl Tisch and Education Commissioner David Steiner acknowledged that over the past several years, the test scores had been grossly inflated. Under previous education commissioner Richard Mills, the two officials said, the questions on the tests had become more and more predictable, so that teachers were able to help their students "game" the tests. For good measure, the previous Albany education administration had also set the "cut scores" for determining the different levels of student proficiency too low. When the results of the readjusted 2010 tests were announced, practically all the gains students had made since 2007 were erased. In 2009, 82% of students in grades three to eight had supposedly performed at grade level on the math tests; but on the 2010 tests, that number fell to 54%. In reading, the one-year drop was from 69% at grade level to 42%.

Bloomberg's administration tried to put the best face on the news. It was true, Klein conceded, that the extent of student gains in recent years had been much exaggerated, but it was still true that New York had done better than the state's other big-city districts. After boosting the city's annual education budget by \$11 billion, the Bloomberg administration was effectively saying, "We're better than Buffalo." That isn't much of a legacy for a once-upon-a-time would-be presidential candidate who had put his education accomplishments at the top of his political résumé.

THE MONEY PROBLEM

When Bloomberg fought and won control of the schools, he said repeatedly that if people didn't like his education policies, they could vote to fire him in the 2005 election and pick a new education CEO. When asked how New Yorkers who didn't like what he was doing in the schools might express their concerns after Election Day, Bloomberg quipped, "They can boo me at parades."

Not a bad quip. But it exposes what, aside from the policy failures, is the most discomfiting aspect of the Bloomberg mayoralty: the mayor's use of his own personal resources to buy himself not only political power but also political peace. In a manner unparalleled in American history, Bloomberg in total spent in excess of \$300 million to secure office three times from an electorate that numbers fewer than 4 million people (and of which only a third actually participate).

That is one issue. The other has to do with the way Bloomberg spent tens of millions of dollars annually between elections to make sure that not too many influential New Yorkers would risk criticizing him. Bloomberg was able to channel his private philanthropic giving each year to hundreds of the city's arts and social-service groups with the reasonable expectation that the gratitude these groups felt to their patron would extend to their patron's political causes. At the very least, it would make the groups and their influential boards of trustees think twice before criticizing the mayor's policies.

There has never been a wall of separation between Bloomberg's private patronage and his political machine. Bloomberg's first deputy mayor, Patricia Harris, now also serves as head of his private foundation and monitors the hub, or network, for this intersection of business, politics and arts groups. The city's Conflicts of Interests Board, nevertheless, didn't regard this dual role by the deputy mayor as troubling.

Bloomberg's ability to buy off potential critics partially explains why the illusion of his managerial competence and reputation as the "education mayor" lasted for so long. All the mayor's billions, however, couldn't protect him from the consequences of last year's crash of the city's test scores or his malfeasance during the Christmas weekend snowstorm. Thus the question of the mayor's legacy is now finally open for serious debate.

Reality does not seem to matter to a mayor who enjoys imposing change on the city whether it is warranted or not. He has banned the use of trans fats in food sold in the city, expanded smoking bans as far as he possibly could, sliced into streets for bike lanes and crusaded against the use of salt. It was only public outrage that prevented him from placing tolls on the East River bridges, which have been free to motorists for a century or more.

The connecting tissue of Bloomberg's policies is Bloomberg's own whims and ambitions. After the snow-removal failure, Bloomberg insisted that John Doherty was "the best sanitation commissioner the city has ever had." Post columnist Michael Goodwin wrote: "In his bubble, that's self-evident. If the sanitation man wasn't the best, the self-declared best mayor would not have appointed him."

When Michael Bloomberg leaves office in 2014 — assuming he leaves office in 2014 — the city will be saddled long into the future with the massive borrowing and school spending he required to maintain his political reputation. Citizen Bloomberg will have a significant role in how Mayor Bloomberg is judged. Already the master of an expanding media empire, he is now setting up his

personal charitable foundation, which may rival the Gates Foundation in financial assets. That foundation will no doubt have the resources to place the Bloomberg legacy of debt, boondoggles and bicycle lanes in the best possible light.

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