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BILL MOYERS' JOURNAL

The Mayor Speaks Out (As Usual)

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The Mayor Speaks Out (As Usual)

[Tease — film montage of New York City from air and on the ground, from the Brooklyn Bridge and the lower Manhattan skyline to the desolation of the South Bronx]

Mayor EDWARD I. KOCH *[voice-over]*: Those of us who live here and work here — we're very lucky. But we don't own this city. The whole country owns this city. It's the premier city — the communications capital, the financial capital, the cultural capital — not only of the United States but of the world. And what we want to get across to the rest of the residents of this great country is that almost all of their ancestors came through the Port of New York to settle in Minnesota, to go to Florida or California. And we want a good relationship. I know that it was bad in the past. There was a certain arrogance on the part of New Yorkers which was wrong. There were expenditures made that should not have been made. That's all over. And I believe that this new relationship of affection — affection by New Yorkers for the 49 other states — is recognized. I think that affection is returned. I hope so.

BILL MOYERS: Tonight, a conversation with Ed Koch, the Mayor of America's largest city. I'm Bill Moyers.

[Bill Moyers' Journal opening]

[Montage of still photographs of Edward Koch, from early life to present]

MOYERS *[voice-over]*: Edward I. Koch, the 105th Mayor of New York City, was born in the Bronx, the son of Polish immigrants. The family was poor and Koch worked as a shoe salesman while attending City College. He came home from the Army after World War II to get his law degree from New York University and was soon interested in politics, working for Adlai Stevenson in the 1952 presidential campaign. Ed Koch first ran for elective office in 1962, losing a bid for the State Assembly. In 1964, he went to Mississippi to offer legal assistance to the Civil Rights movement. Then, in 1966, he won a seat on the New York City Council, and two years later was elected to Congress, where he served for nine years. In 1977, Ed Koch was elected Mayor of New York. And during his three years in office, his flamboyant personal style has brought him both controversy and admiration. During much of his first term, he has had to employ that style to win support from the federal government for loan guarantees to prevent New York City from going bankrupt.

KOCH *[after meeting with President Carter]*: The President asked each of us to make a short presentation. And I said to him, "Mr. President, when I was a member of Congress, I used to think in grand design terms. Now, all I think of is a hundred million dollars."

Sen. WILLIAM PROXMIRE *[outside his Senate office]*: —that New York has the capacity to pull out of this. And it should do it by itself. And it's a very, very bad precedent. If we provide assistance for New York, now, how can we say no to any other city?

KOCH *[at loan guarantee signing on City Hall steps, August 8, 1978]*: We overcame the odds because we refused to listen to the doubters and the cynics. We refused to accept the idea that this city couldn't be saved. These years of financial hardship have tested and tempered and strengthened the five boroughs of New York City. In many ways, they brought us together in a shared determination not only to survive but to thrive and to flourish.

RONALD REAGAN *[following his meeting with Koch at Gracie Mansion, October 17, 1980]*: The Mayor agrees that the paint on my "I Love New York" is dry. But I have — I wanted to commend the Mayor — and have — on what he has done here with the horrendous problems facing New York. I assured the Mayor that I am in support of the continued federal underwriting that the City has been receiving.

[Interior, Gracie Mansion — Moyers with Koch]

MOYERS: That was an optimistic comment by President-elect Ronald Reagan, but what do you really expect from Reagan when he gets to the White House?

KOCH: Oh, I expect that he will keep that commitment. He was referring to the balance of the federal guarantee drawdown of \$600 million which we would ask for in the next fiscal year. And he has assured me that he is committed to that, as he committed himself — and actually supported — the drawdown in this particular year of

\$300 million. As between President Carter and President Reagan, there is a distinction, clearly. I believe that New York City will receive at least as good treatment under President Reagan as it did under President Carter. That's my honest judgment.

MOYERS: This is a national broadcast and you're no slouch at reading the political tea leaves. Why did Carter lose?

KOCH: He lost, in my judgment, because the public believed that he did not exhibit leadership. I'm not talking about whether he is a leader or not. They perceived that there was no leadership in the country. They were distressed with the economic situation. They were horrified that this country has been drawn through the slime and the muck and the mud in Iran and that somehow or other our national prestige has evaporated world-wide. And they held the guy at the top responsible.

MOYERS: Do you, in any way, think that the election was a repudiation of the New Deal premise that an active national government should try to solve national problems?

KOCH: Well, I think that it is a repudiation of the thought that old solutions should be applied in the '80s. And people are looking for some way out of what we are facing, without applying the FDR solutions of 1932 and 1933 and thereafter. So, while it was not support, in my judgment, of Republican principles, it was a statement saying, "We've had enough. What we've had up to now under the Democratic leadership hasn't worked. So let's find a way to deal with our problems." It was not a repudiation of Democrats. It was a repudiation — again, in my judgment — of the current Democratic leadership.

MOYERS: You were a big spender in Congress.

KOCH: I sure was.

MOYERS: You voted for a lot of those expensive programs. Were you wrong, then?

KOCH: Yes. I have referred to myself, on occasion, as Mayor Culp. And the reason I have said that is this: when you're in Congress, you really have no conception of what it is to run a city. And many times, what Congress did was to impose programs in the city for which they sometimes gave money — and other times did not, and told you to do it with your own monies. And I have said to the members of Congress — and they're all good friends of mine; I served there; I know many of them by first name, although many have left since I left the Congress — I said to them, "If I had my way, I would sentence every member of Congress to serve one year as mayor — to teach you a lesson, fellas."

MOYERS: And yet, there's more to your career than looking back on the '60s and thinking you made a mistake. You started in the left-wing reform movement of New York City politics. You worked for Adlai Stevenson in 1952 and '56. And yet, here you are today being cheered by staunch conservatives like William Simon, former secretary of the Treasury. Have you had a change of heart?

KOCH: No, I don't think so. I am a pragmatist. And I believe you learn as a result of being exposed to different situations and circumstances. But I think people perceive me in a way that doesn't correspond with the facts. I haven't changed my positions as they relate to human rights and to a concern to make certain that people never fall below a certain economic level — that we have a job to do to keep people at least at a minimum level and try to bring them up into the middle class, to make certain that you speak out against oppression, whether it's here in the United States or in South America or in the Soviet Union. I haven't changed on that. I will, without hesitation, say that I have changed to some degree on the expenditure of money — that there is a limited amount of funds available — city, state and federal — on all of those levels, and that you have to exercise priorities. And that you simply cannot spend monies that you don't have. I never thought about that when I was in Congress. Because I'm running a city, I do think about it every day.

MOYERS: But how can you be a fiscal conservative and want more federal money for New York City?

KOCH: Well, there are two things about that. Firstly, I'm a fiscal conservative and I say that it is unfair for the City of New York to bear burdens that the federal government ought to be bearing. I'll give you the best illustration: we would have no financial problem in the City of New York if we, in the City of New York, did not have to expend — each year — a minimum of a billion — not million — billion dollars for welfare and Medicaid. I believe that the

federal government has an obligation to take that over. Even if it doesn't take it over immediately, they have an obligation to give to us the same percentage of federal dollars that they give to Mississippi and they don't. Mississippi gets 77 percent contribution by the federal government for Medicaid and welfare. And we only get 50 percent contribution. If the feds changed that formula, they would reduce the problems that we have. And, secondly, what I believe that the Reagan administration will do is to remove many of the congressional and court mandates that we are under which tell us how to spend our monies in ways that we don't want to spend them and prevent the locality from exercising its priorities.

MOYERS: There have been some signals coming out of the Reagan transition team that should be disconcerting to a mayor like you. An aide of Reagan was quoted recently as saying that he believes eventually the federal government should stop all aid to local welfare at the— to welfare at the localities. One transition team in the Reagan interregnum has said that, in time, the federal government should discontinue aid to mass transit. And there was a recent report just last week, I think, while you were in the Middle East, saying that— quoting one Reagan aide as saying that he really does believe — and the President-elect believes — that federal aid should be discontinued to any city that has rent control locally. Now, these are not rather promising signals, are they?

KOCH: Well, the first thing is, as I understand the Reagan position on welfare, it is that they would give to the localities the dollars that we're currently getting, and, indeed, even more as a result of inflationary pressures, but not tell us or have federal mandates on what the levels of assistance should be. We happen to believe that in the area of welfare there should be national mandates — which is different than what I would believe in most other areas — because otherwise the City and State of New York and the Northeast, which believes in a humanitarian approach to poverty are sometimes overboard but not often in some of the other areas — I don't think we're overboard in the City of New York anymore. We're not number one, you know, in maintenance levels in New York City — not number one. There are other states that have that distinction now — that honor.

MOYERS: A little disclaimer there—

KOCH: Yes.

MOYERS: —in case anybody's listening down in Washington?

KOCH: Yes. I think we're about six down at this moment. But the reason that we would want the federal government to maintain national standards is that we're not going to do what some states would do which is to eliminate welfare. And then those people who are poor would have no recourse but to come to those cities and states that have a humanitarian approach, like New York, adding to our problem. And you should also know that we are not number one in terms of the welfare problem. About 12 percent of our population is on welfare. Detroit has, I think, now about 24 percent. Boston has probably about 14 percent. And there are other areas that have much more than we. As it relates to rent control, I think they're off that kick. Because rent control may have been a problem — in fact, I would suggest, was a problem — over the — in the beginning, in 1943, when it was first imposed. We don't have rent control today in any large amount as people in Washington conceive of rent control. We now have rent stabilization which basically says that when an apartment is vacant, you get market rent — the landlord does. And when you move into it, then you get increased, as a tenant, each year, based upon the increases in cost to the landlord, but that the landlord can't be arbitrary and throw you out, knowing that he has a captive tenant. And most landlords say they can live with rent stabilization when they could not live with rent control.

MOYERS: You have an apartment that is rent-controlled, don't you?

KOCH: Yes, it's rent-controlled.

MOYERS: What is it — how much is it a month?

KOCH: I think I'm paying \$380 — out of my own money; doesn't cost the city a nickel — and, as I tell people, while I'd like to be here for three terms — 12 years — how do I know what the rental market will be when I leave?

MOYERS: But is that what the market would bring if it — ?

KOCH: Oh, no. It would bring much more.

MOYERS: Well, how do you feel about having that sheltered against inflation while you're in Gracie Mansion.

KOCH: Oh, I believe that rent control — in the category that occupies apartments like I have — will be eliminated in about five years. And mine will be eliminated at the same time.

MOYERS: So you may not, if you have these three terms, be able to go back to the same place.

KOCH: It'll be a pity but that's true.

MOYERS: What about Jacob Garn, the new chairman of the Senate Banking Committee — used to be mayor of Salt Lake City.

KOCH: Yes.

MOYERS: And he has said that he thinks the federal loan guarantees to New York City should run out when they expire in 1982. What would happen if Jake Garn's philosophy prevails?

KOCH: Oh, I have no problem about the loan guarantees running out at the end of four years. We're never going to come back and ask the Congress to do anything special for New York City at the end of the four-year plan which ends next year. I have no hesitation in saying we will be back — with a whole host of cities and states — asking that the federal government do things, not for New York City, but for all major urban areas similarly situated. So, as I understand what Senator Garn did, for example, in this last Congress — maybe even at the request of President Reagan — he supported the drawdown of the \$300 million that we asked for under the original federal guarantees. So I have no fear of Senator Garn. In fact, when I appeared before Senator Proxmire's committee — and Senator Garn was then the ranking minority, now he'll be the ranking majority or the chairman — they both said that they gave me "A" when they gave me a report card.

MOYERS: Democratic mayors of New York used to think the Mongols were at the gates when the Republicans arrived in Washington. But you take a different attitude.

KOCH: Well, I believe you have to be a pragmatist. And I also say that when I look at what the Carter administration did not do in the four years that it was there, that we don't have too much to fear. You should know that when the original Four-Year Plan was provided to the Congress and Mike Blumenthal, then secretary of the Treasury, signed off on it, we were to have received — over and above what we actually received from the federal government — over \$500 million more than we actually got — not in the federal guarantees but in terms of programs that Mike Blumenthal said he could rely on. And we had to make up, internally, that loss of over \$500 million in that 3-year period. So I honestly believe that while there is a difference in direction and that the Republican Party is not my party and I hope that we will ultimately have a Democratic president and Senate and House of Representatives, I am going to work with them. I'm trying to run this city on a non-partisan basis — on a basis of pragmatism. And you said, initially, that there are lots of Republicans who like me — there are even more Democrats who like me — should I be upset that somehow or other I've caused people across the political spectrum to say, "This guy is not an ideologue," — that's me — "This guy wants to run this city as though it were a first-rate enterprise, doing all the things that someone would do if he were not concerned about the political aspect of it." Indeed, on one occasion, one of my critics came into my office and he said to me, early on in my administration, he said, "You are running this city as though you intend to be a one-term mayor." That was supposed to inhibit me and intimidate me. And I said, "Charlie, you're absolutely right. And that's why I'm going to be a three-term mayor."

MOYERS: Has anything ever intimidated you?

KOCH: Oh, I suppose that on occasion, I've been fearful. But it has never intimidated me.

MOYERS: Let me ask you a short question with a long preface. And it has to do with the seeming triumph in American politics of image over substance. Whether politicians aided and abetted by our media now interpret their job to be one of entertainment as opposed to government. We've just elected an actor as president. *Time* magazine had on its cover last week, while you were in the Middle East, Ronald Reagan in denim jacket and blue jeans, as if he were a dirt farmer instead of an actor living in a swanky section of Hollywood. And just the other day, there was that wonderful picture of you on the camel in Egypt. While you and camel were — if you'll pardon the expression — mugging it up for the evening news back here at home, a lot of us were stuck on the Long Island Railroad or on the Eighth Avenue "A" train. And the buses of New York were being taken out of service because of defects in them.

Instead of being held responsible for what was happening to public transportation in the city, there you were entertaining us on the evening news. And my question is: What do you think happens to politics in this country if we allow the triumph of the image of the media and politics over economic and social realities?

KOCH: Well, let me reply by saying this. Early in my administration, Frank Lynn, who is one of the best of the political reporters in town — works for the *New York Times* — in characterizing me and the administration said, “You know, Ed Koch is really terrific on substance but he has no style.” Now — I don’t know whether he was right or not; I suspect he was not right — I suspect I am what I am, a very natural person. And the particular incident that you refer to happened in the following way. I had just climbed the Giza pyramid. And when I came out of that pyramid — and I’m the first mayor to have climbed all the way to the top, they tell me — mayor from the States — and I came out, a reporter said to me, “We’d like you to get on this camel. We’d like to have a picture of it.” So I’ll tell you what went through my mind. You know, there is a symbiosis, a relationship between the press and people in public office. The press has to write stories and people in public office have to get through the press their story across. And so, you have to have a working relationship with people. And I thought to myself, you know, if I get on this camel, I’ll come out like Henry Kissinger, with this Arab headress and I will look silly and maybe even politically I’ll hurt myself. And then I said to myself, to hell with it. To hell with it. I know I’m just having a good time here. I’m not on any official trip. I’m a tourist. And if it will help this reporter that I be on the camel, I’m going to get on this camel and I’m going to have a good time doing it. So I said to them, “Bring me your toughest camel.” And I got on the camel. Was that terrible? I don’t think so.

MOYERS: It must have been a New York camel — I mean, really a tough camel. But are you saying that it’s my business that prefers pictures of you on a camel as opposed to a long analysis of the fiscal and economic problems of—

KOCH: No, I think that reporters do both. I think that when they cover City Hall they’re very tough on us. You know, I’m available to the press simply because the newspapers in the City of New York have a room. It’s called Room 9. The press is there every day covering every aspect of city administration. I think we’re covered more extensively — and I believe, tougher — than they cover the White House or state capitals because they are there; it’s intimate; and they know what they’re doing and they are very smart. New York’s press is very sophisticated. On occasion, they’re going to want some colorful aspect to liven up the news. And if it happens that it occurs when I’m a tourist in Egypt, what’s wrong with that?

MOYERS: Well, let’s take Manhattan as a metaphor for the triumph of image over substance. In Manhattan today, the rich are living it up. Real estate is booming. Luxury shopping. Fancy restaurants. Classy entertainment. But if you go beyond the narrow stretch of opulence in midtown Manhattan, you’ll find that most everyone else, rich—middle-class and poor alike — are getting squeezed. Is that a good example of the triumph of image over reality?

KOCH: No. Let me tell you where I believe you are not stating our total case. Before I became the mayor, the unemployment rate in the City of New York was about three points higher than the national average. That means we were over 11 percent when unemployment nationally was somewhere in the neighborhood of eight percent. Today, our unemployment rate is basically the same as the national average which means — and it’s down in the eight percent category — which means that there are more people working in the City of New York today than when I became first the mayor. In the ten years before I became the mayor, we lost 600,000 jobs. People either moved their businesses out or laid off people — 600,000 jobs is 1½ times the city of Buffalo’s population, our second largest city. Since I became the mayor, we stopped the draining off of jobs, the flight from the city by businesses, and we increased the number of jobs by at least 80,000 and probably closer to 100,000 in the period that I have been the mayor — and in the private sector, not on the public payroll which doesn’t count in these figures. Now, when Manhattan booms — as it is, because it is the central business district — if the City of New York were not basically islands — which we are, you know; I mean, you have Long Island, you have Manhattan and you have Staten Island; we are a city of islands — if it was one city on the mainland and in the center it was the area called Manhattan, you wouldn’t even talk about it. But because you can delineate an island called Manhattan which is our central business district, and in which a substantial part of our population works, people will say, “Well, it’s booming.” But where do you think the people who work in Manhattan come from? They come from Brooklyn and Queens, the Bronx and Staten Island. Watch those subways come into Manhattan or the Staten Island Ferry. Or when they build hotels in the center of Manhattan as they are building them now. Who do you think works in those hotels? Overwhelmingly,

people who live in the Bronx, Brooklyn and the other boroughs. So, it's understandable that private dollars will go in the area where they'll make the most money. It's their dollars. And the public dollars we put wherever we can into the other boroughs. Take, for example, housing. We build most of our housing that is subsidized — and we have a remarkably good record on housing — we build north of 96th Street, which means Harlem and above. We build in the Bronx and in Brooklyn and in Queens. We provide our subsidies in the other boroughs for housing. So I don't, in any way, feel that I have to explain away Manhattan. Obviously, we would like the other four boroughs to also get the private sector dollars. And ultimately, they will.

MOYERS: There are critics of Ed Koch in New York who know the city better than a national reporter like I do. And I have one of them on videotape that I'd like to speak to you at the moment. And then we'll get your response. His name is Jack Newfield. He's the senior editor of the *Village Voice* and he's a prize-winning reporter — recently received the Polk Award, one of journalism's most distinguished awards. Here is Jack Newfield.

JACK NEWFIELD *[on tape]*: He governs the City by what will tickle the white majority on the six o'clock news. He has the one-liner for the radio. He has the 30 seconds for the TV. He has the ability to ground out all this information which, when I check it and it turns out not to be true but it takes two weeks to check it. When he says 60 percent of the city budget goes to poor people — when you look at the numbers, it's not there. When he says New York City is having a great renaissance and no one goes to look behind the phrase. Yes, there is a renaissance going on in wealthy, white Manhattan between 96th Street and Wall Street. But the tourists and the national media don't get out of Manhattan. They don't get to see the declining quality of life in the outer boroughs, particularly Brooklyn — Coney Island, Flatbush, Williamsburg are hemorrhaging from arson, blockbusting, unemployment, rising rents, and most of all the declining quality of service in police, sanitation and in mass transit. It's a tale of two cities. We don't see the worst of times in the outer boroughs. It's like when Michael Harrington, almost 20 years ago, wrote, "The Other America". Somebody's going to have to write, "The Other New York".

KOCH: Well, let me comment on Jack Newfield. I know him for 20 years. He's not a reporter. He is a journalist with a point of view. And his point of view today is "get Koch". That's okay with me. I have no problem about that. And the second part of that is this: he also believes that the end justifies the means. When his candidate for Congress was Bella Abzug and she came out against jets for Israel at that time — a very serious matter; I think it was in 1970 — he said that, in fact, she had never said she was against jets for Israel. And then when another candidate ran against Bella that he preferred — which happened to have been Ryan — Bill Ryan — so then he wrote a letter — I think it appeared in the *Village Voice* — in which he said that he hadn't stated accurately Bella's position and that, in fact, she had been against jets for Israel. So he is someone whose point of view depends not on news reporting but on his ideology. Now, I'm not an ideologue. Now, getting to the substance of his comments. I'm saying that we had a city that was going into bankruptcy and that, as a result of the efforts of Abe Beame, in part, and the Financial Control Board, which told him what to do, and my own efforts, there is now a vitality in this city. Nobody even conceives of the City going into bankruptcy. And if the City had gone into bankruptcy, it would be the poorest of the poor who suffered the most because the middle class would leave. Now, there are some people who don't like the middle class. Newfield, although he happens to be rich — at least, his wife is — they don't like the middle class. They would like to lionize the poor. I was poor. I don't have to lionize the poor. I have to provide services for the poor and try to get them to come into the middle class. But people like Newfield and others who are ideologues would trample on the middle class. Now, I'm not able to provide services to the middle class the way they'd like it. But I want them to know that they have a friend at City Hall who does believe that it is they who pay the taxes and provide the jobs that makes it possible for me to provide services to the poorest of the poor.

MOYERS: All right. Let's stay with the middle class for a moment. If — are crimes up or down since you became mayor?

KOCH: Crimes are up — and in proportion with the rest of the country. And what I'm simply saying is that across America, criminal acts are on the increase.

MOYERS: Are the streets cleaner or dirtier than when you became mayor?

KOCH: The streets today are *getting* cleaner. If you're talking about sweeping, we haven't reached a point where we want to. But we have instituted the two-man truck which mayors have tried to do for 30 years. And it was done in this

administration. And, in addition, the collection of garbage is far better than it was when my predecessor was in office.

MOYERS: But there was a report which said that only 51 percent of the streets are judged acceptably clean today compared to 75 percent in 1976. In Brooklyn, of which Jack Newfield spoke, only 38 percent of the streets are clean on any given day.

KOCH: Easy to respond to.

MOYERS: One-fourth of the City's 1600 garbage trucks are broken down.

KOCH: No. Let me give you the facts. Firstly, in 1976, there were 2500 men sweeping the streets. You have to distinguish between picking up garbage and sweeping the streets. They are two different problems. And picking up garbage is no longer criticized. We do it regularly and far better than before. Sweeping the streets we have not done as well and the reason is simple. In 1976 — that fiscal year — there were 2500 men sweeping the streets. Today, there are 800 sweeping 6,000 miles of streets. It is not possible to deliver the same service through 800 men that you had with 2500. But as a result of the two-man truck, we will take the third man from that truck and hopefully put more of them on sweeping the streets.

MOYERS: All right. Is public transportation more efficient and more reliable today than when you became mayor?

KOCH: Oh, no. Public transportation stinks. And the reason is very simple. They did not get support from the federal government or the state government, and the City was not able to provide them with the dollars that they needed. And so they cannibalized themselves and didn't provide the maintenance required. And then they got into the contracts for subways — subway cars that didn't work — and in my administration we sued and just collected — or that is, got a judgment for \$72 million against the company that gave us subway cars that didn't work. In my administration we sued. We didn't settle. We sued. And what I'm simply saying is, we have to do more in that area. But I have never said that with a reduced budget, that I can provide better services. We now spend a billion dollars less in our operating budget because we no longer borrow that billion dollars for the purposes of spending it on operating expenses — which is what Beame did and what Lindsay did. Can you imagine what I could provide with an additional billion dollars in my operating budget? But then we would be in bankruptcy. You see, the predecessors — and I'm not allowed to mention them by name because they get angry at me and my sister said she's beginning to feel sorry for John Lindsay every time she hears me mention him, so I'm not going to mention him anymore — the fact is he spent a billion dollars in his operating budget that he didn't have through the collection of revenue. He borrowed from the future — our future. The same thing happened with Abe Beame. It was legal when they did it. It was reprehensible but legal. So, therefore, you cannot ask me to provide the same services or better services with fewer dollars. What you can demand of me is that within the dollars I have available, that I get the maximum bang from the buck. And there, we're doin' it.

MOYERS: Well, I think the point is that Newfield and others claim — and I don't think it's ideological; I think they know the facts and, like me, they get around the city. You know, the streets are dirtier, the crime rate is up; we're not spending as much on improving the bridges, the roads, the subways as we did in 1976. No one thinks the public school system is functioning better than it did four years ago.

MOYERS: No, that's wrong. You're saying things that I have to interrupt you on. For example on — in terms of the capital budget, we're now spending a billion dollars a year and from '75 to the time that I got in, in that three-year period, we had no capital budget. And now, we're spending a billion dollars a year on fixing the streets and the bridges and the water tunnels and so forth. So, it's not accurate to picture it the way that you did.

MOYERS: One report says that we're spending about half of what we did in '76 on capital improvements.

KOCH: Well, that report's wrong. What can I tell you? Now the fact — what I'm telling you is, that there was no capital budget as a result — in '76 and '77 because — of any consequences because they were using the capital budget for operating expenses. That's what they were doing.

MOYERS: I'm not assuming that a mayor can do it all. But if he doesn't see to it that someone is cleaning the streets, that the police are on the beat, that the schools are doing their job and the subways and buses are getting people to and from work — what's a mayor for?

KOCH: Oh, a mayor is to do all of those things within the constraints of the dollars that he has available and to improved services. And we are. When you mentioned education, this is the first time that the reading scores have gone up in New York City whereas they have not gone up in any of the other major cities in the country. And that's as a result of the chancellor that I helped get into office — Dr. Frank Macchiarola. So, what I'm trying to convey to you is, I took a city that was on its knees — on the edge of bankruptcy — a city that had no hope, had no vitality — and I believe I've energized it. I believe that I have conveyed to people in this city, we can do it. And we can get a handle on our budget. And we can reach the point where we have, for the first time in 20 years, have a truly balanced budget. Can you imagine this city, prior to this particular fiscal year, did not have — over the last 20 years — a truly balanced budget? And that I was able to do it and did it a year ahead of the time that the statute required me to do it?

MOYERS: But hasn't the balanced budget come at the expense of those very services that the middle class requires for stability: sanitation, police, transportation and education? I'm not saying it's your fault. I'm only saying that if those services are what the middle class need for a stable neighborhood, those are the very services that are being sacrificed—

KOCH: Okay.

MOYERS: —for a balanced budget.

KOCH: And I want to explain to you what the response to that is. You have to first get a balanced budget before you could begin to improve the services by the additional personnel that would be required to do that. First, you have to try to get the reduced personnel to do more — and we have done that — and then reach a point where you could begin, slowly, to increase the number of people to do what has to be done. And I'll tell you what we've done in that area. Take cops. For me, that's the number one priority is police protection. It's got to be number one. If you're not safe in your home or in the streets, what good is everything else?

MOYERS: And there were 31,000 cops on the force in '72; there are 22,000 today.

KOCH: Yes. And in this particular year, beginning with this month of January — this calendar year — for the first time, we will be hiring cops to the tune of 979 cops will be hired this year — 400 more than we projected we would be doing when we filed our plans with the Financial Control Board in our budget last year. That's number one. Secondly, when we adopt our new budget, in June of this year, there will be additional cops hired. Now, we could never have done that if I hadn't brought some order to the chaotic situation that existed in the City of New York, sought to remove those areas of expenditure that — nice to spend money on them if you have the money but if you can't, to stop it — to remove waste where waste exists, to reduce the number of people on the payroll because the payroll represents about half of our budget. And I've done it. And I'm not telling you we're out of the woods. I'm not telling you we don't need help. But what I'm telling you is, we have reached a plateau where, this year, having put our budget in order and made it truly balanced, we can now begin the slow process of upgrading our essential services. You couldn't do that before you did the former.

MOYERS: This report, "Setting Municipal Priorities — 1981", produced by a number of universities in consortium in New York City, says that the balanced budget has been achieved on the backs of the poor — that the poor have borne the greatest burden of the balanced budget. What's your response to that?

KOCH: Well, I talked with the author of that, Ray Horton, and he said, "I want to make something very clear, Ed. We were not directing that at you. What we were saying—" — go ask him — "What we were saying," said Ray Horton, "is that the State of New York, which sets the amount of money that is paid to welfare recipients and hasn't increased it since 1972, is responsible for not increasing it," — not the City of New York because we don't set it. And, in fact, I urged last year and the year before and this year, that there be an increase. So that the criticism of not assisting the poor was not directed at the City but was directed at the State Legislature.

MOYERS: Don't take it personally but — factually — the balanced budget has been achieved—

KOCH: No, sir.

MOYERS: —on the back of the poor.

KOCH: It has not been. That's ridiculous.

MOYERS: Are the poor better off today than they were three years ago?

KOCH: Are the middle class better off than they were three years ago?

MOYERS: No. Are they?

KOCH: And therefore—

MOYERS: Neither is, then.

KOCH: Neither. Of course not. Who says—

MOYERS: So if Ronald Reagan asked New York voters what he asked nationwide voters, are you better off today after three years of Ed Koch than you were after four years of Jimmy Carter, the answer from the poor or the middle class would be no.

KOCH: What they would say, I believe, is that given the circumstances and the dollars that Koch had to work with, he did better than anyone else that we know who might have been in that job. He preserved the City from falling into the muck and the mire of bankruptcy. And now we're going to begin to try to deliver better essential services. But before we could do that, we had to put this city into the shape I've just described. So, that's number one. The second is, that of our budget of \$13.6 billion, 60 percent — and it's verifiable — goes to the poor. There's no question about that. And that is the percentage that was set forth in a report which we released in '79 and it's the same percentage in fiscal '80. You have a distinction between— in fiscal '80, it's 56 percent instead of 60 percent because some of the monies that we had in '79, which were part of our budget, are now part of the State's budget. But the percentage is exactly the same.

MOYERS: But there is some argument on that, Mayor, with all due respect. There are dispassionate people who dispute the claim that—

KOCH: Name one.

MOYERS: —sixty percent of the budget—

KOCH: Name one besides Newfield.

MOYERS: There was a memorandum by your budget director, James Brigham, which said that only 45 percent of the budget goes to the poor.

KOCH: No. He never said that.

MOYERS: And that includes a \$563 million portion of the City's debt service.

KOCH: No. Let me tell you where you got your facts wrong. Okay? You see, there are some people who say that a budget is only what the funds are that the City raises itself. That's not the budget. Our budget is 60 percent city-raised and 40 percent contributions from the State and the federal government, each giving about 20 percent. And the total is \$13.6 billion. That total of \$13.6 billion, 60 percent of that total goes to 26 percent of the people who live in the City of New York who are below the poverty line. The 45 percent figure that you refer to is of the city funds part of that budget. You follow what I'm saying?

MOYERS: Do you include in your figures for the poor, their share of the sanitation, police—

KOCH: Certainly.

MOYERS: Their share of the—

KOCH: On a per capita.

MOYERS: Their share of the debt burden?

KOCH: Per capita. Per capita.

MOYERS: Their share of the debt burden.

KOCH: Per capita. Yes.

MOYERS: So it's not direct grants or direct aid.

KOCH: Well, how about the middle class? I mean, if you're going to exclude cops and fire and sanitation and service on debt and all of those other things, then what have you left for the middle class? I'm saying the middle class gets the shafting, as it relates to the budget — regrettably. But it's understandable.

MOYERS: And the poor doesn't?

KOCH: The poor — listen, let me ask you this. If you could get 60 percent of every dollar that is spent out of our operating budgets and it goes to 26 percent of the people and 40 percent goes to the balance, who gets shafted?

MOYERS: Let me respond to that by bringing back Jack Newfield and another critic of yours, the editor of the *Amsterdam News*, a journalist named John Procope.

NEWFIELD [on tape]: I would grant him his personal honesty, diligence, intelligence and his balancing of the budget, which I think are real achievements. But I think the critical part of it would be, one, his communication to the 40 or 45 percent of this city that is non-white that he doesn't care about them. I think Koch is in the tradition of Frank Rizzo, in Philadelphia, and Spiro Agnew, when he was vice president — that he's practicing the poison politics of polarization by going out of his way to ridicule and denigrate and attack the black and hispanic minorities of New York. It's like the movie *Network*. I mean, every time something gets so bad in the City, there's a crowd in front of City Hall. And suddenly you see Ed Koch at the front of the crowd, saying, "Things are terrible. I won't take it anymore." And he makes everyone forget that he's responsible for the disaster. He's got a scapegoat for every problem and he's so articulate and so witty and so funny, the media lets him get away with it. It's government by one-liner. And I think he's Mayor Mouth.

JOHN PROCOPE [on tape]: I would give him an "A" for leadership for white people and I would flunk him on his leadership for minorities. I could not give him a good grade on housing. Because there has been no housing starts. And he blames it on the federal government. I blame it on the leadership. I don't know what the level of education is as far as whites are concerned. I tell you that it has to be a failing grade for minorities. Minorities come out of high school and they can't spell. And my friends tell me that white people can't spell either when they come out of white school — come out of high school, so what am I screaming about? I say that because white people can't spell, they can do a lot of other things. And black people can't afford not to spell. I think that he has been superb in his manipulation of the white media; that he has failed in his manipulation or in his approach to black-oriented media. Because he has really not addressed himself to the problems that we have that affect the quality of life of minorities in this city. And we cannot give him a passing grade. The only thing that we can really give him a passing grade for, from our frame of reference, is his approach to the economic vitality of midtown Manhattan. I don't think that he's been mayor of all the people. And from that frame of reference, I don't think that he's done the job that is completely total, as far as being a mayor is concerned.

MOYERS: What about it?

KOCH: Well, first let me first take on John Procope. Every time I see John Procope on television where he says something mean and miserable about me, and I speak with him — because I speak with him quite regularly — he says, "But they didn't quote the good things that I said." So I don't know whether you got any good things out of him or not. But that's what he'll tell me when I'll call him up tomorrow. Now, the second thing about John Procope. He doesn't know what he's talking about. And he does run a paper which has about 80,000 by way of circulation. And he wants to have that expanded. And I understand that. And I'm the guy to attack. I suppose if there were another mayor, he would attack that other mayor. But the fact is, one salient indication that he doesn't know what the facts are: in 1977, when Beame was the mayor, they had 3,000 rehabilitation housing starts. In each year since I've been the mayor, we've had more than that and in this last fiscal year of Fiscal '80, we had four times the number. We had 12,000 housing starts — rehabilitation housing starts — and where do they go? Mostly in black and hispanic areas. Now, that's a fact of life. Now, let me go to this question that Newfield raises about my relationship with the black community and hispanic community. The fact that in my —

MOYERS: Forty percent of the City population, by the way.

KOCH: Yes. Sure. Maybe even more. The fact that I speak to everybody the same way irritates some people. I speak to you whether you are black, brown or white, whether you are Jewish or Christian or Muslim — in exactly the same way. There are people who don't believe you should do that, who believe that you have to have a guilt complex, that somehow or other you have to pander or provide preferential treatment for blacks and hispanics. I think *that* is discrimination to them. Because I accept them as equals — equal before the law and equal before the government. There are those, like Newfield, who say, "No, no, no. You have to have—" — or maybe not Newfield but others like him — "You have to have quotas — racial quotas." I will not submit voluntarily to racial quotas. Nevertheless, in my administration, in the highest positions of government, we have more than any of the three prior mayors of blacks in positions. Eighteen percent of the top 135 jobs in city government are occupied by blacks. Now, his newspaper, the *Village Voice*, commented on that recently. And they said, well, but they don't have the commissionerships that we would like to have. I said, "What does that mean?" The Parks Commissioner is occupied by Gordon Davis, who happens to be black. That used to be considered one of those socialite positions. Goo-goos got that; rich people got that. There is a black commissioner who now has that department and is doing the best job that that agency has ever had. I don't get credit for that — that I have 1½ times the number of blacks in high positions in government that Abe Beame had when he left office, if you use that 135 standard.

MOYERS: How do you explain, then, that when you sometimes go to a black area like Bedford-Stuyvesant, you get booed?

KOCH: Well, how do you explain the fact that when I went back the second time, they didn't boo me? I'll tell you exactly why I was booed, if you want to know. The fact is that you can get a crowd to turn on any speaker if you bring in 20 or 30 people. In that particular case, you had someone who is a militant who wanted to disrupt the meeting. You have to understand that I now have had 45 town hall meetings around the City. There are 59 community boards. I will be in every one. I've had about five of the 45 disrupted. Anybody can disrupt a meeting. What they would love is for me to tell the police to throw them out and make martyrs out of them. I don't do it. What I do is I stand there and I say, "Look, you got two hours. From 7:30 to 9:30, I'll be here. We could have a dialogue or you can get up and disrupt. I'm not going to throw you out. At 9:30, I leave. Use it constructively or use it destructively, from your own point of view. I'm here." And in most cases, people will use it constructively. But you know who is responsible, in a way, for some of the disruption? Of the 45 meetings, very few that are positive are ever covered, although there are always reporters there. The only ones that are covered in the press — most of the ones, anyway — are those where there is disruption. So if disruption gets coverage, you've given a platform to a disrupter.

MOYERS: Let me go to what, to me, seem to be the two main substantive criticisms. I mean, I really do believe Jack Newfield's criticism is based upon what appears to be substantive and factual, not polemical and ideological. But let me go to what, in talking to people around town, I conceive to be the two main criticisms of you from the black, hispanic and the poor. And it is that in this time of austerity, you are not asking everyone to share equally in the sacrifice, that the burden is falling, mostly on the poor and lower-income groups, of whom blacks and hispanics are a disproportionate number. Second, that your economic development policies have placed great emphasis on Manhattan at the expense of the other boroughs. Evidence: AT&T got a \$20 million tax abatement for the building of a new corporate headquarters; the Helmsley Palace Hotel received an almost \$6 million tax abatement; the federal government made a \$20,500,000 grant to be used to encourage business in underdeveloped areas of the City and it has wound up going to a luxury high-rise in Times Square; the Urban Development Corporation, founded in 1968 to finance affordable housing for the poor, did not build a single unit of housing in 1980 but it did help finance another luxury hotel, the Hyatt, to the tune of \$80 million and it's financing the Convention Center to the tune of \$375 million. And according to one reliable source I talked to, the Manhattan projects account for \$150 million of the first \$200 million of tax abatement given by the Industrial and Commercial Board. The question that these people ask is: What's the philosophy of Ed Koch behind the practice of subsidizing large-scale grants to businesses in the area of Manhattan which is already thriving economically?

KOCH: Okay. Let me— you've raised about six different questions. Let me—

MOYERS: Take the philosophical.

KOCH: Philosophical. Let me just give you a figure which would indicate how wrong you are. If 26 percent of the people get 60 percent of the budget and 74 percent of the people only get 40 percent of the budget — which is the

middle class and those above the middle class — can you say that sacrifice is not being handled in an equitable way? I think that we are handling it very equitably. That's number one. And we don't have to debate that. The second thing is that with respect to tax abatement practices, the State Legislature created boards which decide whether or not a business project that comes before these boards should be given tax abatement or tax exemption and the thrust of it is to determine whether or not, if you give it, you'll get jobs, and if you don't, that the project will not go forward. It's a determination made and it's discretionary. You have two kinds of programs. You have one that's a matter of right, where everybody can get a J-51, which is a housing program to upgrade their housing and turn it from commercial into residential and other aspects of that. It's a matter of right and you give it to people who don't need it. The discretionary program will always be the subject of criticism because it means that people use their judgment. You know who sits on one of those boards? John Procope — the guy that was critical.

MOYERS: Are you saying you have no influence on those boards?

KOCH: I can tell you this. My influence is that I appoint people to those boards. I have never once had a discussion in the three years that I've been the mayor as it relates to any tax abatement or tax exemption for any project.

MOYERS: Then you haven't—

KOCH: I am totally divorced from that and the reason is this. When the criticisms come in that something was done — as they will always, in every administration; this program is not new with me; this was under Beame when it was created — there will always be the attack it was done for political purposes. And, in fact, if it was, that's a violation of the law and I urge those critics immediately, run down to the D.A. and file a complaint. Because if anybody on those boards ever gave a single tax exemption or abatement illegally, they should be in jail and I'll be the first to press it.

MOYERS: Nobody's charging that. They're simply saying—

KOCH: What is it, then?

MOYERS: —the policies of the tax abatement endeavor have benefited Manhattan at the expense of the other boroughs—

KOCH: But—

MOYERS: —and that you're building a Latin American city with a thriving, prosperous commercial center while around it the rings—

KOCH: The problem is this. Those same tax abatements are available to private people who want to build in Brooklyn, or Queens. We don't tell them where to build.

MOYERS: But they're building in Manhattan.

KOCH: And they're building in Manhattan because they are using — overwhelmingly — private funding. The tax abatement that is given to them is a very small part of the total equity. And the decision made by those boards — and I again tell you, I have never had a discussion about any project—

MOYERS: You haven't tried to stop it—

KOCH: No.

MOYERS: —the practice of building up Manhattan?

KOCH: Well, we have. In fact, we've just changed the J-51 program so as to reduce the benefits that you will get from building in parts of Manhattan. It's like someone who is in the stock market. There is a time to sell. Nobody ever hits that exact time to sell. They wait too long and then they've lost money. Or they hold it and maybe they'll make more money. And wherever you have discretion — which is what these boards have — it'll never be exactly on that moment when they should have removed parts of Manhattan from these programs. But they are constantly trying to do that. Now, if they didn't have these programs, then, we would be in a situation where other cities encourage businesses to come there to provide jobs and New York City says, "No, we're not going to do it." These tax abatement/tax exemption programs in the commercial and industrial area were for the purpose of attracting new

jobs. And, in fact, they have.

MOYERS: Let me see if I can sum up the predicament New York City faces and you face. First, despite wholesale layoff of city workers, cuts in services and a new bookkeeping system, New York is still going to be heavily in debt. Is that correct? Next year.

KOCH: Well, but we've— when you say heavily, there will not be debt in terms of the operating budget. There are capital debts. Every city has that.

MOYERS: All right. Your access to private market at the moment is still closed.

KOCH: Yes, but everybody says we're much closer to it as a result of my having balanced the budget a year ahead of time.

MOYERS: All right. To balance that budget and meet the debt payments, you've had to cut city services which, by your own admission, hurt the middle class and to reduce social welfare spending which hurt the poor. If you cut services further, the middle class may leave and the City, outside of Manhattan, rot away. But if you don't cut services further, you risk bankruptcy. Right?

KOCH: No.

MOYERS: You don't?

KOCH: Absolutely wrong. Bankruptcy is no longer a factor. And, in fact, we're beginning to improve the services.

MOYERS: All right. do you expect next year more federal aid from the state and federal governments or is that source of revenue likely to decline?

KOCH: Not from the State. We're going to get aid from the State because the Governor's committed to it. We've put in a simple \$100 million aid from the federal government and whether or not we get it, obviously I cannot tell you. If they don't provide it, then we will somehow or other do without it. But they owe it to us.

MOYERS: And you need more revenue. To get it, you may have to increase—I mean one way to do it is to increase personal, business or income— sales taxes.

KOCH: Uh-uh. We're not going to do that. We're committed not to do that. Our revenue increases result from more sales taking place and from the fact that we're going to collect more from existing real estate under existing taxes because real estate values have risen so incredibly and we will get part of the additional assessments that come from that normal rise.

MOYERS: So it looks like a happy new year for New York?

KOCH: A better new year for New York. We're still not out of the woods and I don't want people to spend money that we don't have, but we're a helluva lot better in terms of where we are today than when I came into office.

MOYERS: From Gracie Mansion in New York City, this has been a conversation with Mayor Ed Koch. I'm Bill Moyers.

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