New York City Politics
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Governing Gotham

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At the beginning of the twenty-first century, the governance of American cities is influenced by a variety of forces. These forces include the fiscal needs of the cities' political systems and the constraints that affect the systems' ability to raise revenue; the cities' position in the American federal system; and the increasing racial and ethnic diversity of the cities' populations. No city illustrates the influence of these forces better than New York City.

Over the past several decades, the study of urban politics has produced a number of approaches to explain the behavior of urban political systems. Many of these approaches have succeeded in addressing some, but not all, of the abovementioned forces. Moreover, few studies have attempted to address how the divergent yet at times overlapping nature of these forces affects a single urban political system. This work will examine how those critical forces—economic/fiscal, intergovernmental, and social—affect the governance of New York City.

Introduction

The Governance of the City's Political System

Governance of the city's political system involves a complex set of functions around three broad themes: democratic accountability, the delivery of public goods and services, and the maintenance of civil harmony. These three themes incorporate the political system's goal of processing inputs and producing outputs while promoting system stability and survival (Easton 1965). First, the theme of democratic accountability concerns the extent to which the leaders of the political system respond to the demands of the people and are held accountable to the people. Democratic accountability depends on elections but also on the representative nature of the entire political system, including interest groups, political parties, and the executive branch of government. The second theme, the delivery of goods and services, concerns the ability of the political system to
deliver those public goods and services vital to the city. This theme includes the delivery of those services that over time have been deemed critical to urban governments, such as police, fire, sanitation, public health, and education. The service delivery function also encompasses amenities such as parks, welfare, and social services that promote health and a level of well-being for all citizens regardless of income and that add to the city’s overall quality of life. Over time, the service delivery responsibilities of urban political systems have more or less stabilized, but are still influenced by available resources and citizen demands.

The third theme, the maintenance of civil harmony, recognizes that there will be conflicts among those involved in the political system in regard to decisions concerning the delivery of public goods and services and the response to citizen demands. Political system decisions create winners and losers. The theme of civil harmony suggests that governance of the political system is best served when those active in the system remain committed to the process by which decisions are made, regardless of whether they win or lose those key decisions. Those in the political system promoting this theme cannot sit idly by and hope that commitment to the process emanates from the democratic procedures themselves. Commitment to civil harmony within a democratic process is achieved through a number of formal and informal mechanisms. First, civil harmony is advanced through an array of inclusive democratic procedures allowing all citizens to participate in the political decision-making process. These procedures must allow all to participate equally, however indirectly, in those decisions affecting the delivery of public goods and services. Second, civil harmony is advanced through the process’s distributive decisions. There must be some minimal level of fairness in the distribution of public goods and services, such that even if the delivery of goods and services is not equal, it approaches equitability. A third way civil harmony is advanced is through the behavior of the leaders of the political system. Their behavior amid political conflict and reaction to political setbacks sets a tone and acts as a cue for their followers as well as for their political adversaries. Leaders help set the parameters for what is acceptable political behavior. Civil harmony is not synonymous with civil order, although a lack of civil harmony may result in a decline in civil order.

This book will examine how the social, economic, and intergovernmental forces affect the governance of the city. For the most part, the impact of these forces on city governance is divergent. First, each of the forces pulls the city in different directions through the constraints that they place on public decision makers. Occasionally, the impact of those forces overlaps and temporarily combines to pull the city in the same direction, but for the most part city decision makers find themselves conflicted when faced with the multiple forces. Second, while the forces present challenges for the governance of the city, the impact of the forces on city governance is by no means dysfunctional. In fact, in many instances the impact that the forces have on the city’s political system enhances the themes of governance.
To understand political system governance, one must examine the key input and output institutions and actors, relevant behavior on the part of the decision makers, and the contextual environment within which New York City politics takes place. Understanding the formal as well as the informal political institutions and processes that formulate, legitimize, and implement public policy are critical to understanding governance. Interests groups, political parties, legislatures, executives, and bureaucrats all play key roles in New York City governance.

A Tale of Two Sports Venues

Most decisions made by New York City’s political system lack controversy, lack visibility, and are supported by the citizenry indirectly through the electoral process or through their tacit consent. A smaller number of decisions, given their impact, scope, and resulting conflict, raise issues of governance. It is through these decisions that one can observe most directly the impact of economic, social, and intergovernmental forces on the city. The Bloomberg administration’s pursuit of two sports venue megaprojects illustrates these decisions.

Michael Bloomberg became mayor of New York City four months after the 2001 terrorist attacks on the World Trade Center. The first year of his administration was spent dealing with the economic impact of the attacks on the city, including their fiscal impact on the city’s budget. Both of these challenges were exacerbated by an economic downturn that had begun in New York City in late 2000. The city and state were faced with the economic redevelopment of Lower Manhattan in the aftermath of the attacks. Although these conditions had the potential for increasing the level of political tension in the city, the political system under Mayor Bloomberg addressed them with a very low level of conflict. A cooperative city council assisted the mayor in controlling the city’s budget and in raising city revenues via an 18 percent property tax increase. The Lower Manhattan Development Corporation (LMDC), an agency created jointly by the city and the state, took control of the cleanup and redevelopment of Lower Manhattan. And while the LMDC excluded the mayor and city officials from day-to-day oversight of the redevelopment, it also freed the mayor from having to oversee and take responsibility for the entire project. The low level of political conflict in the first year of the Bloomberg administration was attributed to the mood of cooperation in the post-9/11 era, the role of the state and federal governments in assisting the city in the immediate aftermath of the attacks, and the mayor’s passive, nonconfrontational style in addressing potentially conflictual issues such as service delivery cuts. Regardless of the reasons behind the city’s political peace in 2002, the lack of conflict allowed Mayor Bloomberg to look beyond Lower Manhattan during his first term and focus on the economic development potential of other parts of the city.

Freed from the day-to-day details of lower Manhattan’s reconstruction, the Bloomberg administration addressed two proposed megaprojects during its first
term. Both involved professional sports venues. The first project, which received far more attention than the second, was a proposed Olympic Stadium on Manhattan’s Far West Side. The proposed stadium was part of the city’s bid to host the 2012 Olympics. In addition, the stadium was connected to a proposed expansion of the Javits Convention Center, located immediately adjacent to the proposed Olympic Stadium site. Finally, the stadium was also linked to the city’s attempt to lure one of New York’s football teams, the New York Jets, back to New York City. Both the Jets and the Giants were sharing a stadium, initially built for the Giants, in East Rutherford, New Jersey, a suburb of New York City. The second project was a basketball arena proposed by Forest City Ratner developer Bruce Ratner. Ratner purchased the New Jersey Nets in 2004 with the intention of moving the team to Brooklyn after building an arena not far from Brooklyn’s downtown. The Ratner project included housing, office, and commercial space spread among a number of towers surrounding the arena. Yet despite the imperative under which cities and elected officials operate to promote economic development and the quick fix that megaprojects provide these officials, the Olympic Stadium proposal failed to win approval in the political process at the city and state levels. Despite contrived lawsuits by project opponents, the basketball arena (at the time of this writing) appears to be on its way to realization.

New York City’s Olympic Stadium

New York City’s bid to land the 2012 Summer Olympics was initiated almost two years before Mayor Bloomberg took office. The effort was headed by Dan Doctoroff, who had also been in charge of New York City’s failed attempt to get the 2008 Summer Olympics (Bondy 1999). Before taking over the nonprofit group NYC2012, “authorized by the city to compete for the games,” Doctoroff had been a managing partner of a private equity investment firm (Cardwell 2001). Mayor Bloomberg’s appointment of Doctoroff as one of his five deputy mayors, focusing on economic development, signaled his administration’s support of the city’s Olympic bid. And although Doctoroff’s appointment as deputy mayor for economic development forced his resignation as formal head of NYC2012, Doctoroff noted that he would “continue as the city’s main representative in furthering the plan” (Cardwell 2001). Early in his tenure as deputy mayor, Doctoroff admitted that if it was not for the city’s Olympic bid, he would not be in city government (O’Keefe and Cyphers 2002).

A major piece of the city’s bid for the Olympics was a new stadium. The rail yards on Manhattan’s Far West Side had long been targeted as an attractive site. At the outset of his administration, Mayor Bloomberg was not fully committed to a stadium on Manhattan’s West Side or anywhere else. Given the state of the city’s economy in the aftermath of the terrorist attacks, Bloomberg halted preliminary plans for new stadiums for the New York Yankees and Mets (Saul 2002a). He was in favor of expanding the Jacob Javits Convention Center, the city’s primary convention and trade show venue on Manhattan’s West Side. There was
consensus across the city's political system that the Javits Center was not large enough for the city to be competitive in attracting large conventions and trade shows and that the center, a state-controlled entity, should be expanded. By May 2002, however, the New York Jets had proposed a plan that would combine an expansion of the Javits Center, the Olympic Stadium, and a new stadium for the Jets (Bagli 2002). By October 2002, approximately ten months into the Bloomberg administration, the mayor articulated support for the stadium (Saul 2002b).

Over the next two and half years, Mayor Bloomberg became the stadium's strongest supporter. At the same time, the project mobilized considerable opposition. Community groups from the neighborhoods surrounding the stadium site (Hell's Kitchen, Chelsea, Clinton) opposed the plan not only because of the disruption that would be created from the stadium's construction but also the traffic congestion that would be produced on those days when the Jets played. Groups representing the East Side of Manhattan opposed the plan, realizing that the stadium's construction would deploy the Metropolitan Transit Authority's (MTA) infrastructure improvements to the Far West Side. East Side groups were hoping for the construction of the long-awaited Second Avenue Subway that would take pressure off the East Side's Lexington Avenue line. They feared that stadium approval would result in the MTA's concentration on extending the 7 train from Times Square to accommodate the new needs of the Far West Side. Groups from across the city opposed the stadium, arguing that the site was far more appropriate for needed housing and parkland. Many of the same groups focused on the price that the city and state would pay for the project. Even though the Jets had agreed to pay for the construction of the stadium itself, the city and state had agreed to pay for the platform over the rail yards on which the stadium would sit, and a retractable roof for the stadium that would make the building usable all year. The city's and state's contributions for the stadium were estimated at approximately $300 million each (Herbert 2005). The opposition was also focused on the Metropolitan Transit Authority. The MTA owned the land over which the stadium would be built. Opponents were concerned that the MTA would give the Jets the right to build on MTA property for a price far below market rates. Stadium opponents as well as transit advocates were angry that the MTA, an agency that had raised mass transit fares and reduced service, might be selling property rights at a loss (Herbert 2005).

The Regional Plan Association (RPA), a nonprofit group of business officials, also opposed the plan. RPA's analysis of the stadium argued, “the experience in North America is that stadiums, particularly football and dual use stadiums, have repelled commercial residential development, not attracted it” (Bagli 2004). Probably the most vociferous opponent to the Far West Side stadium plan was James Dolan, the head of Cablevision and the owner of Madison Square Garden. Dolan viewed the proposed stadium as competition with the Garden to be the city's premier sports and convention center. Between 2003 and mid-2005, Dolan spent millions of dollars in advertising and litigation to oppose the stadium
The stadium’s supporters, including the construction and trade unions, countered with advertising of their own. Attempting to broaden the coalition supporting the stadium, early in 2005, Mayor Bloomberg and the owners of the New York Jets committed themselves to including businesses owned by minorities and women in the stadium construction project, including providing those minority- and women-owned businesses with consulting services that would make them more competitive in the construction bidding process (Rutenberg 2005). And after Mayor Bloomberg agreed to establish a task force led by Congressman Charles Rangel to “ensure that minorities, women and high school graduates” were included in the stadium construction, the Reverend Al Sharpton announced his support for the stadium (New York Times 2005a). As the 2005 election year approached, Democratic candidates for mayor, seeking to run against Mayor Bloomberg, came out in opposition to the proposed stadium. Possibly the most visible of the candidate opponents was City Council Speaker C. Gifford Miller. As City Council Speaker, on a council where Democrats outnumbered Republicans 48–3, Miller used the council and its role in the legislative and policymaking process to oppose the stadium.

While the Regional Plan Association’s analysis questioned whether the proposed sports and convention center would “generate enough economic activity to justify its unprecedented cost,” New York City’s Independent Budget Office (IBO), an independent city agency, concluded that the project could be economically viable (Bagli 2004; NYC Independent Budget Office 2005). The IBO report concluded that over the proposed thirty-one-year financing of the sports and convention center, the project could generate over $200 million in revenue for the city, the state, and the Metropolitan Transit Authority (Independent Budget Office 2005). While this is not a great deal of money over a thirty-one-year period, the IBO report also noted that in order to break even, the convention center would only need to host fourteen conventions per year, in addition to the Jets games (IBO 2005). The project’s proponents claimed that the sports and convention center would host many more conventions than that.

As summer 2005 approached, Mayor Bloomberg and the Olympics/Jets Stadium proponents pushed for a resolution. They believed that a firm commitment to build the stadium would help with the city’s Olympic bid. The International Olympic Committee was scheduled to make a decision in July 2005. The decision-making body where the stadium issue would be resolved was the New York State Public Authorities Board, a state agency that would have to approve the $300 million state contribution to the stadium as well as the MTA’s ability to sell property rights to the Jets at less than market rates. There were three voting members of the board, representatives of Governor Pataki, Speaker of the New York State Assembly Sheldon Silver (a Democrat who represented Lower Manhattan), and State Senate Majority Leader Joseph Bruno (an upstate Republican) (Bagli 2005b; Nielsen 2006). Governor Pataki, a stadium proponent, delayed a vote by the Public Authorities Board several times during Spring, 2005 in order to give Mayor
Bloomberg and the project’s proponents a chance to convince Silver and Bruno to support the project (Bagli 2005b). Both Bruno and Silver agreed to support the stadium if the city first received the Olympic bid but refused to support the project prior to the city’s receiving the bid (Stout and Bagli 2005). Mayor Bloomberg, on the contrary, insisted that a commitment by the city to build the stadium would be needed to land the bid (Bagli 2005c). On several occasions, however, Sheldon Silver had expressed “concerns that the office space to be built as part of a broader plan to transform the area around the stadium would compete with office space to be built in Lower Manhattan,” Silver’s district (Cooper and Bagli 2005).

On June 6, the state Public Authorities Control Board met and rejected the state’s support of a stadium on Manhattan’s Far West Side. State Assembly Speaker Silver and State Senate Majority Leader Bruno both opposed the project. Bruno’s opposition to the stadium was attributed to traditional upstate-downstate antipathy. Silver explained his opposition, stating that he could not support the stadium because commercial redevelopment of the Far West Side, which was appended to the stadium plan, would hinder the redevelopment of Lower Manhattan (Bagli and Cooper 2005). In the aftermath of the West Side stadium rejection, the Bloomberg administration hastily entered into an agreement with the New York Mets. The Mets were preparing to build and pay for a new stadium in Queens, next to their existing stadium. According to the arrangement, the city would pay the additional cost of converting the stadium for Olympic use if the city received the 2012 Olympics bid (Zinser 2005). When London was awarded the 2012 Olympics, there was no need for the city to pursue any additional arrangement with the Mets.

**Atlantic Yards Nets Arena**

Similar to the New York Jets football team, the New Jersey Nets of the National Basketball Association played in New Jersey and in 2002–2003 were looking for a new arena. Rumors in mid-2003 had developer Bruce Ratner of Forest City Ratner building the Nets an arena in Brooklyn above the Long Island Railroad lines on Atlantic Avenue (Farrell 2003). By late 2003, Ratner had unveiled an entire complex for the Brooklyn Atlantic Yards designed by world-famous architect Frank Gehry. The complex included an arena for the Nets surrounded by office towers, apartment buildings, commercial space, and six acres of parkland. Some of the proposed towers were sixty stories tall, much taller than any other existing building in downtown Brooklyn (Cardwell 2005). The financing and construction of the project was contingent, in part, on Ratner’s purchase of the Nets basketball franchise (Muschamp 2003). As originally designed, the twenty-one-acre project would be the “largest development in the city outside of Manhattan in the last 25 years” (Bagli 2005a). Also similar to the Jets stadium issue, the state and the MTA were major participants in the project. Some of the land on which the arena complex would be built was owned by the MTA.
Unlike the Jets/Olympic Stadium, which would have required at least $600 million of state and city financing, developer Bruce Ratner announced at a press conference that his project “will be almost exclusively privately financed” (quoted in Bagli 2003). The state and city each were expected to contribute approximately $100 million for “site preparation, new streets and utilities and environmental cleanup” (Bagli 2005a). Ratner was also relying on the state to condemn one block in the project area that housed approximately 100 residents (Bagli 2003). Early in 2005, the city and state signed a nonbinding memorandum of understanding approving Ratner’s proposal to build the arena as well as over a dozen mixed-income residential buildings adjacent to the arena site. In another agreement promulgated at the same time as the memorandum of understanding, the state and city agreed that they “would arrange for (Ratner’s) firm to obtain rights to build almost 1.9 million square feet of residential and commercial space in downtown Brooklyn, even if the MTA rejected the firm’s bid” denying it the ability to build the arena (Hemel 2005). Since the project’s sponsor was the Empire State Development Corporation, an agency of New York State, the project was exempt from the city’s Uniform Land Use Review Process, a sometimes politically contentious but democratically transparent process (Confessore 2005c). The project would still have to go through an environmental review and be approved by state the Public Authorities Control Board, the same board that rejected the proposed Olympic/Jets Stadium (Bagli 2005a).

As in the case of the Far West Side stadium, the MTA was a major landholder in the Atlantic Yards. Forest City Ratner needed the MTA to make its land available, either through sale or lease (Bagli 2003). In September 2005, the MTA board voted to sell Forest City Ratner the rights to build above the Atlantic Avenue rail yards. Ratner was forced to double its initial bid, from 50 to 100 million dollars, in order get the MTA’s approval. There was another firm that had offered the MTA more for the rights to build over the rail yards but the MTA termed the other bid “incomplete” (Colford 2005).

Similar to the Olympic/Jets Stadium, the Nets Arena project generated opposition. At the center of the opposition were several hundred individuals who would be displaced if the state condemned the property on which their residences stood. These individuals were supported in their opposition by community groups who feared that the Atlantic Yards project would change the character of the Brooklyn community (Green 2005). The opposition groups held rallies and developed alternate plans for the neighborhood, arguing that Ratner’s proposal would be environmentally harmful to the neighborhood and would result in overdevelopment (Rutenberg and Brick 2005). Some members of the city council, especially those representing communities near or adjacent to the arena, opposed the project. They argued that at the very least, the project should be subject to the city’s Uniform Land Use Review Process (ULURP) rather than being deliberated at the state level (New York City Council Press Conference 2005). C. Gifford Miller, Democratic Speaker of the City Council and candidate
for mayor, supported the project. Contrasting his support for the Atlantic Yards project with his opposition to the Jets/Olympic Stadium, Miller noted the importance of the community involvement and the commitment by Forest City Ratner to build low-income housing (Confessore 2005a).

Ratner was able to deflate the opposition with a multifaceted strategy. First, he hired one of the city’s leading public relations firms with Democratic Party connections. The firm assisted Forest City Ratner in recruiting local politicians to support the arena project. The public relations firm organized presentations for “community boards, businesses, block associations, and others” (Confessore 2005b). Second, Forest City Ratner hired a media consultant who produced promotional mailings that were sent to households in Brooklyn neighborhoods surrounding the project (Confessore 2005b). Third, Forest City Ratner reached out to select community groups in Brooklyn, especially those who had been addressing issues of unemployment among low-income Brooklynites.

The most significant blow to the opposition was the signing of an unprecedented legally binding Community Benefits Agreement between Forest City Ratner and a number of community groups. Among the agreement participants were groups who would have been expected to oppose the project, including the Association for Community Organizations for Reform Now (ACORN), a national grassroots advocacy organization for disadvantaged communities, as well as leading minority clerics in the Brooklyn community. The agreement covered the inclusion of low-income housing in the project, the use of minority contractors in the construction of the project, job training, and community use of the arena and its facilities (Rutenberg and Brick 2005; New York City Mayor’s Office 2005). While the Agreement did not eliminate the opposition, it significantly weakened it (Kolben 2005). In 2006, the State Public Authorities Board approved the Atlantic Yards project.

Urban political systems make binding decisions on their citizens. As was illustrated in both the Olympic Stadium and Nets Arena cases, governance of an urban political system includes the processing of inputs (demands and supports) and the production of outputs (binding policy decisions) (Easton 1965). Scarce resources/supports limit the number of demands to which any political system can respond. Not every demand gets a positive response. Given the number and variety of demands that urban political systems receive, officials inside the system have considerable discretion in choosing which demands to respond to. They are not however entirely free to pick and choose as they please. Societal forces, both inside and outside the political system, influence the choices they make.

Governance of an urban political system, such as New York City, encompasses a complex set of functions. These include the maintenance of democratic accountability by which the demands enter the political system, the delivery of goods and services (outputs) based on decisions by political officials regarding the use of supports, and the fact that these sometimes highly charged political decisions occur amid varying levels of civil harmony.
The debates and decisions surrounding the Far West Side Olympic/Jets Stadium and the Atlantic Yards Nets Arena reflect the governance issues facing many urban political systems today. They reflect the demands being made upon urban political systems and the constraints under which these political systems must respond. Public officials want to expand their cities’ tax bases and make their cities attractive for their constituents as well as those outside the city. They must do this, however, amid a context that imposes constraints. In both the arena and stadium debates, public officials wanted to respond positively to the demands being made, but they were influenced if not constrained by other political constituencies. Although these other constituencies shared the broad value of economic growth, they brought with them other values that inhibited, if not prohibited, the achievement of consensus on the particular issue at hand. These other values included ethnic, racial, as well as intergovernmental interests.

In both the Olympic/Jets Stadium case and the Nets Arena case, proponents sought to include minority groups in their coalitions. In the Nets Arena case, the inclusion of these groups, via the Community Benefits Agreement, appeared to be enough to marginalize the remaining opposition. In the Olympic/Jets Stadium case, the inclusion of minority groups was not sufficient to reverse the balance of power against the stadium. Similarly, New York State played a major role in the decisions regarding both projects. Both projects were exempted from the city’s land use process because of the state involvement. While this freed the projects from many local political forces, it tied the projects to a small number of state officials, especially the Public Authorities Board. This board was responsible for rejecting the stadium project due to a combination of upstate indifference, if not antipathy, toward the city, and concern about the Far West Side’s possible competition with Lower Manhattan’s recovery. The same board, however, supported the Nets Arena, although it could have just as easily rejected that project too. At the same time, the two projects’ exemption from the local land use process angered local politicians and threatened civil harmony, especially the Atlantic Yards project, in which a number of local politicians, excluded from key decisions regarding the project, challenged its legitimacy.

The Economic City: The Need for a Positive Fiscal Balance

The city is a business center. In fact, the development of the modern city is primarily the result of economic behavior on the part of those seeking to manufacture, buy, sell, or trade goods. New York City is no exception. Once a center of national economic activity, the city has now become a center of global financial activity as well. The lifeblood of a city is its employment base. Jobs bring people to the city in search of economic betterment. Job growth allows families and communities to expand in an environment of economic security. Without a healthy employment base, mobile residents will leave to look for economic security.
elsewhere and investors will take their capital to jurisdictions where there is a
greater chance of receiving a positive return on their risk-taking.

As part of the urban milieu, political systems need a healthy employment
base also. And political systems need money. The services that New York City's
political system must deliver to its citizens (e.g., police, fire, transportation, edu-
cation) and those that it would like to deliver (e.g., parks, libraries, cultural
affairs), require significant inputs of labor and capital. Political systems raise
most of the revenue to fund their programs and services by taxing the economic
activities, and resulting wealth, of its citizens and businesses, who in turn bene-
fit from these programs and services.

Despite the reliance on tax revenues to fund services, New York City govern-
ment officials realize that raising the taxes of citizens and businesses will encour-
age those with high tax burdens to leave the city and move to jurisdictions where
the tax bite is not as great. Charles Teibout's classic dictum that people will “vote
with their feet” suggests that people locate in a particular jurisdiction because of
the specific mix of taxes and services offered by that jurisdiction (Tiebout 1956).
It is one of the ironies of urban fiscal policy that those who can afford to pay high
taxes are most able to move to jurisdictions to escape those taxes, and those who
cannot afford to pay higher taxes are immobile. A second irony of urban fiscal
policy is that those who can afford to pay higher taxes usually do not demand or
need as comprehensive a set of services from an urban political system as do low-
income residents. Those in need of more comprehensive services (e.g., health,
welfare, housing, education) cannot on their own fiscally support the tax base of
political systems to pay for these services. As a result, cities need to find ways to
create a positive fiscal flow without destroying their tax base.

In creating a positive fiscal flow, New York City, like other cities, has utilized
several devices. First, as noted above, the city has raised taxes. This method of
raising revenue has significant limitations. Many politicians perceive that at
some undetermined level, raising taxes will encourage wealthier components of
the population, both citizens and businesses, to relocate to jurisdictions with
lower taxes. Thus, raising taxes might have a negative impact on a city's fiscal
flow if taxpayers relocate when taxes are increased. Research on business relocation,
however, suggests that while taxes might be a consideration in corporate
decisions to relocate, they are rarely, if ever, the primary factor (Lund 1984).

A second method of creating a positive fiscal flow is through intergovern-
mental transfers. New York City has been, and remains, very dependent upon the
state and federal levels of government for financial support. As a source of rev-
ue, however, intergovernmental transfers have some significant drawbacks.
New York City cannot control intergovernmental fiscal transfers. Receipt of funds
from the state and federal levels are subject to politicized budgetary proceedings
in Albany and Washington, respectively. The city's fiscal decision makers cannot
depend on revenue sources that must traverse a scrutinizing, and sometimes
hostile, budgetary process. An additional problem with intergovernmental fiscal
transfers is that they are usually earmarked or dedicated for specific purposes. They lack the flexibility of locally raised tax revenues. On occasion, matching requirements or accompanying mandates may even require the city to divert some of its own resources to the funded function or service as a condition of receiving the money.

A third source of positive fiscal flow can be achieved through preventing the growth of services delivered by the city or by cutbacks in those services. Similar to taxes, though, limiting or cutting back on services creates problems. There may be an undetermined threshold below which if city service delivery falls, it will result in the exodus of those affluent taxpayers who can afford to move. During the later half of the twentieth century, the city's inability to address the problems with its schools was a significant factor in decisions made by many middle- and upper-middle-class parents to move out of the city to suburban jurisdictions to deal with their children's education. Tiebout's dictum holds here as well. Similarly, budget cuts on the city's capital stock that results in deferred maintenance on critical infrastructure elements (e.g., roads, tunnels, bridges, mass transit) may result in businesses leaving the city, or deciding not to move to the city.

Given the limitations associated with the three previously mentioned means of creating a positive revenue flow, urban political officials have found that expanding the tax base by attracting more jobs to the city and by promoting the development of underutilized real estate may be the most politically palatable method. Increased economic development within the city's boundaries expands the tax base without raising taxes. Assuming new economic activity can be attracted, this fourth strategy produces no large group of losers. Jobs are created and city revenues increase, enabling the city to deliver a higher level of services. As in the case of the sports venues, some neighborhoods may be unhappy with the location of economic activity, or certain types of business in their communities. In addition some indigenous businesses may be upset with new sources of competition. The appearance of a large Pathmark grocery store in East Harlem, funded in part by Black entrepreneurs, resulted in significant protests from the Hispanic bodega owners in the community (Pulley 1995). Compared to the other means of creating a positive fiscal balance, increasing the city's ability to raise revenue through the promotion of economic growth is less controversial while giving city officials more autonomy from other levels of government.

Independent of its direct effect on tax revenues, economic growth has become one of the metrics by which mayors and urban political regimes measure their success. In the postindustrial city, documented economic growth has become a critical public relations and campaign tool for incumbent mayors and city officials, while documented economic decline has become a political albatross. At one of Mayor Rudolph Giuliani's “town meetings” in June 1997, a resident of Queens queried the mayor on New York's high unemployment rate. The mayor deflected the question by noting the complexities of measuring unemployment...
and labor force participation, making clear that the measured level of unemployment was a statistic that was not necessarily controllable through city policies or mayoral leadership. Then he went on to discuss how under his administration, New York had gained 150,000 new jobs, while under the previous administration, the city had lost 300,000 jobs. The message was clear. The current administration was managing the city competently as reflected in private sector decisions to either expand their businesses or locate into the city. The previous administration had not been successful in managing city affairs and had lost the confidence of business, resulting in a job exodus (Giuliani 1997). Regardless of whether the goal of urban economic growth is to demonstrate administrative competence or create a positive fiscal flow for the city, or both, the dilemma for city officials is that they are very dependent upon private sector activities for their own political success.

Over the last several decades, approaches to the study of urban politics have emphasized the role that the economic growth imperative has played in urban political systems, sometimes to the exclusion of other forces. While these perspectives are incomplete in their understanding of urban politics, the overemphasis on economic forces is understandable. These approaches—regime theory, the growth engine perspective, and corporatism—that emphasized the primacy of economic development in urban politics replaced an outmoded perspective, pluralism, developed earlier in the twentieth century that failed to recognize the importance of economic forces, relative to others. While the economic growth imperative is important in understanding the governance of New York City, it is not the only contextual factor that affects the city's governance.

The Intergovernmental City

A second set of factors that has an impact on New York City politics is the city's position within the intergovernmental system of the United States. On two occasions in the last thirty-five years, New York City's government structure was either temporarily or permanently altered through intervention of the federal or state governments. Over the same time period, actions by both the state and federal governments have constantly affected the city's budget, tax base, and ability to raise its own revenue. In addition, there are few areas of public policy where the city can act alone without influence from the federal or state levels of government. For example, decisions made in Albany affect local issues such as rent control and the city's school system, in addition to the previously discussed stadium and arena. And since September 11, 2001, the city and the federal government have strengthened their relationship regarding the rebuilding of Lower Manhattan and the funding of counterterrorism activities.

The United States political system is a federal system whereby both the national and state governments share sovereign power. The local governments are not part of the federal system and therefore lack the legal status, established
in the U.S. Constitution, of the two higher levels of government. In 1868, Judge John F. Dillon of the Iowa Supreme Court issued several decisions that became the foundation for the legal relationship between states and their local governments. In one of the decisions, Judge Dillon noted that “municipal corporations owe their origin to and derive their powers and rights wholly from the legislature” (Zimmerman 1992). Explicit in the wording and the intent of Dillon’s Rule is the belief that local governments are creatures of the state and as such their powers can be limited by state action. Moreover, if there is any doubt whether a function or power to act lays in state or local government hands, Dillon’s Rule suggests that the state has primacy. What Dillon’s Rule makes clear is that the relationship between the city and the state is not based on the shared power principles of federalism. Local governments are not sovereign levels of government who share power with the state. New York State is a unitary, not a federal, system where all power emanates from the state level. At the same time, however, Dillon’s Rule has rarely been used as a guide for day-to-day city-state relations. All recognize that the local governments, as the level of government closest to the people, play a significant role in delivering services and addressing public needs. Both politically and administratively, the state would find it burdensome to run the affairs of New York City or any local government from Albany. As a result, New York State, similar to other states, has employed the legal principal of home rule to grant local governments the limited powers to run themselves.

As creatures of the states, local governments formally have little or no relationship with the national government. While the city’s relationship with the state is formal and longstanding, the most significant aspects of the city’s relationship with the national government date back only to the middle of the last century. New York City’s relationship with the federal government was the result of a combined effort by large cities in the mid-twentieth century to use their increased representation at the federal level to gain benefits that many large cities could not get at the state level, where they lacked equitable representation due to legislative malapportionment. During the late 1940s, the federal government began to pass legislation that targeted money directly to the cities. These new urban-oriented federal programs were conspicuous in that the federal funds went directly from Washington to the cities, bypassing the states. Those who designed the programs were aware of the anti-city feeling in many state capitals, and they wanted to protect the money from being controlled by state officials who might spend the money on nonurban areas.

The increased federal aid, combined with a steady stream of state aid, made the city more dependent on other levels of government. As noted earlier, intergovernmental revenues became a standard technique for creating a positive fiscal flow. The city, however, could not always control the amount of aid it was receiving on an annual basis, creating a great deal of uncertainty in the city’s own budgetary process. In addition, the aid was frequently accompanied by requirements dictating how the intergovernmental aid was to be spent, taking discretion away
from the city. At the extreme, both the state and the federal government have resorted to issuing mandates, regulations that require the city to act without accompanying intergovernmental assistance.

The Social City

New York City's political history is closely tied to the immigration of ethnic and racial groups, their political mobilization, and the ultimate elevation of their leaders to positions of political power. Since the nineteenth century, the political system has served as a mechanism for the articulation of ethnic and racial interests. It has also served as a playing field upon which ethnic conflict has been managed.

New York City has the status of a majority-minority city. Whites make up a minority of the city's population, even if the heterogeneous group of white New Yorkers can be grouped together. In addition, no single ethnic or racial group makes up a majority of New York City's population. The very high percentage of foreign-born individuals living in the city elevates the significance of race and ethnicity in the city even today. In addition, neighborhood settlement patterns in many parts of the city serve to heighten racial and ethnic identity. The extreme heterogeneity of New York City combined with the ethnic/immigrant enclaves serves to strengthen racial and ethnic identity.

Racial and ethnic groupings in New York City continue to be used as the political shorthand through which electoral coalitions are structured as well as the gauge by which service delivery equity is measured. Racial and ethnic group leaders serve as brokers representing the interests of their constituents to the larger political system and interpreting city politics for their members. Electoral politics in New York City, in part, is viewed as an exercise in coalition building among racial and ethnic groups. Given intergroup tensions in the city, the inclusion of some groups in one's coalition makes it difficult to include others. Edward Koch's mobilization of white ethnic support during his first term cost him minority support that had been instrumental in his initial election. Rudolph Giuliani's courting of the Hasidic community in his 1993 bid for mayor, as well as his criticism of Mayor Dinkins's handling of the 1991 Crown Heights riots, made it virtually impossible to mobilize the Black community on his behalf.

While race and ethnicity might not affect the same aspects of governance as the imperative for economic growth, those areas of public policy influenced by racial and ethnic politics in the city are certainly no less important. In New York City, electoral politics and many public policy issues including crime, education, and sanitation have been perennially defined in ethnic and racial terms, and this in turn has influenced electoral as well as broader governance decisions.

Contextual factors, whether social, economic, or intergovernmental, constrain the choices made by those governing the political system. Contextual factors rarely dictate or determine policy, but they frequently limit the choices made
by those with the formal authority to govern the city. After examining the economic, social, and intergovernmental forces within which New York City politics takes place, this book will examine critical actors and institutions who participate in the governance of New York City's political system. These actors and institutions include interest groups, political parties, the mayor, the city council, and the municipal bureaucracy. In discussing the principal actors and institutions involved in governing the city, the primary focus will be on how these actors and institutions are constrained by the contextual forces.

Within the city's political system, the role of the mayor, the city council, and the municipal bureaucracy are critical to the formulation and implementation of public policy. The mayor is the primary agenda setter in the public policy arena as well as the chief executive. The city council is the formal policymaking body, but the council also plays an important representation function within the policymaking process. Critical to understanding the role of the formal institutions of city government and their role in policy making is understanding the recent New York City charter revision and its impact on those actors and institutions. The municipal bureaucracy implements policy, but uses its discretion as both policy implementers and policy experts to shape policy to fit the needs of clients, interested publics, as well as the concerns of the bureaucrats themselves.

Beyond the formal institutions of governance, New York City politics has a rich tradition and history of interest group involvement in public policymaking. In addition, despite the city's frequent appearance as a one party town, political parties have played a significant, although at times uneven, role in the governance of the city. Their most critical role is the structuring of the electoral process and electoral coalitions.

The Urban Crisis: Forgotten But Not Gone

Throughout the 1960s and 1970s, the literature on urban politics and the state of cities spoke of an urban crisis. The movement of the middle class out of the cities left a low-income population with social and economic needs. In addition, due to the middle-class exit, cities lost the tax base with which to finance an adequate response to the rising needs of the urban poor. These problems were exacerbated by crumbling infrastructure and the decline in low-skilled but well-paying manufacturing jobs in urban areas. The fact that the new urban poor were primarily minority and the exiting middle class primarily White added to the tension as well as the intransigence of the problem. Many of the nation’s best and brightest minds debated the plight of the cities and possible solutions that could alleviate the economic and social distress. For the most part, their conclusions were based on the assumption that the roots of the urban crisis were systemic and not individual. Based on this assumption, the federal government, state governments and many nonprofit organizations formulated and implemented programs designed to solve pieces of the urban problem. Some programs experienced moderate
success while others failed. At times it was difficult to assess whether the failures were due to poorly conceived programs or inadequately funded good ones.

The riots of the late 1960s ended much of the innovative attempts to deal with urban poverty and unrest. Due to the inability of the programs of the 1960s to solve the urban crisis and because public attention was drawn away from cities by the Vietnam War, an air of hopelessness and cynicism took over urban policy discussions. Whereas during the 1960s, the federal government was viewed as a source of policy innovation and leadership, the emerging view of the 1970s was that the federal level stifled local innovation. Slowly, the urban crisis slipped off the national agenda, leaving the states, the cities, and the private sector to deal with urban problems that were no longer labeled a crisis. By the early 1980s, the liberal agenda for the cities was a historical artifact of American social policy and the subject of criticism across the ideological spectrum. To the extent that the emerging conservative majority had an urban agenda, it was tied to the private sector and local governments’ ability to foster economic growth with little help from the federal level. It also saw urban problems as having their roots much more in individual behavior than in systemic factors. Government programs were and would continue to be unsuccessful unless individuals wanted to abandon socially dysfunctional behaviors. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act that significantly reformed the welfare system from an entitlement to a temporary grant, reflects this change in philosophy.

Almost forty years after the urban crisis began receiving national attention, some conditions in the city have changed and some new problems have arisen, but the urban crisis remains. A disproportionate number of the nation’s poor still live in the cities. As in the sixties, the vast proportion of these individuals is minority. They are inadequately housed and schooled. The long-term impacts of these problems are seen daily in their poor health and inability to find adequate employment. Urban poverty has become a fact of life, not a condition to be eradicated. Urban governments still have difficulty raising adequate revenue to deliver quality services to their populations. They are still highly dependent on intergovernmental revenues to balance their budgets even though the federal government gives them far less, as a percentage of own-source revenue, than it did thirty years ago. Despite continued aid the federal government is no longer looked to as the source of comprehensive solutions or the sole financier of comprehensive programs.

Cities, and especially New York City, are still places of great contrast. The very poor do not live that far from the very rich. In some cases, the social indicators suggest a worsening crisis. Some neighborhoods are void of any middle-class or social institutions to support community stability and development. Some of these neighborhoods have gone through waves of heroin and crack cocaine, further deteriorating the social fabric. Single-parent families headed by females have become the dominant family type in many of these communities. In contrast, gentrification in some of the city’s communities is “solving” the poverty
problem by pushing low-income families out, to be replaced by the new urban upper middle class.

New York City Politics and Theories of Urban Politics

The study of urban politics is rich in theoretical perspectives offering varying explanations for the governance of urban political systems. Few, if any, of these theoretical perspectives assumes the status of a macro-theory, claiming or demonstrating an ability to explain all urban political phenomena. A number of the theoretical perspectives, however, appear to have mid-level status in that they attempt to explain a significant segment of the urban political milieu (e.g., the urban political economy).

One cannot test the accuracy or validity of a theory of urban governance based on the behavior of one urban political system even if that city is the largest or the most representative. Even if there were consensus that New York City was a typical urban political system with a context and governing structures and processes similar to other cities, verifying theory based on a sample of one would be problematic. No such attempt will be made. The heuristic value, however, of studying one political system and its environment is taken as a given. While the accuracy of the explanatory power of an approach cannot be validated based on a study of one city, the initial stages of theory construction or testing might be possible. Any number of popular theories of politics has been conceived in the study of one city (Stone 1989; Dahl 1961). Any theory construction emanating from this study of New York City politics and policy promises to be complex. The central thesis of this analysis is that the governance of the city’s political system is significantly influenced by three forces: economic, social, and intergovernmental. As previously noted, although this perspective will at times appear to be a one-way deterministic model, this analysis will present a number of examples of actors and institutions within New York City politics attempting to influence those forces that constrain them.

Additionally, although one cannot validate theory based on a study of New York City alone, one may be able to call into question those theoretical perspectives that are unable to explain the governance of New York City. Given what many believe to be the place of New York City in the study of urban politics, a theoretical perspective that cannot explain New York City’s political system and its governance should be called into question. Non–New Yorkers may view the above statement as just another example of New York City chauvinism, but the above statement can and should be made about any of the larger cities in the United States.

Any attempt to impose structure on a sample of events places one at risk of misinterpreting those events and drawing the incorrect conclusions as to their significance. In their study of organizations, Cohen and March (1972) developed a “garbage can model” of decision making to deal with “organized anarchies.”
Organized anarchies are characterized in part as decision situations or organizations subject to ill-defined preferences and fluid participation in the decision-making process. The “garbage can model” was developed specifically to deal with situations in which it was apparent that organizational actors were not behaving rationally. These actors were not behaving in accordance with their self-interest as defined by those observing their behavior and with no apparent ordered structure influencing their behavior from outside the organization. Under those circumstances, Cohen and his colleagues found organizations to be “a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work” (Martin 1982, 21).

In the absence of structure being hypothesized in this analysis, New York City’s political system might also be one of those organized anarchies. Joanne Martin points out in her critical analysis of the garbage can model that it is not so much a theory as it is a metaphor for situations that defy structural interpretation. Significant factors simply exist inside a garbage can interacting in a way that, while not necessarily random, continually affirms the null hypothesis as they relate to structural relationships among them. They cannot be explained adequately by one approach or theory. The universe of all decisions (e.g., public policies) will not be examined in this study. As a result, the author is open to criticism that the policies examined in this analysis will present an inaccurate interpretation of New York City politics through the skewed sample of decisions being examined; however, it is an interpretation that affirms the hypothesized structural relationships. The reader has been warned.