

**BUSINESS/LABOR WORKING GROUP**

**Summary Report**

of the

**Business/Labor Working Group**

on

**Jobs and Economic Regeneration**

**in New York City**

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OF THE  
BUSINESS/LABOR WORKING GROUP  
ON  
JOBS AND ECONOMIC REGENERATION  
IN NEW YORK CITY

Business/Labor Working Group

Coordinating Group Participants

David Rockefeller (Chairman of B/LWG)  
Chairman of the Board  
The Chase Manhattan Bank

Harry Van Arsdale (Vice Chairman of  
President (B/LWG and Chairman  
Central Labor (of the Ad Hoc Com-  
Council, AFL-CIO (mittee on Current  
(Issues)

Dr. Ivan Bennett (Chairman-Health and  
Provost and (Medical)  
Dean  
New York University Medical Center

W.H. James  
President and Publisher  
The Daily News

Peter J. Brennan (Chairman-Real Estate)  
President  
New York City Building  
and Construction Trades Council

J. Bruce Llewellyn  
President  
Fedco Foods Corp.

Edgar Bronfman  
Chairman  
Seagram Co., Ltd.

Mrs. G. G. Michelson (Chairwoman-Retail)  
Senior Vice President  
Macy's

Dr. George Bugliarello  
President  
Polytechnic Institute of New York

Edmund T. Pratt (Chairman-Manufacturing  
Chairman (and Industrial  
Pfizer (Development)

Sol Chaikin (Co-Chairman-Garment & Textiles)  
President  
ILGWU

The Honorable John Sawhill (Chairman-  
President (Education)  
New York University

Howard L. Clark (Chairman-Corporate Head-  
Chairman (quarters)  
American Express

Martin Segal (Chairman-Culture)  
Chairman  
Wertheim Assets Management Services, Inc.

Morris D. Crawford  
Chairman of the Board  
The Bowery Savings Bank

Richard R. Shinn  
President  
Metropolitan Life Insurance Co.

Murray Finley (Co-Chairman-Garment &  
(Textiles)  
President  
Amalgamated Clothing Workers of America

Herman Soifer  
President  
New York Men's Clothing Association

Gabriel Hauge (Chairman-Finance)  
Chairman of the Board  
Manufacturers Hanover Trust Company

Robert Sorg (Chairman-Printing)  
Chairman of the Board  
Sorg Printing Company

Arthur Sulzberger  
Publisher  
New York Times

Arthur R. Taylor (Chairman-Communications)

Charles C. Tillinghast, Jr. (Chairman-Port and  
Chairman (International Trade)  
Trans World Airlines, Inc.

P. Robert Tisch (Chairman-Tourism)  
President  
Loews Corporation

Cyrus R. Vance (Chairman-Business Services)  
Simpson Thacher & Bartlett

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## I. BACKGROUND AND PURPOSE

New York City's future social and economic vitality depends largely upon two factors. First, actions are being and must continue to be taken to balance the City's budget and revive its fiscal credibility. Second, increased fiscal self-discipline must be accompanied by vigorous actions to maintain and strengthen the City's economic and job base.

The Business/Labor Working Group results from the direct concern of the public and private sector with economic regeneration and job creation. During late 1975 and early 1976, a series of meetings was held between public officials (including the Mayor, the Governor, members of New York's Congressional delegation and other key representatives) and private sector business and labor executives.

Two conclusions emerged. Given the many established public and private groups working on economic development, it was not felt that another formal, open-ended organization was needed. At the same time, those concerned agreed that there was a clear need for a vigorous assessment by private sector business and labor executives of how they could add value more effectively to existing job creation efforts and mobilize their resources more efficiently toward this end.

The Business/Labor Working Group was thus created as an eight-month joint effort by business and private sector labor to determine incentives and disincentives to job growth, and to develop a continuing process to foster the sustained production of more and better jobs in New York City. Its activity has been in close conjunction with and supportive of all related efforts by governmental, quasi-governmental, civic and other organizations.

The distinctive qualities of the Business/Labor Working Group include: its strictly private nature; its combination of business and labor expertise; its limited life span; its focus on individual economic sectors; and its dependence on the personal knowledge, judgment, perspective and direct participation of business and labor executives, rather than on staff reports and commissioned studies.

### Organization

The Business/Labor Working Group has had three components of organizational activity.

First, to develop action plans to create more and better job opportunities in all areas of New York's economic base, a series of separate and individual working groups have focused on specific private sector economic activities. Comprised of business and labor executives, these groups have determined factors that either inhibit or aid job growth in each category.

Second, a coordinating group, comprised of at least one designee from each working group and such other individuals as necessary, has attempted to rationalize the working group findings and develop an effective, practical economic development program and job creation strategy for the City, including a process for its realization in conjunction with other private and public resources.

Third, an Ad Hoc Committee on Current Issues evaluated immediate job-related projects and issues that have arisen while the individual working groups were completing their tasks.

### Working Group Areas and Program

Working groups, involving the personal efforts of over 150 management and labor executives (Attachment A), concentrated on fourteen separate job and economic activity areas:

- Business Services
- Communications
- Corporate Headquarters
- Culture
- Education
- Finance
- Garment and Textiles
- Health and Medical
- Manufacturing and Industrial Development
- Port and International Trade
- Printing
- Real Estate, Construction and Middle Income Housing
- Retail
- Tourism

While each working group has pursued its objectives in a manner tailored to its own needs, the following outputs of a common character have been sought:

- List of problems and opportunities specific to the job category.
- List of overall, "quality of life" issues in order of importance as they impact the job category.
- List of areas of policy where decisions are needed.
- List of projects essential to the category's vitality.
- Linkages with other areas.
- Suggestions as to continuing process or effort needed to create jobs and improve business climate.

### Office, Staffing and Acknowledgements

A small coordinating office was leased until the middle of January at 845 Third Avenue, New York, New York 10022 (telephone 752-0426). In addition one staff person was retained for the same period to assist with central administration and coordination. The overall budget for central administration was some \$16,000, jointly contributed by members.



To the extent specific staff services have been required, they have been volunteered on an ad hoc basis by working group members. A number of professional organizations have also offered help, and their staffs and resources have been called upon. To facilitate linkages with the central coordinating council and provide additional help, the chairman and vice chairman have each assigned loaned staff to coordinate with the working groups on a regular basis.

The Business/Labor Working Group is deeply grateful for the extensive and unstinting assistance given by many other concerned individuals and organizations. We hope these assets can in the future coordinate more efficiently and effectively so as to mobilize their full potential to assist New York's revitalization.

## II. INTRODUCTION TO SUMMARY RECOMMENDATIONS

This summary report reflects over 300 pages of findings developed in 14 separate working group reports. While the individual groups have focused on particular economic sectors, the summary clusters the various major recommendations in three categories:

- Actions on economic climate.
- Actions on "quality of life."
- Actions on organization and management.

All groups have found actions in each of these categories deeply interconnected and mutually dependent. On the one hand, there is consensus that private sector jobs have too long been taken for granted, so that the present economics of doing business in New York are often uncompetitive. On the other hand, it is felt that direct economic actions will not work effectively unless they are accompanied by an actual and perceived improvement in the "quality of life" -- better security and schools, cleaner streets, etc. In both areas, there is an urgent need for far stronger public and private sector organization, management and cooperation.

Three consistent themes have emerged from discussions and the working group reports.

First is the need for a far clearer sense of public sector control and credibility. Over and over again, issues have arisen related to fiscal soundness, bureaucratic reform and management -- reflecting a general sense of despair before the perceived size, complexity and often erratic or contradictory behavior of City government. In this connection, the members are heartened by current efforts to improve municipal budgeting and management, and hope they will be strengthened and continued.

Second is the need for greater emphasis on economic factors in a manner that recognizes the common good as well as special interests. New York's diversity is one of its greatest strengths, but those most concerned with jobs feel that too often short-term or highly localized or vocalized special interests have been allowed to destroy efforts for the general and basic public well-being -- such as proceeding with the construction of Westway or implementing a viable alternative to rent control. Moreover, private sector business and labor have often been left without a clear point of contact or input in the creation of policy effecting them. We are hopeful that the new Office of Economic Development and Deputy Mayor position will help rectify this situation, and are eager to assist it and work with it in every way.

Third is the need for ongoing cooperation between management and labor, and between the public and private sectors. A degree of competition and disagreement between management and labor will always exist and is a healthy part of our system. At the same time, we have found vast areas of common ground. We have also found that a spirit of ongoing cooperation can make seemingly impossible conflicts more easily reconcilable. We are dedicated to continuing to identify issues of common interest to private sector business and labor, and uniting on them in the most forceful and effective manner.

In attempting to summarize the recommended actions of the working groups, we have tried to describe where appropriate: a) the nature of the problem; b) what the private sector can do; c) what the public sector can do; d) necessary next steps. These suggestions are augmented and other suggestions proposed in the separate working group reports. We urge all concerned to review thoroughly the individual reports.

Many of our recommendations have been made before, but we agree with Oliver Wendell Holmes that: "What is needed is a recognition of the obvious, not an investigation of the obscure." We would go one step further. What is needed is action on the obvious.

A report dealing with improvement necessarily focuses on problems and may appear negative. We wish to stress that, beyond our problems, we also found that New York has vast, often unrecognized and enduring sources of strength. Not the least of these is the fact that business and labor could work so closely together in an effort of this importance. Our ongoing goal is both to correct the City's weaknesses and to build upon its enormous resources of talent, ingenuity, energy and spirit.

### III. ACTIONS ON ECONOMIC CLIMATE

Costs of doing business in New York have historically been relatively high, but they have been offset by solid competitive advantages in terms of such factors as location, labor supply, marketing and supportive services. In recent years, however, these and other advantages have diminished at the same time that costs have continued to escalate. The result, in many cases, is a highly non-competitive position that has led to the loss in New York City of 582,900 private sector jobs since 1969.

The working groups have identified a wide range of economic disadvantages that should be corrected, as well as economic opportunities that should be built upon. In general, their recommendations fall into five categories: tax reform, regulatory reform, business development, promotion and marketing, and capital projects and investments.

#### Tax Reform

All of the working groups have concluded that the rising level of New York City and State taxation of individuals and businesses is increasingly uncompetitive and a major cause of job loss. Indeed, our studies strongly confirm reports of other organizations that many elements of the City and State tax structures are counter-productive to future industrial and employment growth in New York City. Public tax policy must recognize that a lesser share of something is better than all of nothing, and that it is the tax base with which we must be increasingly concerned.

During our investigation, we were fortunate to have recommendations of other efforts such as the Temporary Commission on City Finances, chaired by Judge Owen McGivern, and the Special Task Force on Taxation, chaired by Adrian W. DeWind. Largely as a result of the latter's report, actions were taken to repeal the bond transfer tax, the stock transfer tax as applied to transactions by

market makers, and the special New York City estate tax. We view these as essential steps to retaining key employment sectors.

At the same time, much more must be done. We particularly urge thorough study and swift action with respect to the following areas:

1) Reduction of the stock transfer tax on transactions with the public.

Given changing technology and the creation of a national securities market, any extra cost will place New York in a rapidly less competitive position. The tying of the stock transfer tax to the servicing of MAC debt complicates this issue, but it deserves prompt and thorough attention. Moreover, the emerging impact of technology on the industry in New York has had too little attention and must be carefully evaluated. We urge that continuing efforts be made to reduce the remaining stock transfer tax.

2) Alleviate non-competitive business and manufacturing taxes.

The DeWind Committee, the Temporary Commission on City Finances and others have concluded that certain taxes put New York firms at a definite disadvantage and promote their leaving the City. These include the occupancy tax, the tax on machinery and equipment, the executive alternative tax, and the sales tax on advertising and printed matter. We have also concluded that these taxes are indeed counter-productive and urge that continuing attention be given to alternative steps that will allow their reduction or elimination.

- 3) Work toward parity in bank taxation. New York banks' worldwide activities are often treated as captives of the City, open to endless taxation without forcing relocation or loss of market share. Changing markets and technology no longer make this true, but taxation of banks at an uncompetitive rate continues.
- Commercial bank tax rates in New York, for instance, are more than double the rate in California or Massachusetts and over six times that in Illinois. Moreover, the tax base of banks in New York is adversely defined compared with general corporations. To maintain this broad and traditionally strong employment sector, immediate steps should be taken to realign the income tax rates and redefine the tax base for commercial banks to achieve parity with general corporations on both the City and State levels. With respect to savings banks and savings & loan associations, attention should be given to eliminating interest or dividends as an alternative base for savings institution franchise taxes. In addition, under no circumstances should the tax surcharge applicable to both commercial banks and savings institutions be renewed.
- 4) Stabilize and reduce the real estate tax. High real estate taxes have an increasingly serious impact on New York's commercial and residential base. We applaud the City's recently announced intention to cap this tax rate for five years. If the mechanics of this step are worked out, we hope it will be a first step toward eventual reduction.

- 5) Taxation of individuals. Recent studies point to the fact that New York's high personal income taxes are non-competitive with our neighbors, and thus a continuing source of job erosion in corporate headquarters, manufacturing and related service areas. This disadvantage erodes not only the general job base, but also the middle and upper middle income residential and professional base necessary to the City's future. While we realize the difficulties of action in this area, we concur fully with the intent of the DeWind Task Force report and urge further analysis and action.

Given the current fiscal problems of the City and State, we fully recognize that large-scale, immediate tax relief is difficult at best -- requiring new revenues, greater productivity, reduced services or a combination of the three. We nevertheless believe that action to make New York taxes more competitive is imperative.

We urge that a complete tax review continue immediately and include three elements:

- a) Specific job impact analysis by sector. In order to determine appropriate trade-offs, every tax should be evaluated from the point of view of jobs lost or jobs created -- its economic impact versus its impact on revenue -- and this should be the prime criterion for tax change.
- b) An ongoing effort, involving both business and labor. The impact of taxes is evolutionary, and tax policy should also be evolutionary -- not simply the subject of occasional task force reports, no matter how excellent. We recommend that some ongoing mechanism



be created, involving business, labor, State and City officials, to review tax issues in a consistent manner. In this regard, current activities in the City's insurance sector offer a useful precedent. A committee made up of representatives of the property and casualty insurance industry, and also representatives of both New York City and New York State, has been separately studying both the taxation and regulatory problems peculiar to this industry. Specific job-oriented legislative proposals are being readied and, presumably, there will be broad industry agreement on these proposals.

- c) A recognition of longer-term, overall policy needs. In taxation, the natural tendency seems too often to find the nearest available goose, squeeze it for what it's worth, and then go on to the next subject. We would urge that future tax policy should take greater account of broader goals such as the encouragement of employment, as well as energy conservation or housing rehabilitation.

Tax questions relating specifically to business and job development, housing and other key areas are discussed in the appropriate sections below.

#### Regulatory Reform

All the working groups have identified specific regulatory problems which impede job development in their sectors, and these are discussed in their individual reports. In addition to these, there are recurrent themes of regulatory problems that demand immediate attention. Regulatory agencies must include a greater awareness of their impact on economic vitality and jobs in their decisions. To improve the economic environment, we urge actions to:

- 1) Cut red tape. All segments of New York City's economy report long and costly delays in practically every dealing with municipal agencies. Even a single permit involves myriad, confusing contacts, and there are severe problems of attitude, competence and legalistic obstructionism at all levels.

We strongly urge the City and the Office of Economic Development to give this problem priority attention. In particular, we heartily endorse such concepts as -- the creation of time limits for the issuance of permits; the use of one-stop reviews wherever possible; and the preparation of a clear guide to City agencies. In addition, we recommend that the Office of Economic Development should be given authority and resources to serve as central point of clearance and arbitration in regulatory matters. Wherever identified, duplicative or unnecessary regulatory agencies should be eliminated. This last point deserves particular attention in areas such as consumerism, affirmative action or environmental protection where there are three levels of regulation -- Federal, State and City.

- 2) Create local improvement mechanisms. Many problems of industry in New York could be alleviated by coordinated local solutions. Examples in the manufacturing area include traffic patterns and zoning laws affecting printing, the garment district and Hunts Point. Geographically integral planning efforts in selected areas could cure small, but endlessly frustrating, difficulties and expedite economic activity greatly. We thus strongly support the concept of "In-place Industrial Parks" where appropriate to determine more efficient regulatory patterns and implement them in a coordinated manner.

Similar efforts are needed to improve important non-manufacturing areas. For example, tourism, culture, entertainment and corporate headquarters are all sorely hurt by the tawdry state of Times Square. We believe special districts and mechanisms coordinating factors such as zoning, code enforcement, and police and sanitation activity should be created and used vigorously to improve such areas. We heartily support recent proposals to curtail pornography in Times Square and hope they will be extended.

3) Change City purchasing policies to bolster New York's economy.

We do not believe that the City's purchasing and procurement power is currently being used to the extent desirable or possible to support local businesses, and urge that a new formula be created to acknowledge the overall economic impact of using indigenous suppliers. While we have not determined the best mechanism, some suggestions are in the Manufacturing and Industrial Development report. A similar proposal for private sector purchasing is discussed under Business Development.

4) Improve New York's position as a center of world trade.

Changes in both public and private regulations could improve the City's competitiveness as a port and center of international trade. To maintain rail competitiveness, for instance, ConRail should be encouraged to continue joint rates with the New York Dock Railway and BEDT so as to avoid disadvantageous lightering charges. Similarly, the New York Congressional delegation should press ConRail to institute a new program of equalization of container rates between certain Mid-Western points and ports in the Northeast. Every effort should also be made to obtain fully competitive rail service for the entire port. Since truck congestion is another major problem, new regulations to expedite pick-up, delivery and traffic flow should be developed.

Two other major economic disadvantages deserve attention. One is the tonnage assessment to support various fringe benefits including the Guaranteed Annual Income program. Presently \$5.85 per ton, this tends to divert cargo, decrease employment of longshoremen and thus assure the continuing need to pay substantial amounts to those not working. The other disadvantage is the requirement that containers which have been packed or rehandled within a 50-mile radius be repacked. Practical solutions to these problems are not easy, but they deserve

continued attention by the business and labor executives involved  
for they impair the vitality of all port-related activity.

- 5) Reduce energy and utility costs. Energy costs are a major disincentive for manufacturers in New York, and deserve a thorough, more regional analysis than we have been able to give them. We do, however, suggest that attention to the following be given high priority:

- Allowance of Con Edison to burn coal and higher sulfur fuel oil.
- Reduction of water charges to reflect operating costs and introduction of variable lower rates for high quantity users.
- Swifter progress on energy recovery programs from solid waste.
- Review of utility tax rates to determine at which points they raise costs to the degree that they drive industry, and therefore other parts of the tax base, out of the City. It should be recognized that taxes on Con Ed and other utilities are in fact additional taxes on consumers, including present or potential suppliers of jobs.
- Full, unequivocal City and State support for off-shore oil drilling and the establishment of New York as the support center for this activity.

- 6) Mitigate the impact of trade regulations adverse to New York's economy. The garment and apparel industry has historically been a major component of New York's economy. However, this industry believes it is being increasingly hurt by imports under trade agreements which it believes place the U.S. at a competitive disadvantage. The industry recommends that actions be taken at the Federal level to strengthen the relative position of domestic manufacturers. These actions might include: changing the language to Multi-Fiber Agreement and other bilateral agreements so as to relate the growth rates of imports to the short-term and long-term market in the U.S.; establishing bilateral agreements with countries not currently covered; altering Sec. 807 of the Tariff Act so as to reduce incentives for imports and preserve the competitive position of the domestic industry.

Another source of increasing competitive economic disadvantage in New York is the law passed by the New York State Legislature in 1975 with the purpose of combating the Arab boycott. While we fully recognize the serious issues involved in this particular case, we believe that the State should take the economic consequences of the current law carefully into the balance when contemplating future legislative action. As it stands, the ultimate consequence is not the solution of the boycott problem, but rather the loss to the City and the State of badly needed jobs.

#### Business Development

New York City and State possess a host of potential tools to attract businesses to the City and assist business expansion. Yet, compared to many other cities and regions, New York has a poor record at best of accomplishment in these areas. To gain momentum in business attraction and expansion, we recommend action in the following areas:

- 1) Focus and augment existing public efforts. A primary function of the new Office of Economic Development should be to focus and add impetus to related development organizations such as PDC, JDA, IDA, and SBA. These tools must be orchestrated from a central point to be truly effective.

At the same time, supportive budgets should be realistic. The Public Development Corporation, for instance, does not have a budget for advertising or the payment of brokerage fees to attract new business. A major stumbling block to the implementation of an effective development strategy is the provision in the State constitution which restricts the ability of public agencies to provide money or other services for

necessary projects. We strongly urge that the current "Gifts and Loans" provision should be altered so as to facilitate the assemblage, preparation and marketing of industrial parks and related facilities.

- 2) Explore the creation of a private "Industrial Development Bank." While a number of public vehicles exist for financing commercial development and expansion, they frequently do not adequately mobilize potentially available resources from the private financial sector. On the other hand, for many financial institutions, the volume of small business finance does not merit the overhead and costs incurred in analysis and packaging of ventures, not to mention learning one's way through the complex public entities involved.

To reduce individual costs and focus expertise, we recommend that consideration be given to creating an Industrial Development Bank to facilitate small business financing needs in the City. The Community Preservation Corporation, formed to facilitate housing rehabilitation, provides a good model for the potential structure of such a vehicle.

- 3) Extend the assistance of the Job Development Authority. Under the terms of the law establishing the Job Development Authority, manufacturers are encouraged to construct, purchase, expand or rehabilitate real estate. However, many New York employers, particularly in the apparel industries, do not own real estate but rent their factory space. The assistance given by the Job Development Authority should be extended to employers who rent additional space for the purpose of increasing production and thus provide more job opportunities. It would also be desirable to amend the New York State Constitution to authorize the Job Development Authority to participate in the financing of the purchase of machinery and equipment acquired by a firm whether or not

such equipment is located on the premises it rents or owns. This would permit employers, particularly jobbers in the apparel industry, to make investments which would provide for more job opportunities.

- 4) Involve business and labor leadership more deeply in the business development process. There are at least two potentially fruitful aspects to this if the Office of Economic Development or another vehicle can create ongoing liaison. First, business and labor leaders can early on identify problems of existing companies and opportunities to attract new ones. Second, business and labor leaders can demonstrate their commitment to flexible and fair labor practices, citing examples such as the recent work at Lincoln Center, the smooth proceeding of the Democratic Convention, and the new initiatives regarding rehabilitation.
- 5) Institute a private sector "Buy New York" campaign. In addition to previously mentioned changes in the City's procurement policies, we urge that a private sector effort also be launched -- aimed both at individuals and corporations. In the latter case, a study should be made to determine side benefits of purchases in New York to purchasing companies (more customers, more vibrant markets, etc.), and these should be factored into decision-making. We urge all New York institutions, profit and non-profit, to review their purchasing policies and procedures with the goal of increasing purchases from other City firms.

Promotion and Marketing

Because of New York's long-standing attractions and strong competitive position, the City has never felt the need to launch a large-scale promotion and/or business attraction campaign. Times have changed, however, as the City's image has become tarnished in spots and competition from other localities has stepped up sharply. Some hundred cities and states now maintain business development offices in New York.

Today we believe it is essential that New York -- the world's capital of communications, marketing, public relations, advertising, culture and entertainment -- mobilize all available resources to maintain and attract both people and jobs. We are not advocating mere public relations puffery, which could well be counter-productive. Rather, we suggest that real assets must be exploited and built upon through the implementation of a comprehensive and completely professional marketing plan, perhaps including a new public-private mechanism focused solely on marketing. Toward this end, we recommend three actions.

- 1) Create a unified point of strategy and director for the City's marketing effort. There are presently several groups concerned with promoting New York, all doing a good job and stimulating a healthy spirit of competition. At the same time, these parts of the whole lose impact because of the lack of overall orchestration. Also, some who want to help are frustrated since they do not have a central point of referral. We thus recommend that the new Office of Economic Development should serve as the center for New York's marketing strategy and implementation or create a strong independent center. To augment such an effort, the Business/Labor Working Group is prepared to establish and make available to the Mayor and Deputy Mayor, Economic Development, a "Standing Committee on Communications."



Such a committee could help with marketing guidance and the mobilization of private resources to tell the City's story on a global basis.

- 2) Augment the City's convention and tourism efforts. It is estimated that conventions and tourists spend about \$1.4 billion in the City annually, and this in turn is multiplied to generate economic activity some three times greater. Yet the New York Convention and Visitors Bureau is 24th nationally in its municipal support, receiving only \$300,000 from the City in addition to \$700,000 from the private sector. Given the importance of this economic sector and the multipliers involved, we believe the City contribution should be doubled to \$600,000 and additional private support sought to augment overall immediate funding for the Convention and Visitors Bureau by at least 50%.
- 3) Establish a "Speak Out for New York" campaign. Many businesses, unions and other private sector organizations in New York have a vested interest in improving the City's image, yet are hampered by lack of direction or marketing skills. We suggest an involvement campaign, and guidance materials should be prepared to activate such untapped resources -- to use some of their advertising dollars for New York, to include promotional materials in their mailings, to prepare traveling executives to attract business to New York, etc. A modest commitment in an effort of this sort could be multiplied many times in terms both of external impact and of further involvement by New Yorkers in New York's future.

#### Capital Investment

Capital investment, by both the public and private sectors, is essential to New York's present and future job base. Most of the suggestions in this report are aimed at maintaining current or attracting new private sector investment.

Given the fiscal situation in the City and State, public sector investment is highly problematical, but also highly important. We have examined a number of proposals for large-scale public projects -- looking at jobs generated, cost, long-term economic impact, effect on the investment climate, effect on the quality of life, and other key factors. We find two major projects of special merit, and urge that they proceed with all possible speed:

- 1) Westway. We have examined the arguments for and against this project, and find the positive arguments absolutely compelling. In addition to creating jobs, it will alleviate air pollution, expedite traffic flow, revitalize a badly deteriorated section of the West Side, support development of the downtown business community, and help many industries such as printing, retail and garment. It will result in 110 new acres of land for residential and industrial development, as well as 93 acres of public park land along the river. Finally, it will be a symbol of progressive, well-planned urban regeneration to New Yorkers and non-New Yorkers alike, and provide a basis for future improvements such as Battery Park City and the Convention Center. For these reasons and others, the B/LWG wrote a letter of support for Westway (Attachment B) to Secretary Coleman. We believe the City, State and Federal governments, in addition to all concerned citizens, should place the highest priority on the construction of Westway.
- 2) Convention Center. Because of means of financing, cost uncertainties, and differences on a desirable site, the creation of a new Convention Center involves a number of difficult questions and variables. Nevertheless, we believe such a facility is urgently needed to provide modern and efficient exposition space, to capture additional tourist and convention income, and to secure New York's position as the center of national and international trade and commerce. Given these merits, we

urge all concerned parties to agree on a plan for a Convention Center and implement it as quickly as possible. We would suggest the primary criteria should be securing an adequate facility at lowest possible cost and with greatest possible speed.

In addition to these major projects, we believe particular attention should be directed to improving port-related facilities and mass transportation. On a local community basis throughout the five boroughs, we believe that community development funds can very usefully be applied to merchant strip and other commercial revitalization.

#### IV. ACTIONS ON "QUALITY OF LIFE"

All working groups agree that a better "quality of life" is key to New York's future economic and social vitality. At the same time, this is an elusive term to define -- involving perception as well as fact. Given fiscal restraints, it is also virtually impossible to improve the quality of life with the traditional tool of more money for services and capital improvements.

Within these limitations, we have focused primarily on three areas-- basic structural problems affecting quality of life, problems of particular concern to private sector employers and employees, and problems aggravating the condition of middle-income persons. We feel the last point is especially important, and that public and private policies and actions should increasingly focus on maintaining and attracting middle-income families.

Our recommendations with respect to quality of life actions are grouped under four categories -- housing, construction and the physical environment; safety and sanitation; education; culture and the arts.

##### Housing, Construction and the Physical Environment

Housing abandonment, housing cost, and the deteriorating quality of New York's general physical environment are viewed as major negative factors in the City's present or future economic revitalization. Given the high costs of new construction and the deleterious effects of housing abandonment, we believe that the City's primary focus should be on rehabilitation of existing, basically sound housing. At the same time, all artificial impediments to construction in general should be removed. Toward these ends, we urge actions to:

- 1) Continue to strengthen labor-management cooperation. The spirit of common effort between management and labor in the building trades has been particularly heartening. Significant special efforts by the building trades unions have produced such results as the smooth running of the Democratic Convention and the splendid and timely rebuilding at Lincoln Center. In addition, of course, the agreement of labor to work for 75% of scale on rehabilitation projects is a major contribution to the potential rebuilding of New York. To facilitate cooperative endeavor even further, the Real Estate, Construction and Middle-Income Housing Working Group is initiating a series of seminars between all concerned parties. These will provide an ongoing forum to enable the major interests in construction to identify clearly the problems that have stagnated development in New York and then to create a series of solutions that could help restore vitality to this sluggish economic area.
  
- 2) Eliminate rent controls in an orderly and fair manner. At present, some 40,000 units of housing a year are being abandoned in New York City. Assuming a conservative replacement cost of \$50,000 a unit, this means a loss to the City of some \$2 billion in capital investment annually. While many causes are involved, a major factor is artificial ceilings on rents which do not allow revenues to keep up with costs. The Citizens Housing and Planning Council, the Economic Development Council and others have prepared studies and recommendations to deal with this problem in an expeditious and equitable manner. We urge public officials to move on this issue quickly before yet more permanent damage is done.

3) Expand private initiatives. In an attempt to deal positively with the City's housing problems, members of the financial community have established the Community Preservation Corporation (CPC) to facilitate the financing of existing housing in two communities and sustain a viable residential market. Financial institutions and foundations have also supported the creation of a Neighborhood Housing Service Corporation (NHS) to facilitate lower-income single-family rehabilitation in another community. Both of these groups have found many other stumbling blocks than financing, but they have helped to sharpen focus on underlying disincentives and their accomplishments are increasingly encouraging. We urge that serious attention should be given to expanding both CPC and NHS where appropriate.

4) Advocate Federal housing policy responsive to New York City. There are two hard facts we must face. One, the costs of housing today are beyond the means of most low-income and many middle-income families. Two, the ability of the City to subsidize these costs is virtually exhausted. As a recent report by the Real Estate Research Corporation stated, "City governments cannot effectively redistribute incomes from the 'haves' to the 'have nots' within their boundaries over the long-run, because too many of the 'haves' will gradually move out of the City." Nowhere is this truer than in New York.

City and State officials, construction labor and management, and the financial community must join together to produce a joint platform for Federal action on housing and then get it implemented. The Business/Labor Working Group stands ready to expedite such an effort in any way possible.

- 5) Crack down on bureaucratic idiocy and rip-offs. The problems of the construction industry in New York amply prove the point that nothing is harder to legislate than good sense. Bureaucracy, conflicting jurisdictions, endless red tape, and sheer venality impede progress at every step. At the same time, contractors are subject continually to physical violence from self-proclaimed "community representatives" who are in fact shake-down artists. Many excellent contractors refuse to work in New York for these reasons -- all of which are very costly and unnecessary. We urge the City immediately to create a task force to cut red tape and protect contractors from harmful interference, whether bureaucratic or strong-arm. As part of this effort, the City should include industry representatives on commissions directly affecting construction such as the City Planning Commission, the Board of Standards and Appeals, the Rent Guidelines Board, and the Conciliation and Appeals Board.

#### Safety and Sanitation

The perception and fact of crime in New York are basic barriers to job maintenance and job creation. While New York's reputation for crime considerably exceeds its actual comparative position with other cities, this is nevertheless a critical problem -- driving away tourists and customers, terrifying present and potential employees, and raising costs through pilferage, theft and vandalism.

Similarly, though New York has one of the best fire departments in the nation, fire and arson are increasingly serious problems, especially in the manufacturing sector.

Finally, the generally dirty condition of New York is a constant and dangerous irritant to all -- visitors, residents, employers and employees. Time and time again, poor sanitation and dilapidated facilities lead people's lists of negatives about New York. We can only conclude that this is often the straw that breaks the camel's back when one decides to stay in the City or leave it.

Our recommendations include actions to:

- 1) Increase private sector assistance to crime prevention programs. In researching this area, we found a number of highly constructive and imaginative ideas within the Crime Prevention Section of the New York Police Department. These include the Block Security Program, the Merchants Security Program, "Project Media," and the creation of the Crime Prevention Council of New York. All of these programs suffer, however, because of lack of funding and lack of public awareness of their existence. To improve their effectiveness, we urge that public funding for these programs should be increased through reallocation of existing funds or productivity gains, and the private sector should be more actively involved. In terms of private sector business and labor, we suggest the following as first steps:
  - Sponsorship of a "Crime Prevention Week" and an information program for manufacturers and other businesses.
  - The creation of a test project of collective security in the Fairfield Industrial Park in East New York. The Business/Labor Working Group is prepared to coordinate such a project with the Police department.



The establishment of a "Special Task Force on Crime" within the Chamber of Commerce and Industry and the Economic Development Council. Including labor representatives, this group would secure business involvement, help coordinate positive programs, and correct false perceptions.

- 2) Tighten up and streamline the judicial process. All members of the group feel a high level of frustration, to say the least, with many aspects of the current judicial system. One problem, very much in the news, involves the lax treatment of juvenile offenders who commit serious crimes. While we believe children should not bear their sins for life, current laws virtually constitute a license for the young to steal, maim and even kill. We urge that laws and penalties, as well as rehabilitation procedures, involving serious juvenile crime should be tightened up markedly and immediately.

Shoplifting and pilferage are major problems in New York, and especially acute for minority businessmen serving lower income areas. Yet the present judicial system makes the prosecution of shoplifters so time-consuming as to be counter-productive. We urge the City to explore simplified, expeditious procedures, such as the creation of a separate shoplifting court, to alleviate this problem.

Because of the Economic Development Council's experience with the court system, we suggest that it, with appropriate labor representatives, take a leadership role with the City on both of these issues.

- 3) Enhance fire protection and lower insurance costs. New York businesses have been plagued by sharp rises in arson, fires of suspicious origin and false alarms. As a result, insurance costs have been driven up to a damaging level. To alleviate this situation, we suggest:
- Replacement of present street alarms by telephones on a trial basis to cut down false alarms. A similar move in Los Angeles resulted in a 52% decrease in malicious false alarms.
  - Improvement of the deployment and planning of current Fire Department resources. The Mayor's Task Force on Emergency Preparedness and others have made a number of useful suggestions toward this end. The Business/Labor Working Group is prepared to meet with the Fire Commissioner and others concerned to establish what help is needed from the private sector.
  - Establishment of a tripartite commission, consisting of the Fire Department, the insurance industry, and the manufacturing industry, to examine high insurance costs in greater detail and recommend remedies. Again, the Business/Labor Working Group is prepared to proceed with this project.
- 4) Increase public productivity and private involvement in sanitation and neighborhood improvement. By all measures, the productivity of New York's sanitation program is low compared to other cities, yet the perception of filth is a major irritant to economic activity. To increase public productivity, we suggest that the City, together with the Economic Development Council and labor leaders, should create a "Cleanliness Task Force" to determine how to deploy public resources more effectively.

At the same time, self-help by individuals and business should and must increase markedly. A start toward greater block association and merchant involvement has been made by the Citizens Committee for New York City. We believe such private initiatives should be greatly expanded, and members of the Business/Labor Working Group are ready to help in any way possible. For its part, the City should apply more Community Development funds to neighborhood improvement and merchant group assistance.

Finally, the city should consider significantly tightening up penalties for littering. Singapore, for instance, is one of the world's cleanest cities largely because it stringently enforces \$200 fines for the smallest littering infraction.

#### Education

The generally dismal state of New York City's public elementary and secondary education is of foremost concern to us all and, we believe, a fundamental factor to the economy of New York. On the one hand, many families leave the City or refuse to come here because they do not feel their children can get a decent education. On the other hand, employers are constantly faced with applicants who cannot meet even the most minimal standards in basic reading, writing and computational skills.

In terms of higher education, New York has unparalleled resources. Indeed, without question, the City is the world's capital of learning and research in virtually every field. Yet we do not believe these resources are achieving their potential with respect to either fiscal responsibilities or job generation. Many functions are unnecessarily duplicative, and little effort has been made to capitalize on New York's position as a knowledge center.

Our recommendations for action are three fold:

1) Increase productivity in the public elementary and secondary school system.

We are not experts on education, but, given the fact that New York has some of the best public schools in the world, we can only wonder why the majority have such poor results. We believe that the Governor and the Mayor should immediately constitute a blue ribbon "Task Force on Public Education" to come up with basic changes in both vocational and academic education. Nothing less will penetrate the stagnation that has surrounded this problem. In the meantime, we suggest:

- Private and public sector support and expansion of efforts such as those of the Economic Development Council and the New York Urban Coalition to create viable alternative systems within the system.
- Realignment of the education budget to use more money for teachers who teach, and less for bureaucrats.
- An intensive program, with adequate funding, to involve parents more deeply in the educational system.

2) Change public policy toward higher education so as to restore a rational division of labor between public and independent institutions. The

Governor has recently established a panel on the structure and financing of higher education. Given the fiscal crisis and the duplication that currently exists between public and independent institutions, we recommend this group focus on:

- Giving greater priority in the public sector to the community college network instead of duplicating at higher cost the graduate and professional facilities of independent schools.
  - Contracting public sector educational services to independent schools where feasible and when the costs are lower.
  - Reviewing and revising the State's Tuition Assistance Program and other assistance to assure inflation does not undercut student freedom of choice.
  - Encouraging the development of consortia among public and independent institutions in such areas as library services and low-enrollment disciplines.
- 3) Establish a coordinated Research and Development complex to utilize more productively New York's educational potential. Frequently, businesses and others find themselves reaching to such areas as Massachusetts or California for basic research and consulting work that could be readily done in this City. This is a greatly missed opportunity for jobs, and we believe the Office of Economic Development should immediately create a "knowledge task force" to develop ways to coordinate and market New York's resources more effectively. This effort should be closely tied to strategies to attract new businesses related to our technological strengths. For instance, New York's unparalleled medical and research facilities should be used to attract more health and medical manufacturing such as drugs or laboratory equipment. The members of the Business/Labor Working Group are eager to assist any such undertaking.

### Culture and the Arts

Culture and the arts are major components of New York's economic strength -- generating over \$3 billion in expenditures and receipts which in turn contribute well over \$100 million in local tax revenues; providing thousands of direct and indirect jobs; drawing at least one quarter of New York's tourists; and, of course, serving as the cornerstone of New York's quality of life and position as a cosmopolitan center.

Given the jobs and economic activity involved, we believe every effort should be made to maintain and strengthen this vital asset of the City. Our recommendations include:

- Restore cuts in City and State funds for cultural institutions. This is a modest, but important budget area. Each dollar of public funds generates some 4-6 dollars of additional economic activity.
- Acquire the Astoria stages in Long Island City from the GSA for use as a prime motion picture and television production facility.
- Continue to strengthen the Mayor's Office for Motion Pictures, with emphasis on moderating cost differentials and increasing productivity.
- Clean up Times Square (see page 13).
- Introduce computerized theater ticket selling and marketing operations.
- Open theaters in the morning for the performance of shows appropriate for school children, with special pay scales for these performances negotiated with union representatives.

In addition, members of the Business/Labor Working Group are prepared to involve business and labor in every way possible to facilitate the marketing of our cultural assets.

\* \* \*

Finally, we agree that the time for welfare reform is long overdue. As presently designed, the welfare system constitutes an enormous and totally unfair burden on all citizens of New York City. We urge that every New Yorker, together with all others concerned, mobilize to change and federalize the welfare system as soon as possible in Congress.

V. ACTIONS ON ORGANIZATION AND MANAGEMENT

Beyond specific actions -- indeed, basic to their implementation -- we believe fundamental improvements are needed in the organization and management of public and private sector efforts related to jobs and economic development.

Our suggestions include:

- 1) Reinforcement in every way of the new Office of Economic Development and the Deputy Mayor, Economic Development. Placing this concern at the policy level, with adequate resources, is long overdue, and we hope it will provide a much needed focal point for all public and private development efforts. We applaud the new office and its most able incumbent and pledge ourselves to lend support in every way.

To broaden the base of this function, involve business and labor more deeply, and assure consistency and political objectivity, we would recommend the consideration of one further step that has worked well in other cities. This is the careful examination of the feasibility and desirability of creating an independent business and labor group to oversee and advise the new function and related economic development policy and activities.

- 2) Revitalization of the New York Chamber of Commerce and Industry/Economic Development Council. We strongly support the current efforts of these organizations to reorganize and become more effective in the maintenance and creation of jobs in the City. We believe their contemplated focus on specific economic sectors is a wise and positive move. We would hope they would also expand their relationships with labor on common issues, and that they could work with and strengthen local chambers more effectively. New York City sorely lacks a clear private sector spokesman as the Chamber

could and should be. Two projects suggested by working group members for priority are an extension of the Chamber's public education on economic issues and publication of a "Job Scorecard" rating public policy decisions.

3) Further involvement of business and labor expertise through:

- Creation of a "City Hall Fellows" program. Through the efforts of the Economic Development Council, the Mayor's Management Assistance Board and others, increasing numbers of business executives have been recruited to help the City improve its operations, management and productivity. We wholeheartedly support this trend, and have one suggestion as to strengthening it further. This is that consideration should be given to creating a "City Hall Fellows" program similar to the White House Fellows. Aimed at bringing superior middle managers into the City for limited periods and given high prestige, this could have several advantages. In particular, it would be both a free talent source and a mechanism to acquaint tomorrow's top executives with the complexities of the City. We recommend that the Economic Development Council, the Management Assistance Board and the Office of Economic Development explore this idea jointly.
- Creation of a not-for-profit "Technical Services Group" to mobilize accountants, management consultants, financial experts, public relations people and other professionals to help the City and public programs with management and other areas. A program of this type is now being coordinated through the Economic Development Council, and the Business/Labor Working Group pledges full support in its implementation.



-- Creation of a New York City Business and Labor Executive Service Corps to involve retired business and labor people in helping the City without pay. This could be modeled on the International Executive Service Corps, and, again coordinated through EDC.

4) Continuation and deepening of business-labor cooperation.

As planned, the Business/Labor Working Group is ending its existence with the issuance of this report and the individual reports of its working groups. This in no way, however, lessens the importance of close continuing cooperation between business and labor in developing solutions to the City's problems and building upon its strengths. We believe the "Business/Labor Council" proposed in the City's "Economic Recovery" plan could provide an on-going mechanism for such interaction. Yet individual, informal efforts on specific projects are at least equally critical, and the members who have participated in the B/LWG stand ready to facilitate joint action in all ways possible.

VI. CONCLUSION

"When a man knows he is to be hanged in a fortnight," Samuel Johnson opined 200 years ago, "it concentrates his mind wonderfully." Much the same might be said about the positive side of New York's fiscal problems. Never before has there been greater focus on cooperation between the diverse sectors of our City -- labor, business, community groups, public officials, etc. This report itself represents a concerted effort in the common cause, and we hope it will signify a spirit that is ongoing in good times as well as bad.

We have made a wide range of recommendations that will have to involve every sector:

- Private sector suggestions such as exploring the feasibility of an Industrial Development Bank, expanding the Community Preservation Corporation, and establishing a new communications effort.
- Labor-management suggestions such as seminars on problems impacting the construction industry and overall municipal productivity.
- Public policy suggestions such as eliminating rent control, initiating a new Federal housing thrust, altering the "Gifts and Loans" provision, federalizing welfare, and changing the tax structure to strengthen the job and tax base.
- Community involvement suggestions impacting on matters such as safety and cleanliness.
- Organizational suggestions affecting the public and private sectors.

Left by themselves, without actions and cooperation by all concerned, these ideas will be just another laundry list of good intentions left undone. We do not intend to allow that to happen. To the best of our abilities, we are dedicating ourselves to three principles -- continuing effort; emphasis on the common good over our special interests; and an insistence on not sacrificing real future benefits for present, short-term desires.

Many of the ideas set forth by our working groups need further work, exploration and clarification. New York has more than enough talent to refine and implement these suggestions, and we will work closely with all appropriate groups to do so. In addition, of course, our members will be available to help or add value in all possible ways.

1977 is an election year in New York City. Our hope is that it will be characterized by two attributes. First, that the general good will have precedence over narrow self-interests. Second, that jobs and our economic base will no longer be taken for granted, but given the high priority they deserve.

We would respectfully submit the following five planks for potential inclusion in the platform of our next mayor:

- 1) Job maintenance and creation are the number one priority in New York City.
- 2) New York's private sector economic and investment climate has been neglected in relation to the basic role it plays in the City. Concerns of this area demand the highest level, apolitical attention.
- 3) While New York's strength is its diversity, at this time of adversity we can only prosper through cooperation. The City is dedicated to this end.

- 4) Communities within the City should influence their own destinies, but also recognize that each part of the City depends on the health of the whole. Self-interest must be increasingly moderated to the common good.
- 5) Given the City's fiscal restraints, public and private sector productivity are key. We must not only hold the line on quality of services with reduced resources, but improve services. This requires tight public sector management, rigorous private sector involvement, and a spirit of labor-management cooperation that fosters productivity to the benefit of all concerned.

\* \* \*

Attachment A

WORKING GROUP PRIVATE SECTOR PARTICIPANTS AND CONTRIBUTORS

Harry W. Albright, Jr., President, The Dime Savings Bank of New York  
Joseph F. Adams, Chairman, U.S. Trucking Corporation  
Robert H. Baldwin, President, Morgan Stanley & Co., Inc.  
Ron Ball, Majestic Paper Corporation  
Francis J. Barry, Circle Lines  
Vincent D. Bartolucci, Radio & Television Broadcast Engineers  
William M. Batten, Chairman and Chief Executive Officer, New York Stock Exchange  
William Bernbach, Chairman, Doyle, Dane, Bernbach  
John Blum, Feron's  
Vincent Brennan, Bloomingdale's  
Frida Briant, Theatrical Wardrobe Attendants Union, Local 764  
Owen Brooks, Pfizer, Inc.  
R. Manning Brown, Jr., Chairman of the Board, New York Life Insurance Company  
Michael Burke, Madison Square Garden Center  
Edward Callaghan, Make-Up Artists-Hair Stylists  
A. Thomas Cassar, Theatre, Amusement & Cultural Building Service Employees Union  
William T. Cernera, New York Pressman & Offset Workers Union  
Howard Chaikene, Theatre, Amusement & Cultural Building Service Employees Union  
Irving Cheskin, League of New York Theatres  
Andy Clores, United Scenic Artists Local 829  
John J. Coleman, Jr., Theatrical Stage Employees  
Jack Collins, New York Telephone Company, The New York Building Congress  
James Costello, President, Universal Maritime Services  
Norman Cousins, Editor-in-Chief, The Saturday Review  
Nicholas D'Agostino, D'Agostino Supermarkets  
Walter F. Diehl, President, International Alliance of Technical Stage Employees  
Robert Dunlop, Vice President, IBM Corporation  
Alfred Eisenpreis, Consultant, New York Chamber of Commerce & Industry  
Murray Fallick, Paste-UPS Unlimited, Inc.  
Father James Finley, President, Fordham University  
Earl Fullilove, Chairman, Board of Governors, Building Trades Employees Association  
Mario Gambaccini, The Type Group, Inc.  
Charles Gillett, New York Convention & Visitors Bureau  
Frank Gilligan, Amalgamated Lithographers of America  
Professor Eli Ginzberg, Director of Conservation of Human Resources, Columbia University  
James Goodale, Executive Vice President, The New York Times  
Albert H. Gordon, Chairman of the Board, Kidder, Peabody & Co., Inc.  
Edward Green, Pandick Press, Inc.  
Maurice R. Greenberg, President, American International Group, Inc.  
William C. Greenough, Chairman of the Board, TIAA-CREF  
Donald Grody, Actors' Equity Association  
Arthur Grossman, Graphic Arts International Local 119  
Willard A. Hampton, Brooklyn Savings Bank  
Marife Hernandez, Institute of Contemporary Hispanic Art  
Walter S. Holmes, Jr., Chairman of the Board, C.I.T. Financial Services  
William Horgan, International Photographers of the Motion Picture Industries, Local 644  
James E. Horne, Printing Industries of Metropolitan New York

Joseph Kahn, Chairman, Seatrain Lines, Inc.  
Abe Kanter, United Scenic Artists Local 829  
Arthur Kent, National Association of Broadcast Employees and Technicians  
Sam Kovenetsky, Local I-S, Retail, Wholesale & Department Stores Union  
John E. Leslie, Chairman of the Board, Bache Halsey Stuart Inc.,  
Harry Mallon, Peter E. Mallon, Inc.  
John Maguire, Screen Actors Guild  
Alton Marshall, Rockefeller Center, Inc.  
John W. Mazzola, Managing Director, Lincoln Center for the Performing Arts, Inc.  
G. Russell Moir, Chairman, Transway International Company  
Edward Mortola, President, Pace University  
James P. McAllister, Chairman, McAllister Brothers, Inc.  
Elizabeth McCormick, Rockefeller Brothers Fund  
Robert McDonald, Theatrical Protective Union Stage Hands, Local 1 - I.A.T.S.E.  
William McGill, President, Columbia University  
Paul Noble, Printing Industries of Metropolitan New York  
Thomas O'Donnell, Theatrical Drivers Union Local 817  
James O'Hara, International Brotherhood of Electrical Workers Local 3  
Richard E. Oldenburg, Director, The Museum of Modern Art  
Frederick R. O'Neal, President, Associated Actors & Artistes of America  
Michael O'Neal, The Gingerman  
Ellmore C. Patterson, Chairman of the Board, Morgan Guaranty Trust Co.  
Michael Percoco, Moving Picture Machine Operators  
Solly Pernick, Theatrical Protective Union Stage Hands, Local 1 - I.A.T.S.E.  
Anthony Perrusi, Ad Agencies/Headliners  
Bertram Powers, New York Typographical Union No. 6  
John L. Procope, Editor and Publisher, Amsterdam News  
Michael Proscia, Motion Picture Studio Mechanics  
Donald T. Regan, Chairman of the Board, Merrill Lynch & Co.  
John Reynolds, Treasurers & Ticket Sellers Union  
Herbert Ricklin, Korvette's  
Robert B. Rivel, President & Chief Executive Officer, Union Dime Savings Bank  
Sam Robert, Motion Picture Studio Mechanics  
Dave Rose, Rose Associates  
Ullman Rosenfield, Ideal Corporation  
Jack Rudin, Rudin Management Company  
Lewis Rudin, Rudin Management Company  
Fred Sampson, New York State Restaurant Association  
Robert Schauss, Quality Bakers Cooperative of America, Inc.  
Leonard Schlosser, Lindenmeyr Paper Corp.  
Gerald Schoenfeld, Schoenfeld & Jacobs, The Schubert Organization  
Martin J. Schwab, Chairman of the Board, United Merchants & Manufacturers Inc.  
Anthony Scotto, International Longshoremens Association  
George L. Shinn, Chairman of the Board, First Boston Corp.  
Richard Spence, President, ConRail  
Richard P. Stanley, Stanley Impressions, Inc.  
Howard Stein, Chairman of the Board, The Dreyfus Corp.  
Leonard Sterne, Adcraft Typographers, Inc.  
Carl B. Sterzing, Jr., President, Delaware & Hudson Railway Company  
Richard E. Stewart, Senior Vice President, Chubb & Son, Inc.  
R. Peter Straus, President, Straus Communications, Inc.

Billy Taylor, Billy Taylor Productions  
Robert L. Tinker, Empire State Building  
Gordon T. Wallis, Chairman of the Board, Irving Trust Company  
Simon H. Wareham, Xerox Corporation  
Nathan H. Wentworth, Chairman of the Executive Committee, The Continental Insurance Co.  
Sanford I. Wolff, National Executive Secretary, AFTRA  
Arthur Wolfson, Retail Clerks International Union  
Walter J. Wood, Director, Mayor's Office for Motion Pictures and Television  
Walter B. Wriston, Chairman of the Board, Citibank  
Michael Zarrilli, Chairman & President, West Side Federal Savings & Loan Association

(Not included are the names of numerous officials of public and quasi-public agencies who contributed extensively to the overall effort and to the endeavors of the individual working groups.)

Attachment B

**Business/Labor Working Group**

845 Third Avenue, New York, New York 10022 (212) 752-0426

December 30, 1976

The Honorable William T. Coleman, Jr.  
The Secretary of Transportation  
Department of Transportation  
400 7th Street, S.W.  
Washington, D.C. 20590

Dear Secretary Coleman:

We are writing on behalf of a broad cross section of business and labor executives, as well as leaders in the educational, health and cultural fields. This group has been working as a task force over the past eight months to develop action plans for New York City's economic regeneration.

The Business/Labor Working Group has several distinctive qualities. It combines and mobilizes business and labor expertise through the personal participation of business and labor leaders, all of whom are executive heads of their respective organizations. It is strictly private sector in nature.

We have had a small coordinating group of 25 members, and 14 separate working groups on specific economic areas involving over 150 business and labor leaders in all. Our mission has been clear -- the maintenance and creation of jobs in New York through the fostering of a conducive social and economic climate.

As a result of the efforts of all our participants and working groups, we have arrived at a strong and compelling consensus about the critical importance of the building of Westway to New York's present and future vitality.

Additionally, the Governor, the Mayor and other public officials have expressed a deep commitment to Westway and a close spirit of cooperation and dedication to its development, as expressed in their separate and coordinated communications to you.

As you know, this project has been through a complex and thorough planning process which has taken over five years. It has been overwhelmingly endorsed by key civic organizations such as the Regional Plan Association, the Municipal Arts Society, the Association for a Better New York, the Chamber of Commerce and Industry, the Council of Chelsea Block Associations, and the Citizens Housing and Planning Council.



Number One Priority for Urban Revitalization

The Business/Labor Working Group regards the building of Westway as its number one priority for urban revitalization. Westway is not merely a new highway. It is the replacement and improvement of a vital lost link in the City's transportation network and thus an integral part of the economic and social viability of New York. Its importance to the metropolitan region as a whole also cannot be overestimated.

Among the areas we see benefited are:

- Transportation. 500,000 people move in and out of Lower Manhattan every day, in addition to the commercial traffic generated by financial and world trade activities. Today, Lower Manhattan lacks adequate transportation and is seriously threatened by the collapse of the West Side Highway and the delay in construction of the Second Avenue Subway.
- Job Opportunities. The construction of Westway offers direct opportunities for some 15,000 man years of on-site employment. A significant portion of this employment will be represented by New York's large minority and ethnic work force. The construction of Westway will provide apprenticeship opportunities, skilled training and jobs for substantial numbers of unemployed City youth. In addition, significant ancillary employment, including opportunities for minority entrepreneurs, will result. The fact that the current unemployment rate for the construction industry is over 30%, with some workers having been without work for over four years, illustrates the importance of Westway to the community.
- Urban Preservation. Westway is essential to preserving the substantial investment already made by the private and public sector in New York City and in particular in Lower Manhattan. Adequate transportation was a key factor in these investment decisions and will be vital to their future. Since 1958, some \$2 billion has been invested in new or improved properties in Lower Manhattan alone. This has resulted in 42,000,000 new square feet of office space providing for 120,000 new jobs, and increased assessed property values by some 200%. Without Westway, this investment and the tax revenues generated will be jeopardized by the movement of business and industry to other locations, including ones out of the City and out of the State. There are specific examples of business firms which already have moved and others planning to move, with a resultant loss of employment opportunity.

--- Environmental and Recreational Improvement.

Westway is an environmentally sound response to surface transportation needs and a significant improvement over the existing outmoded and dilapidated elevated highway. It is designed to reduce air and noise pollution and at the same time regenerate the badly decayed waterfront area and provide community access to the water through new parks, playgrounds and other recreational facilities, including pedestrian and bicycle paths.

--- Economic and Social Stimulus. Westway is a unique opportunity for a fundamental revitalization of the social and economic climate of key parts of New York and of the City as a whole. The history in New York City of other large-scale projects provides ample precedents, including:

- Rockefeller Center, built in the early 1930's, which initiated the commercial and retail growth that created many thousands of new jobs in Midtown.
- The United Nations, which stimulated the redevelopment of large areas on the East Side that had housed abandoned stockyards and deteriorated industrial buildings.
- Lincoln Center, which regenerated one of the City's most decayed areas with cultural and medium-income residential development near Columbus Circle.
- The World Trade Center, which triggered the development of major new commercial office projects on the West Side of Lower Manhattan.

A Rallying Point for Private Commitment

Because of the great importance the Business/Labor Working Group attaches to the Westway project, its members have committed their collective efforts to do everything feasible to assure a level of investment by the private sector in the future of New York City that will more than adequately justify your approval of this crucial project.

To underscore the seriousness of this commitment, we have surveyed a number of private sector institutions, in both the profit and non-profit sectors, and the results are most encouraging. Given a strong indication of Federal faith in the City, of which progress on Westway is key, these institutions have stated firm or planned intentions over the next ten years to multiply the investment in Westway by at least six times -- for a minimum estimated total of committed and in-planning investment in the range of \$7 billion.

In addition, semi-private investments of more than \$800 million are contemplated in projects which are more directly connected to Westway such as Battery Park City, Port Authority projects to improve transit in New York, and the building of a Convention Center.

Furthermore, there will be investment on the new land created by the Westway project. As you know, the nature and scope of investment here depends on close consultation with all the communities involved and will be evolutionary in nature. We would conservatively estimate private investment in the newly created Westway land to be at least \$300 million, mostly in housing tailored to local needs as discussed in the final Environmental Impact Statement.

The major contemplated investments by the private sector fall into eleven categories covering a wide gamut of human and economic needs:

- 1) New Residential Housing -- We have identified 23 projects totalling \$591 million in all five boroughs, including projects in Lower Manhattan and at Lincoln Center which would directly benefit from Westway. This figure does not include the \$500 million estimated housing development at Battery Park City, or other contemplated projects such as Manhattan Landing, which are closely dependent on Westway.
- 2) Conversions to Residential and Residential Rehabilitation -- We have identified 13 projects for the conversion of unused commercial space to housing totaling over \$53 million, several in Lower Manhattan. In addition, \$40 million has been committed for the rehabilitation of lower-income housing in Crown Heights and Washington Heights, and this amount is likely to expand significantly in size and geographic scope. We believe activity and investment in conversion and rehabilitation will be far greater than these figures indicate.
- 3) Office Space -- A survey of companies and real estate owners has produced a wide range of intended new office space, office expansion or office upgrading totalling \$797 million. Many of the major projects are in Lower Manhattan and Midtown, for which Westway would mean a basic improvement in transportation.
- 4) Retail -- Major retailers indicate 17 intended investments totalling over \$72 million, and all feel Westway would be a strong support to them in terms of customer and supplier access. Many smaller retailers and suppliers to retailers we could not survey would also benefit and invest in new and/or better facilities.

- 5) Hotel Facilities -- Three major hotel projects, including the conversion of the Commodore on 42nd Street, have been identified totalling \$146 million. This does not include other major contemplated projects in Lower Manhattan and Times Square, which could well be triggered by Westway and the creation of a new Convention Center.
- 6) Private Sector Higher Education -- Three major private institutions intend investments of \$80 million. These institutions have facilities in such locations as Lower Manhattan and Washington Square which would directly benefit from Westway.
- 7) Private Sector Health -- Fifteen private health institutions have intended new investments of over \$280 million, including projects to meet a wide variety of health needs and to create a regional burn treatment center.
- 8) Industrial -- Because of the number of small projects involved, this is a difficult area to quantify with precision, but the City's Office of Economic Development has identified \$363 million of manufacturing and industrial projects it foresees in the next five-to-ten years such as the new \$10 million IBM plant in Bedford Stuyvesant. Many small firms in such important fields as printing and garment believe that Westway is vital to their future existence or expansion in the City.
- 9) Culture -- Eight major cultural investments have been identified totalling \$65 million, including expansion and improvement of the Metropolitan and Modern Museums.
- 10) Transportation -- In addition to directly aiding transportation, Westway would also trigger and/or bolster other private and semi-private investments such as Transit Way and the new Port Authority Bus Terminal totalling at least \$162 million.
- 11) Utilities -- Over the next ten years, the major utilities, including New York Telephone, Con Edison and Brooklyn Union, plan investments of some \$4.8 billion in new and improved facilities, environmental protection and energy conservation. These better facilities are key to the City's economic vitality and to the infrastructure that must support a project such as Westway.

The projects involved in this \$7.378 billion of investment are located throughout the City and involve both community and central commercial improvements. We are heartened by the extent and variety of intended investment. Indeed, given historical precedents, we believe these estimates are modest, and they do not include many smaller, yet important, investments throughout the five boroughs that could not be surveyed or aggregated in the time available. It should be noted that the projects encompassed in the categories described above are in various stages of active development on which the executive officers of the respective organizations have committed planning and/or developmental funds. The

financial community as the source of funding for most private investment recognizes the importance of Westway and stands ready to help in every feasible manner, including the possible creation of new financing mechanisms, such as the Community Preservation Corporation, to meet special needs.

The level of private investment will be largely dependent, however, on both the actuality of Westway and the overall sense of confidence that would be stimulated by this significant Federal act to revitalize the City. While it is difficult to distinguish between the direct and indirect investments resulting from Westway, we would conservatively estimate Westway would generate over two billion dollars of direct private and public investment that would not otherwise proceed. This would include more than one billion of housing, commercial and industrial investments in the Westway study corridor itself.

At least equally important is the effect Westway would have on investor confidence and on transfusing new vitality into the City as a whole. This is critical to maintaining existing jobs and investments, to assuring that planned investments do indeed proceed, and to attracting additional investments.

For their part, business and labor in New York stand ready to do all within their abilities to stimulate further substantial private investments that will provide jobs and otherwise benefit people throughout the City. We are totally committed to proceeding with Westway in a spirit of complete labor-management cooperation. We have received all possible assurances against work stoppages. In addition, we fully endorse the assurances which you have received from the Governor regarding the commitment to minority employment and the utilization of minority-owned contractors and sub-contractors. Both labor and management are prepared to complete the project as swiftly as funds become available. This means the contemplated ten-year time frame could be cut significantly.

In sum, Mr. Secretary, business and labor in New York are committed to assuring that the private sector plays its fullest possible role in rejuvenating New York and multiplying the impact of Federal investment. Therefore, as part of your approval of Westway, we reiterate our commitments to:

- 1) Secure, subject to obtaining the appropriate financing under reasonable terms and conditions, more than \$7.378 billion of new private investment in facilities basic to the City as described on pages 4-5 of this letter.
- 2) Assure that any highway construction will be carried out in a way that provides apprenticeship opportunities, skilled training and jobs for minorities, including Blacks, Hispanics and others, as well as unemployed youth. In addition, we will assist the State in implementing their efforts to provide opportunities for minority-owned enterprises.

- 3) Complete the project without strikes or other types of work stoppages.
- 4) Support in every way possible the commitments set forth by the Governor of the State of New York and the Mayor of the City of New York in their separate letters of the same date.

Your approval of Westway would deeply encourage us and is essential to the success of our efforts.

Sincerely,

David Rockefeller

Harry Van Arsdale