

## NYC BOOK CLUB

### NYC Book Club Conversation with Mike Wallace

On Tuesday, May 27, author Mike Wallace discussed his book  
*A New Deal for New York* with the NYC Book Club.

**Gotham Gazette:**

*A New Deal for New York* is very different from *Gotham: A History of New York City to 1898* – first of all, it isn't really a history book. When and why did you decide to write *A New Deal for New York*?

**Mike Wallace:**

Well the definition of "history book" is up for grabs here. True, it's not a narrative of a past time, but I hope that its prescriptions for future action are suffused by and made better by such understanding of the past as I can muster. I decided to write it in the immediate aftermath of 9/11. It seemed like a contribution a historian could make, setting discussions about the future in the context of the city's past, and particularly the relevance of the New Deal, whose accomplishments seem to have been forgotten, if not deliberately stubbed out by the reigning powers that be.

**GG:**

Why do you think that is?

**MW:**

Partly, this is a culture with memory problems. Partly, we've been relentlessly besieged, arguably since the 1970s, and the so called fiscal crisis of New York, with ideological mantras about the ineffectuality, not to say the wickedness, of government action. Most people no longer have direct first-hand knowledge of the amazing accomplishments of the New Deal, especially here in New York City, and it seemed a reminder was pertinent, especially at a time when we were/are so desperately in need of informed purposive public action.

**GG:**

Your book is divided into three parts. In the last section, you suggest creating a government-assisted effort to create a new public works program that puts the unemployed to work for the public good. What sort of reaction has your proposal had from local and national politicians?

**MW:**

On the national level: 'forget about it'. The attitude of the right wing crowd currently at the apex of national power, when confronted with the problems not just of NYC, but of virtually every state in the union who, we hear repeatedly, are suffering through the worst financial crises since the depression of the 30s, has been, in effect, "frankly, we don't give a damn."

Worse, the hard right are actively salivating at the prospect that budget shortfalls on the local level -- to say nothing of the shortfalls on the national level -- required by their preposterous handouts to the rich, will FORCE local governments into the... kind of austerity programs that New York City unfortunately pioneered in the 70s. Locally,

however, there's been a groundswell of belief that states and localities can not and must not stand idly by while social services are decimated. The major manifestation has been a widespread move to raise taxes and other kinds of revenues, but while that can save some jobs, it can not produce new ones. There's been little sign that any levels of government are prepared to come anywhere near the kind of job creation programs that were such a major feature of the New Deal.

**GG:**

Local conservative writer Steven Malanga has called reviving the New Deal a "fantasy." It sounds as if you agree.

**MW:**

You can't go home again – that's for sure, but that doesn't mean that modern day equivalents are not worthwhile. And possible. Malanga and the Manhattan foundation crowd are, in my opinion, victims of bad economics and worse history. They have a one-size-fits-all public policy -- cut taxes -- which they assume, despite all the evidence, will magically create jobs. This rests on the shoddiest kind of research, as anyone can see by checking out the Fiscal Policy Institute's web site, where several studies which, in my opinion, demolish Malangism can be found.

And why is it a fantasy? It may be improbable at the moment, but this is a very mercurial country. Remember that FDR ran not on a New Deal platform but in favor of a balanced budget. As the depression deepened -- and there are very few signs of an upturn in our future, quite the opposite -- more and more people, especially in the middle classes, who had been staunch believers in laissez faire, did a rapid about face once the problems reached their level of society. We may well see something like that again, but, to be sure, it will require bold political leadership. Interestingly, one of the things I suggested in the book was that the pressure of hard times might generate a revival of the liberal Republican wing. This revival has inched closer to reality. Who would have thought that Joe Bruno & Co would have duked it out with a Republican governor, on behalf of higher taxes on rich people? It wasn't done out of desire, but desperation, and there's more where that came from.

**Joe Rosenbaum:**

What other changes have taken place in New York City politics since the writing of the book that you'd like to comment on?

**MW:**

I think that Bloomberg and Deputy Mayor Daniel Doctoroff have cast their lot with a broader vision of downtown's development than had been part of conventional wisdom a year ago. Their plan looks toward a more broad-based notion of the area's economy. Also, he switched to the 'increase revenue' side to some measure. But there's a long way to go. One of the missing items is a willingness to mobilize public opinion on behalf of public action, another is a willingness to take the lead in forging a national coalition of urban-based constituencies, on behalf of federal policies that would -- as Rohatyn and Galbraith the younger have suggested -- do a form of revenue sharing with the states. But ultimately, I think nothing will happen in a major way, so long as the Bushites are in power.

**GG:**

The first section of your book is devoted to the aftermath of September 11, 2001. You discuss the proposals for what should be built at Ground Zero, and suggest that you would like "to let most of the land lie fallow, at least for a suitable period, replenishing itself and its visitors." Do you still feel that way?

**MW:**

Well, that's one part that's been superseded by events. I still think that the rush to throw up office space is ill considered, that the vacancy rates remain spectacular, that very few businesses have been coaxed downtown, and that the transportation improvements that might actually make a difference are still quite some distance in the future. I do like the current master plan, in that it definitely envisions proceeding in stages, with most office space slotted for a dim future and the up front concentration devoted to memorializing.

**savethewtc:**

Mike, I tend to disagree with your feelings that 12 million square feet of office space should not be placed on the site. Why? This site was one of the most successful and desired real estate locations in the nation, and you think that should all be lost for a "New Deal"?

**MW:**

"Most successful" is a dubious notion. Remember that for most of the World Trade Center's history it was no where near full. As late as the mid 90s -- in the aftermath of the late 80s and early 90s depression -- landlords down there were desperate. The responses were clever enough -- convert offices to housing, wire key buildings and bring in dot coms -- but remember that even when the economy turned north (a function in considerable degree of a bubble in tech stocks rather than healthy growth -- as banking jobs continued to flee the area for Jersey, midtown, and elsewhere) not a single new skyscraper was built in the late 90s in downtown. This is a devastating comment on the marketplace's own judgement on the need for more offices down there.

Also, the New Deal is an not only an end in itself, its a means, a way of dealing with crises. To the degree that public investment (as with transportation) can help build a 21st Century infrastructure in order to attract private investment, downtown's best chance for recovery lies precisely in bold public interventions on the order of the New Deal. I would add, though it's a different arena, that we could do with the return, in an updated fashion, with some of the New Deal's financial programs. While Glass Steagall (the legislation passed in the 30s that mandated a division between investment banks and commercial banks) might have had to be revised and updated, the taking of the wraps off the division between banking, insurance, brokering, and so forth, had a lot to do with the flameup of corruption that marked and marred the last decade or so.

In addition, the development of derivatives and more arcane financial instruments down in the towers there or, even more so, in midtown, while having some rational basis in desire to hedge against increasingly wild market fluctuations (partly themselves a product of deregulation), they were more dedicated to avoiding taxes and controls, which in turn led to the flourishing of corruption and massive redistribution of wealth up the social ladder. It's true that New York, by being host to the barbecue, got a lot of spinoffs from it, but the telling feature was what happened in the downturn, when thousands of brokers and bankers were tossed away like kleenex and the resulting drop in bonus driven

revenue rippled through out the city's economy. That's no way to run a railroad, much less a city.

**Gail:**

New York, though, is very dependent on Wall Street and finance. If that industry can't fuel our economy, what will?

**MW:**

There is no way we can live without finance. That doesn't mean that we can't regulate it in the public interest more effectively.

**jr:**

On the subject of economic development: do you think there's a way to have a multi-dimensional economy that would make the city more resilient. Developing, for example, manufacturing that could fit the needs of first of all of the city and the region and use the skills and abilities of the local population in a more creative way?

**MW:**

I quite agree. We tended to turn our backs on manufacturing and the port in recent decades, under the assumption that we should put our eggs in the basket of the future. But that was shortsighted. We should remember that there are tremendous needs for manufactured items in the local economy, as always. Some are new, like green manufacturing which would be a great complement to the building industry. The port is another arena. We have amazing opportunities to move some of it back from New Jersey. There are changing patterns of world trade, which will send massive boats in our direction. If we develop a high speed floating delivery system that makes use of the harbor, and if we can solve some of the bottlenecks bequeathed us by Robert Moses' preposterous focus on highways.

**Joe Rosenbaum:**

I read [in A New Deal for New York] some very enthusiastic descriptions of the gatherings that attempted to formulate a collective response to 9/11. Do you think that there is any chance that these kinds of gatherings could be continued in response to ongoing issues in city politics?

**MW:**

They are ongoing. See the web site of the Regional Plan Association. Also check out the Center for an Urban Future's site. Also look at [www.lcan.org](http://www.lcan.org), site of a labor and community coalition. The latter have proposed a job program, and a housing program. I think the ferment continues. Also the Gotham Gazette posts info on new gatherings.

**GG:**

How about in other issues besides rebuilding?

**MW:**

Definitely. Those groups, and others like the community service society, have come up with a variety of plans. They deal with social services, with fiscal reforms (see the work of

the City Project), and rebuilding defined broadly. I can't remember when -- since the ferment that preceded the 30s reforms -- there's been so much thinking about the future.

**Joe Rosenbaum:**

What other forms of local organizing do you think could be used to hold the powers that be accountable for meeting the needs of the people of the city?

**MW:**

I think the kinds of resistance to cutbacks that have flourished around things like firehouse closings is one. Politics is local, even on the local level. Remember that the environmental justice movement began with efforts to block new and ill chosen efforts at garbage disposal. It led in time to larger citywide coalitions that had significant impact. On housing, there's a housing coalition of many scores of groups. They had something to do with Bloomberg's coming out with a housing plan, one that reversed the Giuliani legacy of malign neglect. Housing First, it's called.

**GG:**

When will you bring your history of New York City up to date?

**MW:**

I'm working as fast as I can on volume II, but it's a preposterously big job, and I'm a slow reader. It'll probably be a few years yet before it lumbers off the production line. But I might issue bits and pieces of it here and there. I'll probably have a forum at the Gotham Center, which I direct, looking at NYC in World War II, the topic I'm working on at the moment. Check our web site -- [www.gothamcenter.org](http://www.gothamcenter.org) -- for more news on that. The center also features the work of other historians laboring in the vineyards.

**GG:**

Your first one, which goes up to 1898, took 20 years, and was a big hit. Which sections of the book have gotten the strongest reaction?

**MW:**

It's hard to say. Different strokes appeal to different folks. In the immediate aftermath of 9/11 there was a lot of attention to our account of the great fire of 1835. After Scorsese's movie, the material on gangs in the antebellum city got featured. What I like most, however, is the sense that its way of thinking about the city as a whole, seems to be resonating with lots of people. Especially in the aftermath of Ric Burns' film, which has extended the reach of these ideas to a larger audience.

**GG:**

Last question: Will your new history take long enough to write so that there will come to pass a new New Deal that you will be able to include in it?

**MW:**

We can only hope....