

NEW YORK POST

THE BRINK OF BANKRUPTCY

By TOM TOPOUSIS

July 10, 2007

This is the second of a five-part series marking the 30th anniversary of New York City's tortuous summer of 1977.

Ungovernable.

That was the prevailing wisdom about New York City in 1977. And the disastrously inept response to the summer's blackout 30 years ago only drove the point home.

By the time the lights went out on the night of July 13, 1977, New York City teetered on the brink of bankruptcy. Corporations and the middle class were in full flight to the suburbs. Crime, unemployment and welfare rolls were spiraling upward.

At the helm in City Hall in 1977 was Mayor Abe Beame, a lifelong member of the city's Democratic machine and a former city comptroller. But just upstairs from Beame's offices was the true seat of power - the Board of Estimate.

The board included the five borough presidents, the City Council president, the city comptroller and the mayor - and it had all the accountability and quick-response capabilities of a Soviet-styled Politburo.

By the mid-1970s, the city's infrastructure was crumbling and nobody had a plan to fix it. A dump truck had fallen through the elevated West Side Highway, which had to be ripped down because it had become so dangerous.

With the city in full decline, employment plummeted by 600,000 jobs between 1969 and 1977. Even the New York Giants had left town for a new football stadium across the Hudson River in the Jersey Meadowlands in 1976.

Buildings across the city had been burning throughout the 1970s as arson went unchecked and an understaffed FDNY barely kept up. In 1975, there were 13,000 fires reported in The Bronx alone.

The mayor in 1977, for all his ceremonial power, was not the powerful executive in office today - and it showed when the city tried to mobilize in the blackout. Agencies

acted without coordination, and when all 25,000 cops were ordered to duty, only 8,000 showed.

"Since 1977, one of the fundamental changes in New York is that we dramatically expanded the power of the mayor," said Mitchell Moss, a professor of urban policy at NYU's Robert Wagner School of Public Service.

The new City Charter in 1989 eliminated the Board of Estimate, increased the size and role of the City Council and expanded the power of the mayor.

By 1977, City Hall had already lost control of some of the basic services it once provided. The state had taken over the Transit Authority, and the Municipal Assistance Corp. was created by Albany to monitor the city's finances.

"The Beame administration was almost taken over by the state," Moss said.

Compounding the problem were several years of city cutbacks and layoffs that left fewer cops, firefighters, sanitation workers, teachers and other workers on the job. And it was a time of nearly annual strikes by city workers. Even the cops went on strike in 1971.

"The blackout was part of a long descent into darkness," said Fred Siegel, a history professor at Cooper Union and an adviser to [Rudy Giuliani](#)'s 1993 mayoral campaign. "At the time, it was a nearly bankrupt city without much of a future."

Siegel said New York's rebound came in changes over the next decades.

"Koch stabilized the city," Siegel said of the effort to bring New York's fiscal house back in order, eased by the economic boom in the early 1980s.

But the next major step forward for the city was an all-out war on crime, which had reached epidemic levels by 1991.

The Police Department was bolstered with 8,000 more cops hired during the administration of Mayor David Dinkins, thanks to the Safe Streets, Safe City program funded with an income-tax surcharge in 1991.

By the time Giuliani was elected in 1993, there were nearly 38,000 cops on the beat in New York and the city had already begun its historic path toward massive reductions in violent crime.

The murder rate, which topped 2,100 in 1991, began to plummet.

"Once crime was contained, the city's natural advantages came back," Siegel said.

After decades of depending on Albany for handouts, Moss said the role between New York City and New York state has shifted. "Today, New York City is economically stronger than the state and it has a more transparent government," he said.

But the true test of the city's ability to manage itself can be seen in the way New York pieced itself back together after the Sept. 11 terror attacks.

The Bloomberg administration, which took over just months after 9/11, has led one of the most ambitious city redevelopment agendas ever.

"The recovery since 2001 was far greater than anyone's expectation," said Moss, who has also served as an adviser to Bloomberg.

"New York has changed so profoundly in the past 30 years that today, there is no place in the city where people do not want to live. New Yorkers are living in places today that they didn't even know existed 30 years ago."