



The Case for Main Street

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Good afternoon. Thank you for that kind introduction.

I also extend my thanks to the Economic Policy Institute for organizing this event – and to my fellow speakers.

Today's program is not just talk. This is our nation's very most critical work at hand – and all of our mayors appreciate the complexity, for our challenge at City Hall is to help Americans through the worst Recession since the Great Depression.

The macro-economic numbers tell us, the Great Recession may be coming to an end, perhaps even be over.

But we mayors know, and the American people know, the mission has not yet been accomplished on Main Street. Wall Street may be on the road to recovery, but Main Street still suffers.

Unemployment rates have now ventured into double-digit territory; millions of Americans who *do* have a job have seen their hours cut back, or their wages decline; and the economic forecasters tell us, job recovery will be *very* slow.

In fact, the job picture will get even worse before it gets better.

At the Conference of Mayors, we used to say, the first eight years of this decade for many cities was the “lost” decade – with no *new* net job growth for the entire period.

Now, we must face reality ... and say this is true not just for a majority of cities, but for our entire nation.

Last week, the Conference of Mayors sent to Congress ***“A Call to Action: Targeted Fiscal Assistance and Jobs for Cities.”***

This report documents that the national recession is not over for Main Street America.

In a survey conducted by our Workforce Development Council, cities were able to provide unemployment data not just for each metro area, but also for the central city. The results are staggering:

- 13.9 percent unemployment in Long Beach, California;
- 13.4 percent in Las Vegas, Nevada;
- 19.4 percent in National City, California;
- 14.9 percent in Providence, Rhode Island;
- 11.5 percent in St. Louis, Missouri; and
- 17 percent in my city of Trenton, New Jersey.

The vast majority of our nation’s unemployed reside in our metropolitan areas and particularly in our central cities.

For example, in Georgia, the Atlanta and Augusta metro areas account for 62 percent of the state's unemployed. Atlanta alone has 57 percent of the state's out-of-work residents.

In Arizona, the Phoenix and Tucson metro areas account for 75 percent of the unemployed. Phoenix alone has 62 percent.

And in Michigan, Detroit metro accounts for 50 percent of the state's unemployed. And the list goes on and on.

Of more concern, the forecast for job recovery is even *more* bleak.

While I am sure that our next speakers will provide their own numbers, let me underscore some that we must heed:

- First, thousands of Americans have grown frustrated and dropped out of the job market: The real unemployment rate, we believe, is not 10.2 percent, but around 17 percent, if not higher.
- Second, 86 percent of metros will see unemployment rates worsen next year;
- In 2012, more than 30 percent of our metros will experience unemployment rates greater than 9 percent,
- And one in five metros will still have unemployment rates above 10 percent.

These are sobering statistics ... and ones which we cannot ignore.

To Wall Street, which had more to do with our current economic problems than anyone else, these are just statistics.

But to mayors, and to the people who are hurting, the numbers count for personal stories that play out every day.

I know that I cannot go to the grocery store, walk down the street, or hold a public meeting without people – many people – coming up and asking for a job. And I'm not talking about people who are just "down and out."

Those unemployed or under-employed now are workers who “just want a job” ... who simply want to be a productive part of the great American dream. And many of them are recent college and community college graduates.

Mayors are hearing from people who don't know:

- how to make their next mortgage payment;
- how to feed their children;
- how to take care of their own mom or dad;
- how to keep their son or daughter in college or community college.

Americans, in short, are in profound need. I invite every Senator and Member of Congress to walk down the street of any community to get a feel for what the pulse of the nation is. These numbers and personal stories tell us that Congress and the Administration must do more to address the joblessness in our nation.

Let me be very clear and direct. This Administration inherited one of the biggest economic messes in history and, today, because of President Obama's leadership, stability has been restored to our financial institutions and industries that “were too big to fail.”

But now, we must have actions to demonstrate *the American people* are “too important to fail.”

Mayors strongly supported passage and implementation of the President's stimulus bill.

It was the right solution at the right time.

But, by now, the times have not gotten any better for the American people. No one anticipated the depth of the recession and its impact on jobs.

When the first stimulus was passed, the nation anticipated eight-and-a-half percent unemployment. Now we are at 10.2 percent nationally ... with many communities crippled with even higher numbers.

From an unemployment standpoint, this is not last December ... or January of this year. This is right now, with bills to pay. As the saying goes, we are in a whole different ball game.

At the same time, we also face an age-old separation. The ancient analysis of Plato still holds: “Any city, however small, is in fact divided into two, one the city of the poor, the other of the rich. These are at war with one another.”

Ladies and gentleman, it is past time for our nation to focus on – and end – that war.

Simply put, more must be done to create jobs in America, in our cities; and further action is needed now.

We are pleased that last week the President announced a job creation summit to be held in December.

Mayors will be at the table because, as my Mom used to say: “If you’re not at the table, you’re on the menu.”

As we must, we have aggressively supported health insurance reform, financial regulatory reform, and climate protection – because it is in our national interest to do so ... and it is our nation’s responsibility as a world leader.

But we also must have real, swift, and concrete action on job creation. Otherwise we will not restore the confidence and hope that the American people must have for our nation to continue prospering.

And jobs cannot be left to cities alone to create. Cities are now facing the full brunt of the recession, with another round of revenue and budget shortfalls at the local level.

Within our survey of 158 cities:

- Two-thirds are facing budget shortfalls this year

- More than 80 percent of cities anticipate a budget shortfall in their next fiscal year
- 27 percent of these cities are currently facing budget shortfalls that exceed 10 percent;
- Some are facing shortfalls ranging from 20 to 30 percent.
- Seventy-two percent of mayors report that cuts in state funding to their cities have contributed to their budget shortfalls; and
- Actions most taken to avoid budget shortfalls this year include postponing projects or initiatives; eliminating city positions; and reducing purchasing and procurement.

From a budget point of view, these numbers are horrendous.

This past summer, we all read the headlines – cities now face cutbacks and layoffs of essential personnel in public safety and other key services.

Given the ongoing foreclosure crisis, anticipated problems in the commercial real estate sector, lack of strong consumer spending, and lack of real wage gains, it is very difficult to see how this local government budget crisis will improve anytime soon.

And states are not helping the situation. Most have cut or eliminated traditional forms of aid to localities, requiring us to fill the gaps that they now refuse because of their own financial crises.

With the Recovery Act, many programs funded, such as federal highway transportation and energy weatherization, must go through state bureaucracies, which make unwise spending decisions or simply delay the process.

This is why we are calling today for Congress to pass a **Targeted Fiscal Assistance** program for local governments.

Such a program would provide immediate relief to local budgets and spur job creation through local infrastructure projects.

Targeted Fiscal Assistance could easily and quickly be disbursed to cities and counties, using a formula including: *levels of the unemployed and population*.

These funds would go directly to cities and counties, avoiding the delays of costly and inefficient state bureaucracies.

Through a Targeted Fiscal Assistance program:

- Cities will avoid layoffs of police, firefighters, emergency response personnel, sanitation workers and public works employees.
- We will keep libraries, community centers, and public health facilities open.
- And we will help ensure maintenance of key local public services, all of which are under severe strain.
- Perhaps most importantly, we will create private sector jobs where the unemployed are – in our cities and their metro areas.

The funds would have immediate impact in our communities that citizens could feel, touch and see.

Local governments have projects that can be moved off the shelf *now* ... especially local transportation projects that should not have to go through State bureaucracies; replacement and renovation of water mains and pipes and wastewater systems; upgrades and rehabilitation to public buildings and facilities; utility system improvements; and community-based projects tailored to address neighborhood conditions.

Sadly, less than one percent of Recovery dollars came directly to local governments. This means that all across America, while people hear, read, and see that the banks, financial and insurance institutions, and the auto industry are receiving billions in taxpayer dollars, while still getting hundreds of millions in bonuses, they, the American people, can't even get a job through the same "stimulus" funding that others seem to keep getting richer and richer from.

The mayors are here to say: There is something wrong with what our people are seeing.

We've been calling for immediate funding of a Targeted Fiscal Assistance program, and other programs identified in our Call to Action. We say,

Fully fund the Transportation TIGER grants that will get critical projects done and put the American people back to work.

No additional application process.

No bureaucratic delay.

Just action.

Another example, in our Call to Action: The Recovery Act made available \$1 billion for COPS, to fully fund the grant requests to keep police officers on the street while keeping Americans at home safe.

So far, the program has funded only one in eight of the number of police officers requested.

Again, the applications are in, the need is there, no more bureaucratic delays. We need action.

We are pleased that the Energy Efficiency and Conservation Block Grant is now up and running, created in the 2007 Energy Act and funded first through the Recovery Act. This has been a monumental effort on the part of DOE and cities. The allocations have now been made and cities are beginning to spend their funds to save energy and dollars for our cities and our homeowners.

Additional Energy Block Grant Funds could be immediately put to use to ramp up energy conservation programs and a multitude of community-based energy efficiency projects.

At our Fall Leadership Meeting in Seattle, mayors saw that our unemployment rates were going to get worse. And we said then: The American people will need more help ... to get jobs and to keep them.

Since then, we have talked to Senior Administration officials to make and stress the point that more must be done.

As mayors, we also are concerned that more must be done to help small business “weather the storm.”

Historically, small business creates 70 percent of new jobs and employs 60 million people.

We believe federal guarantees through the Small Business Administration and other lending mechanisms should extend to 100 percent of a small business loan.

We need more loans to small businesses, through direct loan programs and banks as loan administrators, and with outreach mechanisms expanded to reach the hundreds of thousands of small businesses out there hanging by a thread.

What is at stake here?

The anthropologist Margaret Mead, reflecting on the unique spirit of the city, described it as “a place where there is no need to wait for next week to get the answer to a question, to taste the food of any country, to find new voices to listen to and familiar ones to listen to again.”

Today, in these vital places, every day in the cities of America, mayors see the faces and hear the voices of people desperate for work, begging for a job, struggling for self-sufficiency and for self-reliance.

We hear the American people ... and Washington must respond with immediate Targeted Fiscal Assistance to demonstrate that you hear our people, too.

As mayors of towns and cities all across this nation, all we can say is, hear our people like you heard the banks. Hear our *small* businesses like you heard AIG. Hear the cries of Main Street like you heard from Wall Street.

The case for Main Street is not about dithering and distraction ... the case for Main Street is about jobs ... and action.

Thank you.

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Douglas H. Palmer is the five-term Mayor of Trenton, New Jersey; Past President of the U.S. Conference of Mayors and New Jersey Conference of Mayors, and President *Emeritus* of the New Jersey Urban Mayors.