

The original documents are located in Box 20, “11/26/75 - Statement on New York City” of the President’s Speeches and Statements: Reading Copies at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE PRESIDENT HAS SEEN. ~~was~~

STATEMENT ON NEW YORK CITY

-|-

BEFORE WE GO TO QUESTIONS, I WOULD LIKE TO COMMENT
BRIEFLY ON RECENT DEVELOPMENTS IN NEW YORK.

SINCE EARLY THIS YEAR, AND PARTICULARLY IN THE
PAST FEW WEEKS, THE LEADERS OF NEW YORK STATE AND OF
NEW YORK CITY HAVE BEEN WORKING TO OVERCOME THE FINANCIAL
DIFFICULTIES OF THE CITY WHICH, AS A RESULT OF MANY YEARS OF
UNHEALTHY FISCAL PRACTICES, UNBALANCED BUDGETS AND INCREASED
BORROWING, THREATENED TO BRING ABOUT MUNICIPAL BANKRUPTCY
OF AN UNPRECEDENTED MAGNITUDE.

AS YOU KNOW, I HAVE BEEN STEADFASTLY OPPOSED
TO ANY FEDERAL HELP FOR NEW YORK CITY WHICH WOULD PERMIT
THEM TO AVOID RESPONSIBILITY FOR MANAGING THEIR OWN AFFAIRS.

I WILL NOT ALLOW THE TAXPAYERS OF OTHER STATES AND
CITIES TO PAY THE PRICE OF NEW YORK'S PAST POLITICAL ERRORS.

IT IS IMPORTANT TO ALL OF US THAT THE FISCAL INTEGRITY
OF NEW YORK CITY BE RESTORED AND THAT THE PERSONAL SECURITY
OF 8 MILLION AMERICANS IN NEW YORK CITY BE FULLY ASSURED.

IT HAS ALWAYS BEEN MY HOPE THAT THE LEADERS OF
NEW YORK WOULD, WHEN THE CHIPS WERE DOWN, FACE UP TO THEIR
RESPONSIBILITIES AND TAKE THE TOUGH DECISIONS THAT THE FACTS OF
THE SITUATION REQUIRE. THAT IS STILL MY HOPE, AND I MUST
SAY THAT IT IS MUCH, MUCH CLOSER TO REALITY TODAY THAN IT
WAS LAST SPRING.

I HAVE QUITE FRANKLY BEEN SURPRISED THAT THEY
HAVE COME AS FAR AS THEY HAVE. I DOUBTED THAT THEY
WOULD ACT UNLESS ORDERED TO DO SO BY A FEDERAL COURT.

ONLY IN THE LAST MONTH, \ AFTER I MADE IT CLEAR
THAT NEW YORK WOULD HAVE TO SOLVE ITS FUNDAMENTAL FINANCIAL
PROBLEMS WITHOUT THE HELP OF THE FEDERAL TAXPAYER, \ HAS THERE
BEEN A CONCERTED EFFORT TO PUT THE FINANCES OF THE CITY AND THE
STATE ON A SOUND BASIS.

THEY HAVE TODAY INFORMED ME OF THE SPECIFICS OF

NEW YORK'S SELF-HELP PROGRAM. THIS INCLUDES:

ONE, MEANINGFUL SPENDING CUTS HAVE BEEN APPROVED

TO REDUCE THE COST OF RUNNING THE CITY;

TWO, MORE THAN 200 MILLION DOLLARS IN NEW TAXES

HAVE BEEN VOTED;

THREE, PAYMENTS TO THE CITY'S NOTEHOLDERS WILL BE

POSTPONED AND INTEREST PAYMENTS WILL BE REDUCED THROUGH

PASSAGE OF LEGISLATION BY NEW YORK STATE;

FOUR, BANKS AND OTHER LARGE INSTITUTIONS HAVE

AGREED TO WAIT TO COLLECT ON THEIR LOANS AND TO ACCEPT

LOWER INTEREST RATES;

FIVE, FOR THE FIRST TIME IN YEARS,

MEMBERS OF MUNICIPAL UNIONS WILL BE REQUIRED

TO BEAR PART OF THE COST OF PENSION CONTRIBUTIONS

AND OTHER REFORMS WILL BE MADE IN THE UNION

PENSION PLANS;

SIX, THE CITY PENSION SYSTEM IS TO PROVIDE

ADDITIONAL LOANS OF UP TO 2.5 BILLION DOLLARS TO

THE CITY.

ALL OF THESE STEPS -- ADDING UP TO 4 BILLION DOLLARS--

ARE PART OF AN EFFORT TO PROVIDE FINANCING AND TO BRING THE

CITY'S BUDGET INTO BALANCE BY THE FISCAL YEAR STARTING

JULY 1, 1977.

ONLY A FEW MONTHS AGO, WE WERE TOLD THAT ALL THESE
REFORMS WERE IMPOSSIBLE AND COULD NOT BE ACCOMPLISHED BY
NEW YORK ALONE. TODAY THEY ARE BEING DONE.

THIS IS A REALISTIC PROGRAM. I WANT TO COMMEND
ALL THOSE INVOLVED IN NEW YORK CITY AND NEW YORK STATE FOR
THEIR CONSTRUCTIVE EFFORTS TO DATE.

I HAVE BEEN CLOSELY WATCHING THEIR PROGRESS IN
MEETING THEIR PROBLEM. HOWEVER, IN THE NEXT FEW MONTHS,
NEW YORK CITY WILL STILL LACK ENOUGH FUNDS TO COVER ITS
DAY-TO-DAY OPERATING EXPENSES.

THIS PROBLEM IS CAUSED BY THE CITY HAVING TO PAY ITS BILLS
ON A DAILY BASIS THROUGHOUT THE YEAR, WHILE THE BULK OF ITS
REVENUES ARE RECEIVED DURING THE SPRING. MOST CITIES
ARE ABLE TO BORROW SHORT-TERM FUNDS TO COVER THESE NEEDS,
TRADITIONALLY REPAYING THEM WITHIN THEIR FISCAL YEAR.

BECAUSE THE PRIVATE CREDIT MARKETS MAY REMAIN
CLOSED TO THEM, REPRESENTATIVES OF NEW YORK HAVE INFORMED
MY ADMINISTRATION THAT THEY HAVE ACTED IN GOOD FAITH BUT
THAT THEY STILL NEED TO BORROW MONEY ON A SHORT-TERM BASIS
FOR A PERIOD OF TIME EACH OF THE NEXT TWO YEARS IN ORDER TO
PROVIDE ESSENTIAL SERVICES TO THE 8 MILLION AMERICANS WHO
LIVE IN THE NATION'S LARGEST CITY.

THEREFORE, I HAVE DECIDED TO ASK THE CONGRESS WHEN
IT RETURNS FROM RECESS FOR AUTHORITY TO PROVIDE A TEMPORARY
LINE OF CREDIT TO THE STATE OF NEW YORK TO ENABLE IT TO
SUPPLY SEASONAL FINANCING OF ESSENTIAL SERVICES FOR THE
PEOPLE OF NEW YORK CITY.

THERE WILL BE STRINGENT CONDITIONS.

FUNDS WOULD BE LOANED TO THE STATE ON A
SEASONAL BASIS, \ NORMALLY FROM JULY THROUGH
MARCH TO BE REPAID WITH INTEREST IN APRIL,
MAY AND JUNE WHEN THE BULK OF THE CITY'S
REVENUES COME IN.

ALL FEDERAL LOANS WOULD BE REPAID IN FULL AT THE END OF EACH
YEAR. THERE WILL BE NO COST TO THE REST OF THE TAXPAYERS
OF THE UNITED STATES.

THIS IS ONLY THE BEGINNING OF NEW YORK'S RECOVERY

PROCESS AND NOT THE END. NEW YORK OFFICIALS MUST

CONTINUE TO ACCEPT PRIMARY RESPONSIBILITY. THERE MUST

BE NO MISUNDERSTANDING OF MY POSITION.

IF LOCAL PARTIES FAIL TO CARRY OUT THEIR PLAN, I AM PREPARED
TO STOP EVEN THE SEASONAL FEDERAL ASSISTANCE. I AGAIN ASK
THE CONGRESS PROMPTLY TO AMEND THE FEDERAL BANKRUPTCY LAWS
SO THAT, IF THE NEW YORK PLAN FAILS, THERE WILL BE AN ORDERLY
PROCEDURE AVAILABLE.

A FUNDAMENTAL ISSUE IS INVOLVED HERE: SOUND FISCAL

MANAGEMENT IS AN IMPERATIVE OF SELF-GOVERNMENT. I TRUST

WE HAVE ALL LEARNED THE HARD LESSON THAT NO INDIVIDUAL, NO

FAMILY, NO BUSINESS, NO CITY, NO STATE AND NO NATION CAN

GO ON INDEFINITELY SPENDING MORE MONEY THAN IT TAKES IN.

AS WE COUNT OUR THANKSGIVING BLESSINGS, WE
RECALL THAT AMERICANS HAVE ALWAYS BELIEVED IN HELPING THOSE
WHO HELP THEMSELVES. NEW YORK HAS FINALLY TAKEN THE
TOUGH DECISIONS IT HAD TO TAKE TO HELP ITSELF. IN MAKING
THE REQUIRED SACRIFICES, THE PEOPLE OF NEW YORK HAVE EARNED
THE ENCOURAGEMENT OF THE REST OF THE COUNTRY.

END OF TEXT