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**TRANSCRIPT: MAYOR DE BLASIO APPEARS ON CNBC'S SQUAWK BOX**

**Andrew Sorkin:** And as that tax reform battle continues on Capitol Hill, New York City's mayor – calling the Republicans' plan the biggest current threat to New York City. Joining us right now is New York City Mayor Bill de Blasio, right here on set. We're thrilled to have you.

**Mayor Bill de Blasio:** Thank you.

**Sorkin:** You wrote an op-ed where you said that you might as well ask New Yorkers to take \$1,000 out of an ATM and give it to a hedge fund manager, that that's what this tax plan means.

**Mayor:** Look, it's going to transfer a tremendous amount of wealth to folks who are doing very well and to corporations when in fact what we need is a government that is investing in this country, investing in our cities, investing in our economy. When you look at this it's almost as if the plan was created to take away the potential to fix a lot of the challenges we have.

How are you going to see an infrastructure plan, for example, after this? If you balloon the federal deficit, you're never going to see a real infrastructure plan. If you take away \$1.5 trillion in federal revenue long-term, how are you going to see an infrastructure plan? How are you going to see investments in affordable housing, for example, which is needed in this city and cities all over the country.

So, I don't get it. I think in the end the notion that there's any semblance of a positive impact here for the places where the economy is actually growing like New York City where the jobs are being created, where the revenue for the federal government is being created. It's actually going to set us back.

**Sorkin:** Let me ask you this though, do you believe, ultimately, that we need higher growth rates in this country and that could come from tax cuts?

**Mayor:** No. I believe we need higher growth rates and I believe fundamentally it comes from things like fixing our infrastructure. I think, look, our – I'm taking the New York City economy as an example – we're doing great. We have had tremendous job growth. We have the highest number of jobs we've had in our history but our infrastructure is falling apart. And a lot of cities

around the country, you can say the same on. We cannot possibly fix that on our own. We need a strong federal government.

**Kernen:** How about if we used some of the repatriated stuff for infrastructure?

**Mayor:** Look, that's a real possibility but what I'm troubled by is if you do a massive transfer of wealth to rich folks and to corporations and you balloon the deficit and then there's no potential for the federal government to be an active partner in infrastructure, where does it come from?

I don't buy – I just don't buy trickle-down economics. So, I would like to see a structural-focused federal role. This takes that off the table long term. That's part of what's not being talked enough about.

**Kernen:** If you were – let's just say this for argument's sake – that if corporations somehow became more competitive globally from a lower tax rate, therefore maybe they start doing more business here. Let's say they start expanding more. They're able to invest more capital. They're able to hire more people. And eventually you see some wage gains come from that.

Isn't there anyway that you could connect the dots to where that could grow the pie and then, I mean, once you have growth, all the stuff you want to do becomes much easier. All the, you know, education or infrastructure – you get three or four percent and suddenly you're able to do some of these things.

**Mayor:** Right, look –

**Kernen:** There's no way that – you think all you guys are either misguided or just trying to help their friends?

**Mayor:** Well, I think one – I think some of them are trying to help their friends. I think, two – I think some have an ideology that's pretty rigid. That is the supply-side ideology. Of course I want growth. Democrats, Republicans, progressives, conservatives – we should all want growth. But here's the challenge, the thing that's not being fixed. We're not fixing our infrastructure. We're not fixing our educational system in a coherent manner. We're not making it easier for kids to go to college. I mean the problem here is the table-setter for everything that happens after.

**Sorkin:** Speak to this. We've been having a big debate on this set about the state and local deductions.

**Mayor:** Yeah.

**Sorkin:** And what should happen. Obviously, I'm a New Yorker. He lives in New Jersey. We pay a lot and we will lose that deduction but there is an argument to be said that you'd want to level the playing field among all states. That is the argument that you will hear from the GOP.

**Mayor:** Here's the problem –

**Sorkin:** What does the Mayor say about that?

**Mayor:** Listen, to the trap here. State and local deductibility has been in place since 1913. It has been something agreed upon by Democrats and Republicans throughout. Once it is gone you will never see it again.

So, you start with double taxation that for a lot of people, not just New York, New Jersey, but it's 100 million Americans who would be subject to double taxation immediately. So, that puts downward pressure on state and local revenue.

We're going to be having constantly people saying well you got to lower taxes, lower taxes therefore we can't provide as much police, fire, schools, etcetera.

The second problem is the federal government then at any point can start raising the federal tax rate again. There's no prohibition. So, you lose the protection for homeowners, for everyday people, for middle class people.

This is why in the end a lot of middle class people are going to see a tax increase, practically speaking from this plan.

**Kernen:** I love that – you are on the record now, you don't like double taxation –

**Mayor:** Yes, I do not like double taxation.

[Laughter]

**Kernen:** I got you.

**Mayor:** News flash. News flash.

**Kernen:** So, no – we got to get rid of the State tax then.

**Mayor:** Look, again, let me talk about Dwight Eisenhower, the Golden Age –

**Kernen:** Your tax – as you're building it up, you're taxed. Now, when you're dying, you're taxed again. That's not fair. That's like –

**Mayor:** Listen, what will be good for the country? The Golden Age of this country, one could argue –

**Kernen:** Now, you don't like – now you do like double taxation.

**Mayor:** Listen to this. When Republican Dwight Eisenhower was president, we were investing in infrastructure. We had a strong federal government helping to spark the economy, investing in education research. It worked. We saw it with our own eyes.

This makes it impossible to regain that ground but also it takes – this the trap – the middle class – I bet from what I'm seeing about half the middle class pays a tax increase here and it's –

**Kernen:** What do we do, Mr. Mayor, with education, though? I want to – we want to fix it. We want to fix it.

**Mayor:** You got to invest.

**Kernen:** What about choice? What about this relationship between unions and really not being able to – throwing so much money at more than any other country and then we don't get what we pay for?

**Mayor:** Let's recognize, we're not investing at the level we should in education and again –

**Kernen:** Do you see any problems with unions – teachers unions?

**Mayor:** Oh look, I have a lot of respect for the union movement, but I also want to see the best efforts for our kids. I think this city is a good example. We push back and forth with the union to get to the right outcomes. We've had graduation rates go up steadily. We're at the highest graduation rate ever. We have the highest test scores we've had ever. By the way, Mike Bloomberg and I didn't agree on a lot of things, but he got mayoral control of education in our schools. It was a great move on his part. Since he got that 13 years – our graduation rate has gone up 50 percent – five-zero – 50 percent in New York City with education unions that I think are willing to work with us, but because we've also heavily invested.

I created pre-K for every child in New York City. That is a table setter for kids to be able to have a successful education, but you don't get that for free. So of course it's constantly improving the educational practice – train our teachers better, push them to do the best they can do – but look if you're not investing in early childhood education, if you're not – we're doing AP class, advanced placement classes, in every single high school in New York City regardless of zip code. That's telling kids they're college bound. That takes money, but it's money well spent.

**Sorkin:** I have a totally separate question.

**Mayor:** Yes?

**Sorkin:** Now, that you've won a second term, does it change the dynamic for you?

**Mayor:** Look, when you have that second mandate it allows you to get a lot more done. So I just mentioned that we have pre-K for every child in New York City. That's something we created that my first term. I want to do the same thing for three-year-olds now. I want every three-year-old to have an early childhood education for free in this city. I think it will revolutionize our approach to education, and it's going to take a financial burden off of working parents, too. And I think it's the kind of thing the country needs to look at – how do we give our kids a strong start and actually lighten the burden on parents, working class parents, middle class parents who are

struggling to make ends meet. So it's wonderful to be able to do these things – big scale, fast – in a place like this, and the mandate allows that to happen.

**Sorkin:** And given that Mayor Bloomberg set the pace, you want to go for a third term?

**Mayor:** Oh no.

**Sorkin:** Oh, no?

**Mayor:** Oh no. Again, I had differences with Michael Bloomberg, and things I also really appreciated. I think it was a mistake to go for a third term. Two term limit – the people chose it, the people were right. Go out there, give it eight years, leave it all on the playing field. That's the way I look at it.

**Kernen:** Being the mayor of New York, obviously it helps if we have a vibrant Wall Street, a vibrant financial sector, I'm just back to wondering whether there's any way that we can get corporations not to want to open offices abroad or move headquarters over there or move operations over there and leave the money over there, you know, because it's taxed at a lower level. Is there anything you would do for corporations to level the playing field that you wouldn't just call 'just helping big corporations' where you could see that helping the private sector would end up helping the people that you want to help in narrowing incomes.

**Mayor:** Sure, and I don't –

**Kernen:** What should we do then?

**Mayor:** I don't pretend to have that magic formula. It's not my area of expertise, but do I think there is a version of figuring out –

**Kernen:** Corporate tax reform.

**Mayor:** Is there a way to get that money back that is fair? I think there is –

**Kernen:** And keep it here without having it –

**Sorkin:** So what would you do?

**Mayor:** And again, I don't – I don't come here with that perfect plan in hand, but I do think you see this across the spectrum – democrat, republican, progressive, conservative – that people think there are pathways that could be fair. But I think that's a different discussion than the one before us. How on earth are we going to go back to supply side after it has proven wrong? Right, that is the issue before us today.

**Kernen:** But then I would say that what we tried for the past eight years – and that is trying through maybe redistribution or trying to make – one of the, looking at your notes, you said 'I'd like the tax reform to include helping the income inequality.' And I assume you mean by that

giving tax breaks to people in the lower – but they how do you when they don't pay taxes? It's hard to do it.

**Mayor:** No, no, no, let's talk really clearly.

**Kernen:** It's just entitlements.

**Mayor:** No, no, middle class and working class people – let's talk really clearly. Backbone of the country – middle class, working class people. If this tax plan were about them, it would look entirely different. If we said let's just focus on the vast majority of people – and they're struggling right now, we know that.

**Kernen:** But what would you do for them?

**Mayor:** You – if you want to give them a tax break without shifting –

**Kernen:** But what if the lower 47 percent don't pay taxes – don't pay federal income tax in the first place, wouldn't they rather have a job and then pay some taxes?

**Mayor:** Everyone wants a job, and the question is what spurs a healthy economy, right? Let's go right back to brass tax. I'm arguing we have not invested in this country. You can say the last eight years –

**Kernen:** So you're infrastructure, all about infrastructure?

[crosstalk begins]

**Mayor:** Yes, a real – but a real infrastructure plan.

**Kernen:** Got \$3 trillion over there, \$3 trillion think what you could do with that? I want to talk you into that.

[crosstalk ends]

**Mayor:** There's real money there, but listen to me. If you do not have a public sector run – when I mean run, public sector funded – infrastructure plan –

**Kernen:** It won't get done?

**Mayor:** It won't get done. And history suggests when that has happened it has spurred the entire economy. And I'm not talking about the stimulus under Obama, which I think was only a glimmer of what it could've been and should've been. We have real live examples in peace time and in war time of what a proper stimulus does. And, but in particular look at our competitor nations – what is China, India, Germany, everyone – they're investing in infrastructure, education, research, and what are we not doing? We're not doing those things.

**Kernen:** There's somewhere we could agree on this.

**Mayor:** Great minds think alike.

**Kernen:** Exactly.

**Sorkin:** Mr. Mayor, thank you for coming in.

**Mayor:** Thank you, it was a pleasure.

**Sorkin:** Let's do this a lot more. Congratulations on your re-election.

**Kernen:** But it's early. People said you wouldn't show, but here you are.

**Mayor:** Right on time.

**Kernen:** Right on time!

**Mayor:** Right on time. I think it's the Squawk Box effect.

**Kernen:** It's the new term I think. But you don't want to be here every day at six, do you?

**Mayor:** Well, I was thinking well it could be a side gig. I kind of like it.

**Kernen:** Like his?

[Laughter]

**Sorkin:** Ooh.

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