

**Chapter Six:****Transit in Trouble: The Subway Strike of 1966**

The year 1965 marked two turning points of great importance to urban America which have been understood mainly in retrospect. When the United States committed to a substantial deepening of our military involvement in Vietnam, that year, the escalation was widely noted but its potential consequences for the economy were not; and we had no understanding at all that 1965 would be the high water mark of liberalism in the late twentieth century, and that henceforth liberalism's programs would be steadily eclipsed.

The then-general acceptance of liberalism in federal government policies had encouraged governors, mayors and candidates for those positions in the belief that cities could expect substantial federal help to counter pressing urban problems. The general belief also was that escalation in Vietnam would bring the war to an end sooner, so that Johnson's Great Society could begin: the October 22, 1965 cover story of *Time* touted that moment and its expected outcome as "The Turning Point in Vietnam." But the military build-up and prosecution of the war were absorbing a larger fraction of the federal budget than had previously been anticipated, eating up the budget surplus of the first half of 1965 and causing a growing deficit in the second half. When in consequence of this overheated government spending the inflation rate began to rise sharply, Johnson was advised to raise taxes to cover the shortfall and curb inflation. He refused to consider a tax increase, preferring to

cut expenses in the budget; cuts were soon made in social programs - among those, the ambitious ones designed to assist inner cities.

It was in the context of these two trends that the 1965 mayoralty race in New York City took place, as did the crisis in regional mass transit that would come to the boiling point as the new mayor took office on January 1, 1966.

Transit was not the center of the mayoralty race in the first few months of 1965. Just then the question of the hour was who was most likely to replace Robert F. Wagner, Jr. The Democratic field being in disarray, the betting soon favored a Republican, John V. Lindsay, the recently re-elected representative to Congress from the "Silk Stockings" district of Manhattan. It was an era of posthumous adulation of John F. Kennedy, and that force had recently been tapped by the late president's brother, Robert F. Kennedy, in making his successful bid to become a senator from New York. Telegenicity was replacing all other factors as the essential quality of a candidate, and the public adored those who were Kennedyesque. Lindsay, like the Kennedy brothers, was relatively young, handsome, patrician and media-wise; he was also liberal enough that his Republican party affiliation sat very lightly on his shoulders, an important attribute in a city where two-thirds of the registered voters were Democrats.

Liberal Republicanism had only a few stalwarts left, and its editorial voice, the *Herald Tribune*, was sounding ever more lonely. In a few years, the *Trib* would be dead; in 1965, though, it was still kicking, and ran a series on corruption in the municipal government that in effect denigrated all potential Democratic candidates and boosted reformer Lindsay, even though he hadn't yet formally

announced his candidacy. Walter Thayer, the paper's publisher, was scheduled to become treasurer of Lindsay's campaign.

But according to Kheel, Lindsay's chief campaign advisor, Robert Price, decided that the support of the *Times* was essential to making the candidate acceptable to the city's liberals (whether registered as Democrats or as Liberals) and therefore electable. "Price later told me that he offered the *Times* an exclusive on Lindsay's formal entry into the race, on the condition that the announcement be placed on page one." A. M. Rosenthal was said by Price to have responded that the *Times* would never make such an agreement, but that such an exclusive announcement would normally make the front page. Clayton Knowles, assigned to write the story, later told Kheel that the announcement story was deliberately held until after the first edition, so that the *Herald Tribune* would not be able to copy the information for its morning edition. Whitney and Thayer were furious at Lindsay and Price. Nonetheless, the *Trib* continued to thump the tub for Lindsay's candidacy.

Just how crucial The *Times's* support was for Lindsay, in what turned out to be a very close election, can be sensed from a Lindsay quip in a later skit for a fund-raiser. "I got my job through *The New York Times*," he said, echoing a line that the paper used for its own advertising campaign touting the effectiveness of its classifieds. In return for the *Times's* benign attention during the 1965 mayoralty race, Lindsay became increasingly receptive to its editorial vision.

One practice on which the *Times* editorially frowned -- and for good reason -- was the by now hoary routine of New York's mayor meeting behind closed doors with TWU leader Mike Quill to head off

a transit strike. It was a spectacle New Yorkers had come to dread. For the past dozen years, every second November Quill would threaten a strike for January first; his threats would engender a frenzy of dire predictions and hurried preparations that would escalate until the final minutes of the year, when Mayor Wagner -- with Kheel at his elbow -- would emerge from a bargaining session to relieve citizen anxiety by announcing that the subways and buses would continue to operate. The *Times*' dislike of these tactics was principled, but it was also personal: Abe Raskin, the paper's leading labor reporter until he was elevated to its editorial board, was deeply offended by Quill's methods and manner.

The antipathy dated to 1953, when Raskin correctly figured out a ploy that Quill was using to end a walkout on the buses. "Quill was furious when the *Times* printed the story," Kheel recalls. "He called a meeting of the strikers that Raskin attended, and whipped up the members to say they were not going to end the strike. He pointed out Raskin in the audience and heaped scorn on him. Other newspapermen told me they saw Raskin trembling, perhaps afraid he might be lynched." There was also another element. "Quill later discovered that Raskin was writing an authorized book about a union leader, and charged Raskin with taking money 'under the table' from the very people on whom he was supposed to objectively report." Raskin was under contract to a book publisher for the biography, but there was nothing nefarious about it, and the Newspaper Guild and high CIO officials publicly condemned Quill for casting aspersions on Raskin's integrity. "Quill was supposed to make a retraction on a New Year's Eve interview with Mike Wallace," Kheel recalls, "but

Wallace needled him, and Mike reiterated his charge.”<sup>1</sup> No wonder that every two years the *Times*' editorial columns would fulminate about the “hysterical” tactics of “the banshee of the subway system,” and that in the fall of 1965, the *Times* repeatedly warned candidate Lindsay not to meet with the banshee about a new contract.

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The 1965 battle over a contract for mass transit workers took place in a climate in which the transit systems of every major city were physically ailing and fiscally broke, and when the ways in which people now moved about in big cities had thoroughly and perhaps irrevocably changed, and so had the racial and class attributes of the people who rode on mass transit.

Through the Eisenhower and Kennedy years, the road-building juggernaut encircled most major cities with belts of highways, but no equally well-funded government programs aided in-city mass transportation. In several pieces of legislation proposed by President Johnson in 1964, the spirit of renewal alive in the land focused on the resuscitation of the cities, which were viewed as at the nexus of the overlapping concerns of civil rights, the war on poverty, and the need to constrain the continuing suburbanization of the countryside. Championing mass transit as an essential element in the rebuilding of inner cities, the Johnson Administration awarded \$23.4 million to New York City to buy new subway cars. No money, however, was

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<sup>1</sup> Kheel saw this televised interview while at a dinner party with *Times* publisher Orville Dryfoos, who also watched it. When Quill repeated his charge about Raskin, Dryfoos turned the television off, saying “We like to write the news, not be part of it.”

granted to subsidize the day-to-day operations of New York's or of any other city's mass transit system. Federal policy was millions for capital equipment purchases, but not one cent for operating them.

But by 1965, farebox revenues could no longer cover the New York transit system's operating costs, which had risen from 77 percent of operating revenues in 1945 to 95 percent, as payroll rose and maintenance was deferred. Moreover, because state laws prevented the use of farebox revenues to pay off transit bonds, most large cities with public transit systems were commingling transit bond repayment with other debt obligations. This scrambling befuddled the public but failed to fool knowledgeable investors, who had begun shying away from the municipal offerings of cities known to be paying off transit bonds. Cities and states, which needed those municipal bond buyers, became increasingly reluctant to float transportation issues lest they diminish bond-buyer confidence in regular capital issues. That meant less money for rebuilding mass transit, replacing outmoded equipment, and maintenance.

In 1949, mass transit ridership had been at its postwar peak, 23 billion trips on all the mass transit systems that year. By 1963, countrywide ridership had slipped two-thirds, to just 8 billion trips, and for the first time the country's mass transit systems as a group were in the red, collectively unable to meet their financial obligations from fares plus revenue from other sources. New York was ahead of this curve, its mass transit having been in the red for a decade.

The steep decline in ridership was a consequence of a complete reversal in the way individuals, companies and governments spent money on transportation. In 1929, 58 cents of every dollar spent on

transport had gone to mass transit and 30 cents to automobiles. By the mid-1960s, 70¢ of each transportation dollar was going to automobiles and only 15¢ to mass transport. Another factor causing the red ink to flow was the changing character of the trips taken. When employees worked longer days and six days a week, people took most of their mass transit trips to and from jobs. Then had come wider use of the five-day work week and the shorter working day; the change in character of the jobs from manufacturing to service, which resulted in a more dispersed geographical distribution of work sites -- a cluster of 250 jobs in a manufacturing loft building in the garment center vanished, while 200 jobs were created at as many sites in the city's vast educational system; and the transfer of jobs to the suburbs at an even faster rate than residences were moving there. With higher incomes and more leisure time in which to spend them, people took more trips to shop, to visit friends or relatives, or to attend cultural or sporting events -- and they took them in private automobiles. So big city transit systems from Boston to New York to Chicago were jammed during rush hours but severely under-used at all other times of the day and night, a pattern of use that caused these systems to be increasingly expensive to run and steadily less capable of generating enough income to pay their costs.

The result: between 1954 and 1963 two hundred privately owned mass transport companies in medium-sized cities went out of business, while in the bigger cities, governments took over bus, trolley and subway lines that could no longer turn a profit but which provided what were still considered essential services.

Then too, the demographics of mass transit riders had changed. The group was no longer mostly composed of whites or of the middle class; rather, because of the alterations produced by suburbanization and by influx of immigrants to the cities from abroad and from the American south, those who rode mass transit were increasingly non-white and increasingly poor, unable to afford private automobiles.

By 1965, Kheel's influence on public opinion in regard to mass transit had increased beyond what it had been in 1958, when he had issued "The Self-Sustaining Fare Is Self-Defeating." He was a national figure as a mediator, frequently called upon by the White House to use his two decades of experience dealing with transportation matters to resolve labor disputes in that arena. Virtually alone among non-elected public figures of the day, he had a reputation of true public-spiritedness. This public image explains why the New York's media, its readers and viewers paid rapt attention when Kheel made a novel proposal in 1965: he called for auto and truck tolls to be doubled on the bridges and tunnels into and out of Manhattan, and for the added revenue to be funneled into defraying the expenses of the mass transit system, to maintain the fare at 15¢. Pointing out that the transit fare had tripled while tolls on bridges and tunnels had remained at the same low level since the 1930s, Kheel called for the creation of a "transportation policy board" to amalgamate the Triborough Bridge & Tunnel Authority, Port of New York Authority and the Transit Authority.

Although Kheel's proximate objective was to keep the fare low so that ridership would not further diminish, his ultimate goal was structural: to create an entity with the resources to act regionally and



to shift emphasis from facilities that benefited automobile users to those that benefited mass transit users.

Kheel's double-the-tolls notion was front page news in every paper in town. No one had ever suggested doing that. It was also news because although there had been earlier pleas to use bridge and tunnel surpluses to assist mass transit, and separate pleas to combine the several authorities, no one had put these ideas together in one package. Earlier proposals for a "superauthority" had died in the state legislature, succumbing to pressure from Robert Moses. But in 1965, here was Kheel, the city's most knowledgeable public citizen and an acknowledged expert on transit, with a coherent, specific plan tied to an idea anyone could readily grasp: combining the authorities, charging motorists more to drive on the bridges and tunnels, and using the extra money to maintain the 15¢ subway fare.

Aside from the inherent good sense of the proposal, there were two reasons for optimism that this was the moment for the introduction of regional and cross-fertilization notions in the area's transit picture. Moses' power had been considerably reduced after he had lost battles with Governor Rockefeller; this made enabling legislation a real possibility. Also, Lindsay and Rockefeller were both Republicans, which could make political endorsement of a plan more feasible than it had been under Democratic city regimes.

Automobile clubs objected to the plan, saying that mass transit riders should pay for "their" system because they were its only beneficiaries. A faulty defense, answered Kheel: the businesses that employed these riders, and those that made money from the riders' presence in an area, also profited; since these businesses did not

contribute directly to the transit system, they must be made to do so involuntarily through payment of taxes that the city would redistribute as subsidy to the transit system. Tax support of a public service had been axiomatic in earlier years, but in an era when every part of a business was being pushed to be a profit center, most public services were being told to be self-supporting, even if that was nigh impossible. Kheel knew that transit could never support itself, and argued that because even a substantial fare hike would not relieve the need for subsidies, there should be no fare rise at all.

When he had backed the breaking of the nickel fare, Kheel had disbelieved the evidence showing that fare raises were invariably and immediately followed by drops in ridership of 3-5 percent. But in the intervening years he learned the experts' estimates were on target: ridership had declined dramatically after each fare increase. Everywhere the same pattern showed up: fare hikes brought immediate decreases in use of the transit systems. Boston's fares were already at 20¢, Philadelphia's at 25¢, Cleveland's at 30¢ -- and these systems were in the red; only Chicago, at 25¢, was in the black, and New York carried more riders during a ten-minute portion of a rush hour than Chicago did in a week. Kheel concluded that only a grand shift of resources could subsidize a low fare and stop the downward spiral of lost ridership leading to decreased maintenance that further diminished the appeal of mass transit.

Amalgamation of the authorities and doubling the tolls was a somewhat radical idea, and it encountered instant and loud opposition from Robert Moses of the TBTA and Austin Tobin of the PA, as well as the Automobile Club of New York. Had a battle

between mass transit advocates and those antagonists then been joined, it might have served as the focus for spirited public analysis of the region's transportation needs, but that didn't happen. Instead, Kheel's large-scale notion soon submerged in the more immediate squabble between incoming and outgoing mayoral administrations over what to do about Mike Quill's call for pay hikes.

On the same day that Kheel made his proposal, there was Mike Quill on a different television show, demanding that money for his workers' next raise come from "the hundreds of millions being hoarded by the bridge and tunnel and other Authorities headed by Robert Moses," and that Moses and Tobin should be brought to the bargaining table along with the Transit Authority. For good measure, Quill said that the city should also throw into the TA pot one-third of the income from municipal off-street parking facilities.

Kheel said nothing publicly to deter Quill, or to try to push public opinion back on track in considering the larger issues, perhaps knowing that Quill's outrageous notions would garner headlines and provoke the media to try and obtain denials and comment from other parties, and that the more immediate problem of the forthcoming transit negotiation would have to be solved before consideration of those larger issues.

Though the fires still burned brightly in Mike Quill, he was much changed from the man Kheel had come to know in the 1940s. Now sixty, Quill had been having heart attacks with unnerving regularity for the past decade. He relied more, now, on his ever-present blackthorn stick to aid his walk, and on so much Demerol to dampen the pain in his bones and from angina that it often stupefied

him. Within the past few years his wife had died, he had remarried, and he had lost sixty pounds. In this coming fight, Quill personified the aged and passing generation of labor leaders, many born in other lands, a pugnacious bunch who had won first recognition for their unions and for whom the privileged were always the enemy, bosses to be humbled and taught the unique lesson in democracy that only unions still seemed able to administer. Quill saw his opponent, Lindsay, as inexperienced in labor matters, patrician to his core and a believer in virtuous ideals that he had never personally tested.

For the past six years, when Wagner had been mayor, there had been no strikes, and the mayor attributed this in large measure to his Transit Labor Board of mediators: Kheel, David Cole, the former director of the Federal Mediation and Conciliation Service, and Kheel's mentor George Taylor of the University of Pennsylvania. Wagner believed that the panel had done its job well -- but others charged that the Kheel-Cole-Taylor board had abetted Wagner in repeatedly giving in to Quill. Kheel saw a storm coming over his participation in the next negotiations, and didn't stand around waiting to get soaked by rain. Issuing a statement that the Wagner panel ought to be considered defunct, since Lindsay should have his own transit advisors, he coupled it to a call for the new mayor to become personally involved in the next contract negotiations.

For Kheel to remove himself from the picture was just fine with Lindsay. In the mayor-elect's view, largely influenced by the *Times*, throughout the Wagner years a cabal in a back room had hatched municipal union labor deals that were no more than *quid pro quo* accords; in exchange for a municipal union's political support of the

mayor, it received an overly generous contract that was detrimental to the city's fiscal health. Wagner believed his epic battles with Quill over the bargaining table had prevented resolving issues through strikes. Lindsay obliquely charged that all the participants in previous city-union contracts were tainted, and promised to bar them in the future.

Questioned in 1996 about this view, Lindsay said that he still believed outside experts ought to negotiate contracts between a municipal agency such as the Transit Authority, and a union, though that was "often impractical because the union leader wants to think he's dealing with the top man." Sitting down to work out a deal with a union leader, he said, was never enjoyable for him, nor what he considered to be the essence of governing the city.

To Raymond Horton, then of Columbia university, who studied labor relations during the Wagner and Lindsay era, Lindsay's stance against back room deals was good campaign politics but poor preparation for governing. Horton wrote that Lindsay campaigned "with no union reservoir of goodwill, no counsel from union leaders, and no experience in city labor relations," spouting rhetoric that "sharply narrowed his future options in municipal labor relations."

In the fall of 1965, Lindsay's posture also immediately put him in an odd position in regard to the man he viewed as a back room deal participant. The day after Kheel announced his double-the-tolls and amalgamate-the-authorities plan, Lindsay endorsed Kheel's ideas in principle and pledged to introduce state legislation to intermesh the various authorities -- a goal, he pointed out, to which he had alluded during his campaign. In his next breath, Lindsay continued

to insist that Kheel have no part in the transit negotiations and that he, Lindsay, wouldn't participate either -- an echo of the *Times*' position that the negotiations were the responsibility of Wagner. But precedent argued otherwise: a dozen years earlier, when Wagner was mayor-elect, he had taken over the transit talks because, "I think most people realized that the outgoing Mayor really couldn't do very much, in trying to make adjustments for after the first of the year, for the simple reason he wasn't going to be around. There wasn't any sense in having him make commitments which he couldn't fulfill, without the approval, certainly, of the incoming Mayor."

In 1965 Wagner said publicly that he didn't think Lindsay should join the talks, but privately pleaded just the opposite. Quill made the same plea, but uttered it as a threat: "If Lindsay waits until December 31 to get into this, I'll have a pair of motorman's handles for him." Needling that New Yorkers required "more courage and less profile" from Lindsay, Quill sent a telegram inviting the mayor-elect to the negotiations. Lindsay sent one back, reminding Quill to bargain with the TA. Labeling this "the height of stupidity," Quill broke off negotiations. When a spokesman said the mayor-elect would stand on his telegram, Quill retorted that the man whose name he regularly mispronounced as 'Lindsley' could "stand on his telegram, sit on it, or do anything else with it that is handy," and called him an "overgrown coward" and an "ungracious sourpuss."

Those increasingly irate oratorical missiles, Kheel says, were launched for a distinct purpose: "Quill desperately needed to meet Lindsay privately to frankly discuss what he was uncomfortable mentioning in public," a complicated problem directly related to the

altered nature of the work being done by transit workers, and to the change in the racial and ethnic composition of the TA workforce.

In the evolution of industrial work in manufacturing economy of the United States, whenever there was a dirty, low-paying job to do, a new immigrant would be found to do it; and as time went on and these immigrants reached higher rungs on the employment ladder, a group of newer immigrants would be drafted to take over the dirty jobs. A wave of retirements, augmented by this replacement pattern, had by 1965 produced a group of black unionized transit employees who filled low-status positions such as "sweepers," using brooms to sweep metal dust from the tracks.

Earlier, Quill had done a great deal for the low-end workers and for blacks in general. But while the sweepers' wages had reached a relatively solid plateau at \$2.56, Quill was coming under more pressure from workers at the other end of the wage scale, the motormen and skilled mechanics -- the best-paid, most experienced men in the system. Despite a dozen years of steady mechanization (if not automation) of the transit system, and concomitant increases in the productivity of its leading workers, the 'high-end' skilled workers were bringing home just \$3.4625 per hour, well below the \$3.95 an hour paid to motormen and mechanics on the Hudson Tubes lines. Quill's dilemma was this: if he won a 50¢ across-the-board wage hike, that would increase the lowest worker's salary by 20 percent but the highest worker's salary by only 15 percent. (Cents-across-the-board had been the CIO formula for wage increases; the AFL, representing more skilled workers, had generally sought percentage increases.) By 1965, after five previous contracts

featuring “cents not percent” increases, the most highly skilled TWU members felt shortchanged, and Quill agreed. Middle-aged TA mechanics had to watch their sons, who held similar jobs in private garages, making more than they did for equivalent work. But a new contract bringing the higher-skilled workers up to the wages paid to their sons might not have enough in it for the sweepers, and could result in black insurgents in the union crying foul. And Quill could not afford the possibility of minority members leading a revolt against ratification of a contract.

None of the wages paid by the TA to hourly workers were munificent. The U.S. Bureau of Labor Statistics described a “modest but adequate” budget for a family of four in New York in 1965 as \$6,900 a year, and for a family of five, \$7,900, while the average TA worker made \$6,299, eight percent below a budget that experts outside the government labeled as “pretty close to the poverty line,” one with a clothing allowance that only permitted the wage-earner to buy a new coat once every five years. Moreover, the lowest-paid 32 percent of the workforce averaged \$5,500 a year, and the additional 17.6 percent who were bus drivers averaged only \$6,071.

“Quill wanted the mayor to appreciate the difficulty of having to give big raises to skilled white workers and less to the unskilled blacks, whose wages were relatively fair,” Kheel recalls. Quill also sought to work with the mayor, in private, to bring the bottom third of the workforce closer to that “modest but adequate” level of income, and thereby help to keep racial peace in New York City.

No reporter plumbed the depths of Quill’s problems. Kheel, however, was fully aware of the delicate, hidden matters. He and



Quill were close friends; they spoke, Kheel recalls, virtually every day for a period of twenty years. The mutual trust that such long association can engender explains the TWU leader's insistence that someone with long experience in local mass transit -- he never mentioned Kheel's name, but everyone knew who he meant -- should be part of any mediation team. Lindsay offered ten candidates for a mediation panel, including former Solicitor General Archibald Cox and former head of the University of California Clark Kerr. Denied Kheel, Quill rejected them all. He advanced his strike deadline to December 15, warned the public to do their Christmas shopping early, and dared the TA to seek an injunction against a strike.

The *Times* editorially identified the TWU's December 15th strike threat as an attempt to shoehorn Kheel back into the mediation process, and called on Kheel, in his role as arbiter of the contract, to dismiss Quill's contention that an advanced strike deadline was permissible under the contract: "This is a task that should not require more than a minute's study, since the basis for Mr. Quill's nullification is so patently nonexistent."

The linking of his possible role as mediator with his existing role as arbitrator angered Kheel, and for the second time he tried to remove himself from the negotiations, saying "I'm positively, unquestionably, irrevocably out of it." More names were proposed by Lindsay; Quill accepted some, contingent on their being joined by someone who understood transit, meaning Kheel. The *Times* editorials continued to hammer the "deplorable fact" that Quill wanted a hand in naming the mediation panel -- even though, as the

TA pointed out, any panel must be acceptable to the union as well as to management to be able to act effectively as mediators.

The *Times* editorials were becoming a definite factor in progress in the negotiations or lack thereof. A December 8th editorial noted that the wages of bus drivers were higher in New York than in Boston, Chicago, Philadelphia or Cleveland, and gave this as reason for not awarding an increase. The information had been leaked from the previous day's negotiating sessions but had not been reported in the news columns.

And in the same time period as such *Times* editorials, written (Kheel was certain) by Raskin, demanding that Quill not be permitted to insist on Kheel in the negotiations, the *Times*' Sunday magazine carried a profile of Kheel by Raskin, entitled, in a gloss on Budd Schulberg's well-known novel about an upwardly mobile, crude and unsavory character, "What Makes Teddy Kheel Run?"

Raskin and Kheel were long-time mutual admirers but also sparring partners, Raskin continually trying to pry information out of the mediator, and Kheel just as often attempting to use the Raskin's columns to send messages to mayors, negotiation participants and the general public. The two men might disagree -- and frequently did, most recently parting intellectual company over Raskin's embrace of Arthur Goldberg's position that binding arbitration was the answer to disputes in many industries -- but neither could afford to offend the other. However, Raskin's anger at Quill and at Kheel because of his closeness to Quill seeped through the article. The labor reporter turned editorialist spent whole paragraphs fulminating about Quill, and quoted at length anonymous critics who

accused Kheel of relentless self-promotion, of favoring unions, of doing nothing more than presiding at the natural deaths of strikes, and of ignoring the salient issues while making himself indispensable so that later both parties would have more work for him to do. In this article, Raskin entirely avoided mentioning the larger issue, Kheel's calls for a superauthority to handle regional transport and for siphoning off excess tolls from autos and trucks for the benefit of mass transit. Also, some authorial compliments in the profile read as though awarded with the back of the hand: "Adaptability is among Kheel's conspicuous gifts .... Kheel's Lucullan appetite .... Kheel's homilies on the virtues of untrammelled collective bargaining ... do not always square perfectly with his own operating method." Nonetheless, the general thrust was laudatory: in the "bizarre world that is New York labor," Kheel was "a jewel of great price," a man of "boundless ingenuity, energy and enterprise" in crafting solutions to difficult problems. Lindsay might not want him now but, Raskin predicted, would inevitably turn to Kheel.

One criticism Raskin did not raise was more trenchantly made in later years. If Kheel were acting in a truly regional-minded way, toward a goal of good transportation for the masses, was he not obligated, in his role as transit mediator, to insist that the TWU accept more moderate settlements, and thereby hold down the city's outlay for labor costs, which would benefit the transit system as a whole? A hint of this question surfaced as December 15th neared. The TA obtained an injunction against the proposed strike for that date, and insisted that Kheel, as official interpreter of the contract, forbid the union to violate its no-strike clause. While Kheel was in

the process of reaching a decision on that matter -- he undoubtedly would have ruled against the union, as he had previously done in roughly similar situations where the letter of a contract was violated -- Wagner called the TA and TWU to City Hall and effected a compromise that had the side result of releasing Kheel from the need to make a decision: Quill would rescind his call for a December 15th strike and resume negotiations, and a mediation panel would be convened at the behest of both Wagner and Lindsay. Pollster Lou Harris had convinced Lindsay that the panel should include Sylvester Garrett, the arbitrator for the steel industry in Pittsburgh (who was Harris's brother-in-law), and Nathan Feinsinger, the arbitrator for the Detroit auto industry. The third member, nominally placed on the panel by Wagner, was Kheel. The understanding was that the panel specifically would *not* make recommendations for settlement.

"Watch it, Mr. Kheel," warned the *Daily News*, telling him he could keep his "enviable reputation as a mediator ... only by seeing to it that Quill does not get a cockeyed, crazy, all-out-of-proportion settlement as the price for calling off the strike threat." Editorials in the *Post*, *Herald Tribune* and *Times* suggested that because of Kheel's path to inclusion on the panel, he would be expected to come up with a solution where others had been unable to do so.

Lindsay's capitulation in regard to Kheel further strengthened Quill's hand, as did a union vote that returned Quill's lieutenants to office by a four to one margin. He refused to make concessions. The TA was equally as intransigent, offering no counterproposals, it said, because it did not know where money could be found to pay for wage increases. This TA stance was encouraged by Lindsay, who had

been infected by a mental virus that politicians often contract in the wake of winning an election: mandate-creep. Lindsay's victory had been so narrow that the other two men on his ticket had lost; but because he had prevailed despite municipal union support having gone to Beame, he believed the public wanted him to refuse to give in to municipal union demands.

When the mediation panel's first sessions with the two sides produced the unsurprising report that it was not going to consider the need to maintain the 15¢ fare but would try only to settle the labor-management issues -- leaving the fare clearly in jeopardy -- the two mayors escalated the game. Wagner called for state aid in "heroic amounts" to save the fare, and Lindsay declared New York's financial difficulties a "national problem" for which he would seek massive federal and state assistance. Rockefeller rejected these calls by calling retention of the 15¢ fare "a city problem."

As the deadline approached, the threat of having to invoke the state's Condon-Wadlin law grew. Engendered by a wave of strikes by public employees, most notably by teachers in Buffalo in early 1947, the act had been enthusiastically proposed by Governor Tom Dewey as part of a get-tough program aimed at netting him the Republican presidential nomination. Under this law, a public employee who struck was considered to have voluntarily given up his job and to have lost all rights as an employee.

There was a lot of bite behind the bark of Condon-Wadlin, but its teeth had seldom drawn blood. Of the twenty-one instances where Condon-Wadlin could have been invoked, it had been brought into play only in seven, and in five of these, when the strike ended

the strikers were immediately re-employed and penalties waived. Enforcement had been especially toothless when the offending union had a large membership and political clout -- the 20,000 New York City schoolteachers who struck in 1962 were reinstated without punishment. Rockefeller had temporarily eased the penalty provisions. Even so, when the revised Condon-Wadlin was invoked in a strike by New York City welfare workers in January of 1965, and union leaders were jailed and members fined, negotiators found that the penalties were a major stumbling block and had to suspend them to induce the teachers back to the classrooms. The Republican-dominated state legislature then reinstated harsher penalties.

That put the state's Republican legislature at odds with a pro-union national trend toward the rolling back of Section 14 (b) of the Taft-Hartley Act, a provision that authorized right-to-work laws in the private sector. In an atmosphere in which President Johnson and the Democratic-controlled Congress seemed willing to accede to organized labor's push to repeal this provision, public employee unions had reason to believe that Condon-Wadlin was an out-of-favor statute that could safely be ignored. Yet in the face of public threats by Quill to strike, the TA had no recourse but to threaten to have the union enjoined and ask for the jailing of its leaders and the levying of Condon-Wadlin penalties if an illegal strike was called.

This raising of the stakes brought on an odd though inevitable predicament for Quill: the master of the strike threat who never wanted to take his men out on strike found himself more impelled toward a walkout than toward a settlement. He privately told the TA chairman that he had in mind a short strike, starting at 5:00 AM on

Saturday, which would enable the two sides to negotiate through the weekend and reach a settlement before the new year's first rush hour on Monday morning. O'Grady replied that if Quill called a strike he would really "screw" him by insisting that all the strike leaders except Quill be put in jail; he'd leave Quill out to embarrass him. "Joe, we've been friends all these years -- you can't do this to me," Quill pleaded. "If anyone goes to jail, I have to be the first."

Lindsay informally entered the negotiations on the 27th, acutely aware that if Quill forced him to accept peace at a high price, he would be labeled a paper tiger. Adding to Lindsay's stress was information he learned as the transfer of power neared: that the city's financial position was even worse than he had charged during the campaign. A quarter-billion dollars had been borrowed in 1965 at bad rates, and the city's emergency reserves had dwindled in five years from \$200 million to "almost nothing." At the off-the-record transit session, the mayor-elect did not argue the fine points but talked broadly of trying to put into place the amalgamation-of-the-authorities and doubling-the-tolls plan, and of seeking federal help to blot out the transit red ink and to pay for raises under a new contract. Quill thought Lindsay's big picture was a cloud of smoke.

Lindsay recalled in 1996 that at this first face-to-face meeting Quill said to him, "There's going to be a strike. It'll last about ten days, and you'll have to jail me during it, but at the end of ten days we'll have a settlement." Kheel believes Lindsay misunderstood Quill, and that if Quill mentioned a ten-day strike it would have been as a ploy to get Lindsay to agree to an off-the-record settlement. But the likelihood of a strike occurring was certainly high.

The TA again applied for an injunction forbidding the walkout, and on a television broadcast on December 30th, paid for by the TWU, Quill tore up the court's show-cause order. "Quill seemed determined to strike as the only way to force Lindsay to hear what he wanted to say about his dilemma with the skilled workers," Kheel recalls. In the afternoon of December 31st, with what the injunction-issuing judge referred to as "general paralysis ... of this city" only hours away, Kheel went to Quill's quarters in a midtown hotel. "Mike was surrounded by an oxygen tank, whiskey, blood pressure machines, a shotgun -- he'd received many death threats -- thousands of pills and a half-dozen compatriots -- prepared for any eventuality yet incoherent under the influence of Demerol."

There had been a first substantive offer from the TA: a 3.2 percent increase over two years, or about \$25 million.<sup>2</sup> Since the union's last demand had been about \$200 million, the TA's offer was met by derisive laughter from the union's negotiating committee.

At around 10:00 P.M. on December 31st, after Lindsay had been sworn in, he came to the hotel's ballroom together with an entourage, and was met there by Quill with his committee of 250, some 75 people from the TA, and the three mediators. Lindsay demanded that the dispute be submitted to binding arbitration. "Mr. Mayor," Quill retorted, "We're tired of taking *bupkis* from a *schmuck* like you." An aide to Lindsay had to translate the Yiddish insult for him. Quill also told him to "grow up. You're a Boy Scout in knee pants." Quill said he would take up the arbitration request with his

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<sup>2</sup> This percentage increase was the upper limit of a guideline for settlements issued by the President's Council of Economic Advisors as a device for controlling inflation, then on the rise.



entire negotiating committee, left the room with them and then returned, rejected the proposal again, and said he wasn't prepared to talk all night but that the strike would begin at five in the morning and he would return to the bargaining table at ten. Then, at 12:05 AM on January 1, 1966, Quill walked out of the hotel and announced to the media that he was going to "let all the drunks get home safely" first, but as of five in the morning, "The strike is on."

\* \* \*

Serious negotiations in labor-management impasses, Kheel contends, are often best conducted in crunch time, the days or hours just before a hard deadline such as the expiration of a contract. The threat of an automatic strike if there is a failure to come to agreement puts the parties under greater pressure to bargain and solve any impasse. "Up to crunch time," Kheel says, "it's all talk, and nobody gets hurt. But then a decision has to be made, because the deadline is the moment when no decision effectively becomes a decision, since not deciding will bring about changed conditions anyway." Once a strike starts, damage is done to both sides, there is less pressure to make changes, and both sides perceive the need to prove they can "take a strike." Positions harden.

The expected post-walkout reluctance to negotiate in the transit strike was worsened by a sense of holiday. At 62 degrees, Saturday, January 1, 1966 was the warmest New Year's Day on record, and Sunday was nearly as comfortable. By Monday the balmy calm was replaced by a chilly rain and by a near standstill of

the city. Mayor Lindsay asked all "non-essential" city employees to stay home rather than come to work, and suggested that private employers pay their workers even if they were not able to show up. Only a fourth of the 3.5 million people who usually commuted into midtown made it; even so, traffic gridlock brought New York City, in the words of the *Journal-American*, "to the brink of chaos."

Diminished hospital staffs could only attend to a few patients; some colleges and universities suspended classes; all schools remained closed; no jury cases were tried; half the taxis were idle because drivers were unable to travel to the depots.

"London withstood the blitz," Quill reminded reporters at a news conference, and opined that a 28 or 29-day strike, similar to a recent one in Philadelphia, was likely and wouldn't be all that bad. Back at the bargaining table, Quill lowered his demands to \$180 million and seemed willing to talk further. The union's true position was muddied by a separate action outside the bargaining arena, when another ranking member of the TWU International threatened to widen the strike to twenty-one domestic and foreign airlines.

In this confused atmosphere, State Supreme Court Judge Abraham Geller found Quill and eight other union leaders in contempt of court and ordered that they be jailed the next morning.

The mediators considered this impending jailing a catastrophe, and Lindsay and Price, questioned by reporters, implied that it would be a mistake. But the city's new corporation counsel, J. Lee Rankin, a former solicitor general of the United States and the man with the most national prestige in Lindsay's administration, had insisted that the TA seek incarceration in order to reinforce the rule

of law, which he said a new administration must uphold. Rankin now threatened to resign if the union leaders were not jailed. His threat carried the day, and the TA requested the jailings.

“It was quite a scene,” Kheel recalls of the hotel just before Quill was to be carted off. Quill came downstairs to the public rooms of the hotel wearing his hat and overcoat, carrying a suitcase and accompanied by the other leaders. Knowing that the order to be jailed was coming, he dramatically made his way through the large room set up for press briefings, approached the microphones, and intoned, “The judge can drop dead in his black robes.” The distilled venom of the remark was widely admired. He then went into the room where his 250 member negotiating committee sat to tell the mediators that he didn’t hold them responsible for the imminent jailing. “Feinsinger became lachrymose,” Kheel recalls. “He said, ‘This is the saddest day of my professional life, to see the negotiators jailed.’ I was sort of in shock about it, too.” When the sherriff came to take Quill away, on his way out Quill turned to television cameras and said, “The dragging arrest from the collective bargaining table is typical of collective bargaining á là Mayor Lindsay and the editorial writers of *The New York Times*. And now we’ll turn our bodies over to the custody of the sheriff and we’ll see how it goes from here.” On-lookers outside the hotel booed Quill; most of the city seemed against him. The convoy took the union leaders to the civil jail, a place more usually filled with men who had not paid alimony to their ex-wives. Seeing the red-bricked structure, Quill said he hadn’t “felt so good since I left the other side,” and reminisced about his jailing in

Ireland for IRA activities. Minutes later, Quill collapsed with a heart attack and was taken by ambulance to Bellevue Hospital.

Kheel was stunned by the news of Quill's collapse, and some TA officials worried about the fulfillment of their earlier predictions that the jailing of Quill would create a martyr for the TWU. A token-booth clerk who had recently run for a union post against a Quill slate and lost provided a reporter with the best guide to how the situation had changed; while picketing, he said, "We have thought that different leadership could have prevented this strike. But now, with Mike in the hospital, there's not a man who's not there with him. He's put steel in our legs. Forget the petty squabbles: we'll fight this for Mike until they drag us away, too."

Many leaders of other unions had been opposed to Quill's pre-strike tactics; in the aftermath of his jailing and illness, Harry Van Arsdale and a dozen other such leaders publicly backed Quill. They did not want New York to become, as one put it, "injunction city."

Negotiations with second-rank TWU leaders continued while the TA asked the judge to impose a \$322,000 a day fine on the union, the amount it cost to maintain the transit premises and pay the transit police and other employees not on strike. The strike's cost was estimated at \$600 million, including \$125 million in pay lost by individuals unable to punch in at their places of work. Initial claims for unemployment compensation in New York City rose fifty percent.

Beyond bringing the nation's most populous city to a standstill, the strike had national ramifications. It threatened to result in a settlement that would bust anti-inflation guidelines and serve as reason for other municipal unions to seek big raises. It endangered

liberal legislative initiatives and once again spurred talk of binding-arbitration statutes to cover more industries.

In New York, an influential change in attitude began. As the *World-Telegram* sensed it: "When the strike began, as their feet became sore and their patience frayed, people voiced their anger against the Transit Workers Union and its president, Michael J. Quill. By the week's end, with salaries cut, businesses cut, miseries multiplied, the angry cries changed to pleas of: 'Give the union what it wants, it can't hurt more than it's hurting now!'"

That reasoning began to affect Lindsay, who took several important steps. The first was to plead again with Rockefeller to find state money that the city could use to help pay for a settlement. Rockefeller promised to furnish the money, though he was not yet certain where it could be found. Lindsay kept this pledge secret and then summoned the parties to City Hall to continue their negotiations on a round-the-clock basis. The change in venue was billed as putting an end to the participants' complaints of "hotelitis," and reporters were told a cute story about a restaurant sending over coffee and cake to City Hall, but forgetting to send along spoons, so the negotiators had to scoop up the cake with their cardboard plates. The true reason for moving the talks, not revealed, was to substitute the mayor's office for the Transit Authority in the bargaining.

But Lindsay did not conduct the talks in person; unlike Wagner, the new mayor had no interest in getting to know those at the bargaining table, either as individuals, potential allies or adversaries. An additional factor was later recalled by Ben Davidson of the Liberal party: "Bob Price, who was First Deputy Mayor, felt that he

could handle this situation without trouble. He had tremendous superconfidence in himself, a certain conceit .... [Lindsay's men displayed] an attitude of sharp opposition to the Transport Workers Union leadership, which enraged them, and toughened the situation, froze the situation, with the result that the TWU leadership became more obdurate and stubborn."

Rather than sit at the table, Lindsay took his two newly appointed black commissioners, along with television reporters and cameras, on a circuit of poor neighborhoods in Brooklyn, Harlem and the Bronx. His handshaking in what he called the places where people were hurting the most, and the positive reaction to his promises of quickly ending the strike, demonstrated his ability to project an image of close sympathy with the electorate. It also confirmed his impression that the week-long strike had produced a general sense that his young administration was not in control -- and he could not have that feeling settle into the public mind, lest it damage Lindsay's plan to run for president in 1968 or 1972.

Secretary of Labor Wirtz arrived in New York for the day, accompanied by the expectation that he was bringing some promise of federal money to ease the situation. Later, Kheel told inquiring reporters that the only money Bill Wirtz brought were the dollars in his personal wallet. That wasn't precisely so, as the Johnson Administration did offer New York some of the kinds of aid heretofore given only to victims of natural disasters: low interest loans to small businessmen, a moratorium on veterans' mortgage payments, and extra emergency medical supplies. But it still did not offer operating subsidies to the mass transit system.

It was during Wirtz's visit to City Hall, and after it had become clear that there would be no major aid from Washington, that Bob Price asked Kheel to meet him in the basement. A stairway led from the mayor's office down to an area used by mayors for showers, exercise, relaxation, and to get away from the press. There Price explained to Kheel that the mayor needed the strike ended, and asked Kheel to go to Bellevue and learn what Quill would be willing to settle for. "We'll be around a long time, and can be very helpful to you," Price told Kheel, implying, Kheel believed, that the city would do him favors in the future if he assisted Lindsay now. Kheel replied that he did no business with the city and wasn't interested in anything Lindsay might do for him, such as obtain a judgeship, so that was not an issue. Moreover, Kheel said, he wanted to be helpful, but "Mike won't tell me what he'll settle for." "Why not?" "Because I can't make a deal with him. But I'll tell you who should go to see him -- you should, because you've got the authority to make a deal." Price and Quill shared the same doctor, whom they had been using as a back communications channel; now he would be the main channel.

Policemen and detectives guarded the door to Quill's private room, and Mrs. Quill had forbidden outside visitors and was fiercely protecting her recuperating husband. Price arrived without notice, and managed to get in. Quill was beneath an oxygen tent and could not speak, which made discussion of issues moot. Gone from the interchange of mayor-surrogate and ailing union chief were all concerns about saving the fare, let alone the nuances of Quill's high-end/low-end dilemma or of Kheel's regional solutions to transport

problems. Asked by Price to name the figure for which he would settle on the key rate, for the motormen, Quill held up four fingers.

According to Kheel, Quill meant that he needed to reach a \$4 hourly rate for the motorman, and wanted to get there by a percent (not cents) raise. In addition to being the sort of "nice round figure" that Quill believed his troops liked, the \$4 would be a solid fifteen percent above their present salary. Such a raise would satisfy the motormen and would also increase the sweepers' wages by a decent amount, 38¢ above the current \$2.56; these raises would widen and accentuate the cents differential between high and low ends of the pay and skills scale, since a motorman's pay would now be more than a dollar an hour above that of a sweeper.

Despite Lindsay's prior posturing, Quill's \$4 for the motorman salary was something that the mayor was now willing to meet. Price relayed the figure and Lindsay's agreement to Kheel, who would not introduce the figure into the bargaining, saying it must come from the mayor's contingent, which was done.

An apparent snafu on the union side kept substitute negotiator Douglas MacMahon from knowing that \$4 was the target figure, and he continued to insist on the union's earlier demands and held a rally of 10,000 union members in the plaza just outside of City Hall. He told the crowd that the present occupant was an "amateur" at the bargaining process. The epithet applied less to the mayor than to Price and assistants, who, according to participants, had sometimes taken stances or given information that their superiors later had to contradict. Watching the MacMahon demonstration, Lindsay telephoned his twin brother to say, "Hey Dave, they just hung a guy



in effigy outside of City Hall. He looks just like you." According to an aide's recollection, Lindsay had never been more furious.

The mayor's furor became the emotional engine of the speech he delivered on the strike's tenth day, one reflecting most newspaper editorials and samplings of the *vox populi*. Lindsay contended that the union's latest, pared-down demands would cost the city \$100 million, would send the fare soaring to 30¢, and would award an increase 100 percent higher than those recently given in the steel and automobile industries. To accede to that, Lindsay charged, would be to "capitulate before the demands of a single power group," and he would "not allow the power-brokers in our city, or any special interest, to dictate to this city the terms under which it will exist."

Off camera, the mayor amplified his remarks, telling reporters, "The power brokers is that group of special interests in New York City who, for long years, have sought to control the engines of government in our city through all of the political systems and other avenues of tentacle control ... and I say it's time to free our system from that." Lindsay didn't name names, but his press secretary said that the the power brokers knew who they were. Kheel, asked if he was a power broker, replied that he held no government title and represented no constituency, so he had no base of power.

In the wake of the big speech, however, Lindsay met with the mediators, including the man who he implied was a power broker, Kheel, and demanded recommendations to end the strike. Kheel told Lindsay that the mediators had been specifically instructed not to make recommendations, and would not do so. "But if you ask us to tell *you* what a fair settlement is, we will advise you." The mayor

then demanded that the mediators do just that, and packed them off to enumerate the details in a room across the street from City Hall.

The distinction between making recommendations and delineating what a fair settlement might entail was lost on most people but to Kheel was "a matter of grave importance." If this distinction had not been insisted upon, Kheel maintains to this day, Quill or some other union negotiator could have accused the three mediators of violating their agreement to act only as mediators, and used that as an excuse to overturn the settlement.

As the panel met, Senator Robert F. Kennedy learned from an aide that a settlement might be close, and flew to New York. After a brief chat with Lindsay in which little more than pleasantries were exchanged, Kennedy addressed a joint press conference at City Hall, where he boldly urged both parties to do what even Lindsay had not yet insisted on, to "accept the findings of the mediation board."

It was a moment for Kheel when the zeal and single-mindedness of advocacy had to yield to the imperatives of mediation, of solving the immediate problem, because nothing else could be addressed when that problem held the minds of decision-makers. Kheel knew that Lindsay wanted the municipal budget protected from having to make immediate large outlays. How to assure the mayor of this, while still awarding the transit workers the agreed-upon raise over the life of the contract, now became the issue. Kheel reasoned that while a fifteen percent across the board increase over a 24-month contract period would mean that the TA's labor costs would go up quickly, a delayed-introduction formula would cost the city less, yet meet the union's objectives. So he came up with a 2, 2,

2, 9 staggered-introduction formula: a two percent raise as of January 1, 1966, to be followed at the six-months date by a second two percent raise and at one year by a third. At the 18-month point, a fourth raise of nine percent would be added. This formula would limit the city's dollar outlay to only 6.75 percent over most of the life of the contract, but would also permit the union negotiators to boast to their members of obtaining a substantial increase permitting the next contract to be negotiated from a full 15 percent-higher base.

Later, critics would insist that there was something basically wrong with such a formula, and that had Kheel been acting in the best interests of the city and the region, he would not have introduced it. He knew or should have known, they charged, that "back-loading" of the contract would deceive the public as to the long-term cost of the settlement, and that the aggregate amount would unduly burden city budgets in the future. Moreover, fifteen percent was twice as generous a raise as any ever granted to the transit workers. Kheel recommended the package despite knowing these possibilities, because he believed that a mediator "can only work to find a middle ground that both parties will accept -- you can't insert your own agenda into the negotiations." In his view, it would have been ethically as well as practically impossible to intrude his public-citizen concerns into the transit contract dispute. To do so would have compromised his effectiveness as a mediator, especially when a settlement was desperately desired by the mayor and when the mayor had already agreed to the fifteen percent raise. Moreover, Kheel believed that the transit workers deserved a raise, and perhaps hoped that a contract that immersed the transit system

deeper in red ink might so alarm the political leaders that it would make more apparent to them the need for direct subsidies.

Lindsay and Price voiced no qualms about a costly solution, perhaps because Lindsay was in possession of information that he kept secret: an assurance from Rockefeller that money to pay for a settlement had been found -- some to be advanced from payments regularly scheduled for next April, the rest as deferred payment for back bills from as long ago as the Depression years. In other words, since Lindsay had decided to agree to a fifteen percent hike, and knew where the money would be coming from, the commissioning and acceptance of the "fair settlement" report of the mediators was of a piece with the theatrics that Lindsay had earlier decried.

The mediators' report was formally submitted on Wednesday, January 12th. It emphasized that the proposed terms reflected the last known positions of the parties, and suggested that a fair settlement would entail the 2, 2, 2, 9, or -- what MacMahon had suggested instead -- a 4, 4, 4, 3 formula. TWU and TA announced their acceptances on the morning of January 13th. Later that morning, buses rolled, though not subways; by mid-day, Quill and the other union leaders were released from prison; and by the evening rush hour, the subways too were back on a regular schedule.

Mike Quill was whisked out of Bellevue and taken to Mt. Sinai hospital for ten days. Then, looking fit, he called a press conference at which, one reporter wrote, "he displayed all of [his] native Irish wit, lilting brogue and love of dispute." Quill claimed that the strike had been forced on the TWU, praised Lindsay for his role in the settlement, and called Senator Kennedy "the one man in public life

that worked hard to settle the strike and relieve the people.” All of these statements were patently untrue, but reporters spent the next several days calling various of the participants to comment on or refute Quill’s contentions, while Quill went home and relaxed. Three days after the press conference, Quill died in his sleep.

Quill’s passing was a great personal loss to Kheel, who still today admires the TWU leader as the man from whom he learned many things about great causes, grand gestures, and the nature of labor leaders, negotiations and public relations.

Quill was not long in his grave when a private citizen brought a suit to have the state enforce the provisions of Condon-Wadlin and, as the statute insisted, to refuse to give wage increases to the strikers for the next three years. This suit produced a crisis and an extraordinary resolution to it. Matthew Guinan, who had taken over the TWU local after the death of Quill, was horrified at the likelihood that this suit would invalidate the settlement and force him to take his men back out on strike. The mayor could not figure a way out of the suit, and so Guinan appealed to the other man whom Lindsay had all but identified personally as a power broker, Harry Van Arsdale. “It was a Friday afternoon, but Harry had Rockefeller’s personal phone number, and called it,” Kheel recalls. Rockefeller agreed that the settlement had to stand, and had a bill drafted that would retroactively repeal the Condon-Wadlin law, but only in regard to the transport workers. “This was akin to excusing a crime after it had been committed,” Kheel observes. Rockefeller had the bill introduced into the legislature and passed during the weekend, so that by

Monday, the suit could be nullified and the settlement reinstated. And that, finally, was the end of the 1965-1966 transit strike.

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The terms of the transit settlement were denounced by President Johnson as beyond the guidelines set up by his Council of Economic Advisors. Johnson's accusation spurred various participants in the negotiations to explain by alternate calculations how 15 percent over two years did not exceed the 3.2 percent per year guideline, for instance, because the wage increases were really just 5.5 percent per year, with the remainder being pensions similar to those previously awarded to other municipal unions. In the wake of the transit strike, Johnson also quietly ended efforts to repeal "right to work laws" section 14(b) of the Taft-Hartley Act and announced his intention to seek legislation "to enable us to deal with strikes which threaten irreparable damage to the national interest."

At the same time as Governor Rockefeller had the Condon-Wadlin Act retroactively repealed, he convened a five-man panel under the leadership of George Taylor to draft a replacement for Condon-Wadlin that would prevent strikes by public employees. Within the year, the legislature passed the Taylor Law, which became the model for statutes in other states. Whereas Condon-Wadlin prohibited strikes by public employees but had no provision for preventing strikes or resolving disputes prior to a strike, the Taylor Law emphasized mechanisms for settling disputes, and shifted the penalties for illegal public employee strikes from the striking

individuals to their unions, principally by disallowing the check-off to striking unions. At the city level, an additional consequence of the strike was to give further impetus to Lindsay's acceptance of the recommendation of a panel set up after the welfare strike of 1965, to create an Office of Collective Bargaining. Made up of city officials, union representatives and impartial members, the OCB would handle all future disputes between the city and its municipal unions.

The TA-TWU settlement was costly, somewhere between \$35 and \$70 million, depending on who was asked and how the computation was done. The higher figure was almost certainly correct if one counted in all the delayed pension benefits that would eventually have to be paid for. The figure for the cost was further muddied by the TA's estimate of its own losses, which included \$4.5 million in estimated losses for the next six months due to decreased ridership similar to what had followed transit strikes in other cities.

Only after the strike was concluded could Kheel's earlier proposals be taken up by the decision-makers. At the behest of Lindsay and other city officials, the state legislature considered a bill to amalgamate the Triborough Bridge and Tunnel Authority (TBTA), the Manhattan and Bronx Surface Transit Authority (MABSTOA), and the Transit Authority, and looked into the doubling of automobile tolls on bridges and tunnels, so that money from those facilities could be used to subsidize subway and bus lines. Within the next few years, those authorities were merged, and money from the bridge and tunnel tolls of the Triborough were applied to subsidize mass transit. This change also institutionalized an important principle that Kheel had long sought to establish: that New York City -- or any other

government entity -- was permitted to directly subsidize the mass transit system. However, absent from this cross-fertilization was the Port Authority of New York and New Jersey; the continued refusal of that agency, whose wealth from automobile tolls was substantial, to contribute to mass transit became a cause to which Kheel would devote his next ten years. More about that in later chapters.

Even with the East River crossings tolls raised and some of the revenue diverted into the coffers of the new Metropolitan Transit Authority, the MTA did not have enough revenues to maintain the fare at 15¢, and shortly it rose to 20¢. To have kept the fare where it was would have required a city income tax, from which additional money could be allocated to subsidize the fare, and at that moment there was no political will to add such a tax. Once the 15¢ barrier was broken, there was a sense that the fare would jump upwards at regular intervals, and not only did three percent of the ridership vanish in the year after the fare rise, but that rate of decline also continued in subsequent years, even when the fare did not change further. One of the more startling findings of research was that the previous fare had been low enough to keep a large group of people from using private automobiles to travel to work. In the wake of the jump from 15 to 20¢, that same portion of the riding populace came to believe that the fare would henceforth go up at two-year intervals, and began to switch into commuting by other means. Polls reflected the belief that current mass transit riders contemplating the use of automobiles to commute were not fazed by the fact that they would incur considerably higher costs by using their cars than the additional nickel or dime per ride they'd have to pay to continue



using the buses and subways. The iron equation held: every time the fare went up, ridership decreased. In later years, even increases in gasoline, insurance, and parking lot prices, and heavier traffic that caused delays in commuting, would not wean drivers from their cars.

The fare rise was also disastrous for the city because it came at a time when many manufacturers were trying to decide whether to stay in New York or relocate; a key element in these decisions was the availability of a trained workforce, which, in turn -- and to an extent not realized at the time -- was quite dependent on low-cost mass transit to travel to and from work. Higher fares helped push some of these manufacturers and their blue-collar workforces out of business, or to relocate in the suburbs or entirely out of the region.

Because the 1966 transit strike led directly to what became regular fare increases, it was like fuel added to a previously slow-burning fire that then makes the fire burn out of control. Kheel had envisioned that likely future conflagration, and had hoped to douse it in advance by having fares permanently subsidized, in the expectation that this would stabilize mass transit and help revitalize the city. His belief that massive subsidies could reverse the decline in ridership was based on a few innovative fare-cutting and fare-elimination programs that had begun in various cities, and whose results were encouraging: some locales showed slight increases in ridership while in others, further decline was prevented.

That New York City and its environs were served by more than a third of the mass transit facilities available in the entire country became the basis of requests made to the federal government for additional mass transit subsidies. But these requests came when the

high-water mark of liberalism had already been passed, and when the budgetary consequences of prosecuting the war in Vietnam had turned into hollow shells the federal programs that might have provided mass transit subsidies. The government's monetary resources were further reduced in purchasing power by the inflation that that war engendered. When Lindsay attempted an ingenious end run to pay for mass transit by money from the highway trust fund, specifically from the portion earmarked for highways within city boundaries, his request was brushed aside as improper.

The most important consequences of the transit settlement had to do with the city's own finances. Critics had feared that significant raises to the transit workers would set a pattern for demands by other municipal unions. This fear was realized as Lindsay soon agreed to substantial pay raises for teachers, sanitation workers, policemen, firemen, and other municipal employees. These raises, in turn, set the pattern for wage hikes to municipal workers in virtually every large city in the country, increases that pushed many cities toward tenuous solvency and higher taxes.

Kheel contends it was not the template of the transit settlement alone that set the pattern for what have been called Lindsay's overly generous municipal union contracts. There was also another factor: Lindsay was forced to deal with the municipal unions at a late stage in their evolution. "Wagner took the first steps with the municipal unions: recognizing them, agreeing on paper to their right to collective bargaining, working out the first contracts with them," Kheel points out. "The unions were inclined to go easy on their demands in these first contracts, settling for smaller wage increases,

in order to establish their right to represent employees at the bargaining table and to have a contract at all. When Lindsay came along, the unions were ready to build on what they'd already won, and made larger demands." As Lindsay's time in office went on, he was increasingly willing to make deals with municipal unions, who became for him, as they had been for Wagner, some of the strongest and most active supporters of the incumbent's re-election campaign.

All political regimes seem to share a proclivity for putting off payment for service improvements until the present officeholders have left the corridors of power. The results of such delayed-payment schemes are always deleterious, and were especially so for New York in the wake of the transit settlement. That is because in addition to agreeing to back-load the transit workers' pay increases, the Lindsay Administration also, and almost voluntarily, chose the wrong way of paying for the back-loaded burden of the "death gamble," a \$500 life insurance benefit. The city was faced with two choices in how to pay for it: put money into a fund now and on a continuing basis, which would cost a million dollars a year from then on, or use a pay-as-you-go plan. In that latter alternative, the initial cost would be only a few thousand dollars a year through the 1960s, because very few transit workers would age out and die in the immediate future, but the cost through the 1970s and 1980s would be significantly high -- an eventual total of \$17.5 million. Confronted with the fiscal implications of this choice, Lindsay advisor Bob Price told Kheel, "We don't give an [expletive deleted] about future years, just about the next few," and opted for pay-as-you-go.

The same pattern of ready agreement to deferred benefits was followed in Lindsay Administration bargaining with other municipal unions, which contributed to the quadrupling of pension obligations from \$364 million in 1965 to \$1.21 billion in 1974. A 1972 report by Frederick Hayes and Donna Shalala concluded that the Lindsay-era pensions had been approved by the mayor's men "with limited knowledge of the costs [and] without thinking of the future," and that the public had never been told what the pension packages would cost. Subsequent administrations also agreed to benefits for which they would not immediately pay but which became irrevocable future financial obligations. By 1977, according to a state study, money owed to future New York City municipal retirees but not set aside for such purposes totaled more than \$8 billion.

The increasing municipal payroll, retirement and death benefit obligations, in conjunction with continued inflation, the accelerating loss of manufacturing industries from the city, and the demands of an increasingly large and vocal poor population, contributed to rising municipal government costs and decreasing tax revenues, resulting in budgets that took the city further and further away from fiscal balance, down a path that would eventually lead to the brink of default. Heightened civil servant salaries also diminished the amount the city had available to pay for other necessities -- such as subsidizing the mass transit system.