

Labor saves New York

DC 37 plays a central role in helping the city avert bankruptcy.

By GREGORY N. HEIRES

DISTRICT COUNCIL 37 confronted serious threats to its existence in the turbulent 1970s, as working families struggled with high inflation and high unemployment and New York City teetered on the edge of bankruptcy.

The fiscal crisis of 1975 led to tens of thousands of layoffs of municipal employees—20 percent of the city workforce, by one estimate.

Workers were hit with a wage freeze, deferral of a negotiated raise and cuts in city contributions for employee benefits.

“Unions paid the price,” said William Tabb, a retired economist from the City University of New York and author of “The Long Default: New York City and the Urban Fiscal Crisis.”

The fiscal crisis weakened the city’s ability to fight back against the right-wing political assault on the public sector and organized labor that continues today. New York’s working class paid a severe price as key parts of the city’s progressive tradition were wiped out. Free tuition was lost at the City University of New York, transit fares skyrocketed by 40 percent and the business sector began its ultimately successful attack on rent control.

“A lot of harm was done to the public sector as a result of the fiscal crisis of the ’70s,” said Josh Freeman, a labor historian at Queens College. “In the end, I don’t think the basic notion of expansive government was destroyed. But it was damaged.”

For DC 37, then the leading municipal union in the United States, the goal literally became survival.

Victor Gotbaum, executive director of the union from 1965 through 1987, exercised extraordinary political savvy as he played a central role in resolving the crisis. Gotbaum teamed up with financier Felix Rohatyn and Gov. Hugh Carey to work with



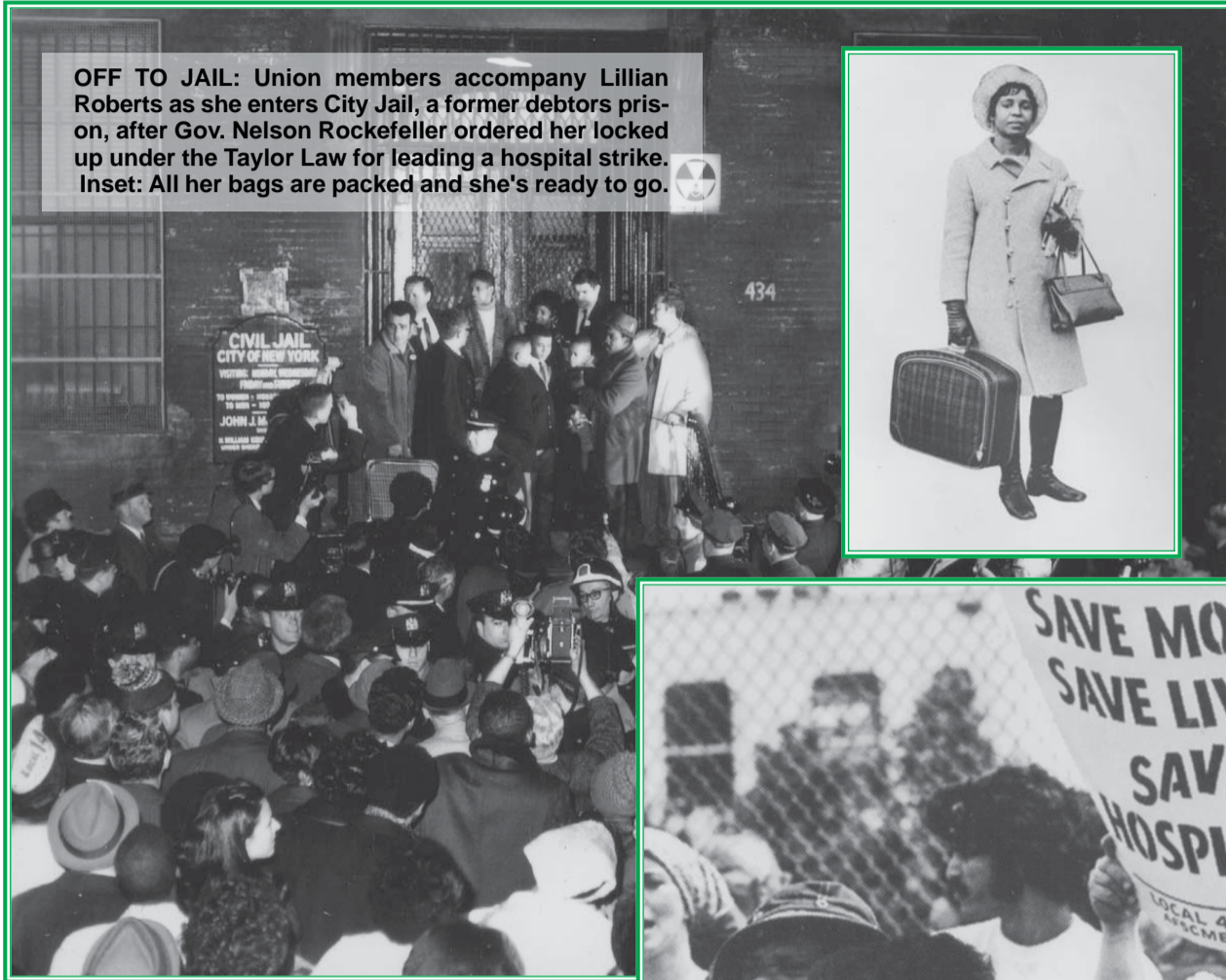
PEP photo by Bill Schleicher



TOP: Laid-off laborer Fred Russo speaks at a 1975 delegates meeting as members debate whether to accept a wage deferral to save jobs or to go on strike. Throughout the tumultuous '70s, members held raucous union meetings and participated frequently in demonstrations as DC 37 and other municipal unions came under pressure to make givebacks and were hit with layoffs of thousands, including firefighters, police officers, teachers and sanitation workers. LEFT: DC 37 members joined other city employees in a march on Wall Street. “Jobs and services are a hell of a lot more important than profits,” Victor Gotbaum said at the rally.

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DC 37 fights for survival in the



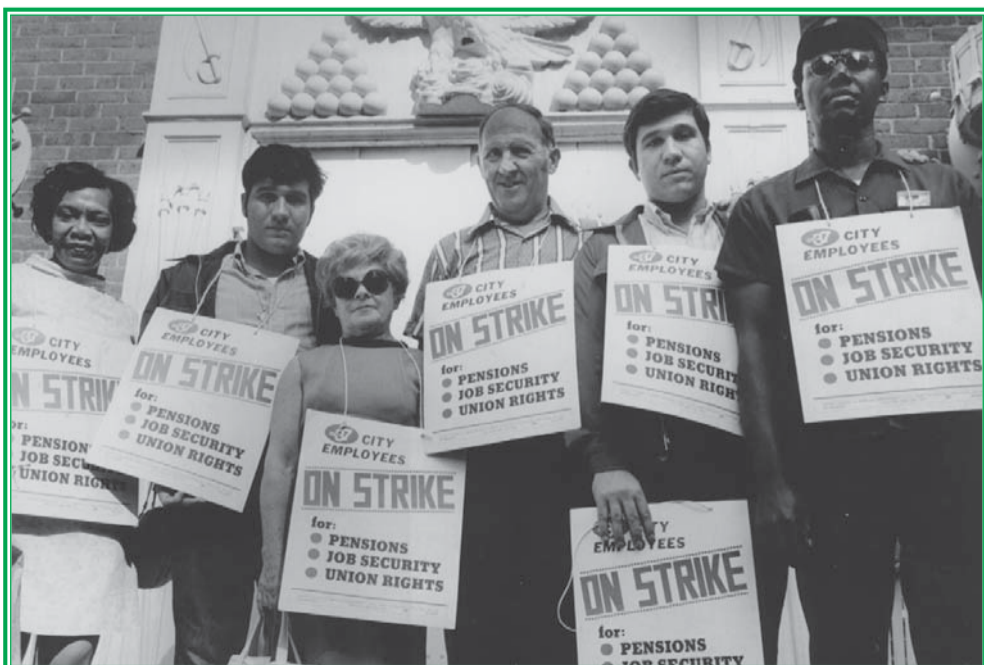
OFF TO JAIL: Union members accompany Lillian Roberts as she enters City Jail, a former debtors prison, after Gov. Nelson Rockefeller ordered her locked up under the Taylor Law for leading a hospital strike. Inset: All her bags are packed and she's ready to go.

local union leaders and the financial community to avert bankruptcy and shore up the city's finances by tapping into the pension system as banks continued a "capital strike" by not extending credit to the city. "The unions were able to prevent bankruptcy, keep collective bargaining, and save their seat at the table," Freeman said. "At least they survived to fight another day."

The years that preceded the 1975 fiscal crisis represented a golden era of militancy and growth for DC 37.

"This was a militant workforce," said former New York Public Library Guild Local 1930 President Ray Markey, who put forth a motion calling for a general strike as union delegates met at the height of the fiscal crisis. "The union had been formed through strikes in the 1950s and '60s. You had people who came out of the civil rights movement and the women's rights struggle. They were used to marching. And they had vital benefits to protect."

In 1968, DC 37 helped its national union, the American Federation of State, County and Municipal Employees, organize tens of thousands of state hospital employees.



DC 37 members and other municipal workers strike in 1971 over Gov. Nelson A. Rockefeller's sabotage of pension legislation. Union action led to highway traffic jams.



In August 1974, Local 420 members go on strike for four days to stop hospital closings and to prevent 4,000 layoffs.

DC 37 Executive Director Lillian Roberts, who was then the union's associate director, organized four state mental hospitals.

The union had hoped that Gov. Nelson A. Rockefeller would recognize the workers' right to a union, but he

put the lie to his "liberal" image by refusing to negotiate. His intransigence provoked a 10-day strike by workers at the four hospitals.

The workers' strike forced the state to allow them to unionize, but under the just-passed anti-strike Taylor Law, Rockefeller ordered Roberts sentenced to 30 days in jail in mid-December.

"The governor plays with the rights of poor people to keep them from choosing their own union," Roberts said. "I help organize them for a better life. I go to jail. What kind of law is this?"

Militant union demonstrations convinced the governor to let Roberts out in time for Christmas.

In 1971, Rockefeller provoked another strike when he blocked the state Legislature from implementing pension improvements that DC 37 had negotiated. The governor and his anti-labor allies in Albany didn't anticipate the backlash from union workers in New York City.

On June 7, thousands of commuters were stranded as traffic snarled on the highways throughout the city. Drawbridge operators in Teamsters Local 237 had raised the bridges and Motor Vehicle Operators in Local 983 left their trucks — without keys — in strategic locations on the highways.

All told, some 8,000 union members walked out, including DC 37 members from city parks, sewage plants and incinerators.

"I drove a getaway car," said former Laborers Local 924 President James Welsh, now retired. "Workers left three or four big trucks across the lanes of the Major Deegan in the Bronx. They hopped in my car and I drove them out of sight."

The 1971 strike failed to revive the pension legislation, but Gotbaum and Mayor John Lindsay reached a historic agreement to provide welfare fund benefits and health insurance to retirees. "Today, as we see employers cut back and even eliminate health and pension benefits, we understand how important health coverage and the union's prescription drug benefit are to our retirees," said DC 37 Retirees Association President Stuart Leibowitz, then a Local 371 officer.

The 1970s fiscal crisis occurred as signs were emerging of a business backlash against the gains of public employee unions and the growth of the public sector around the country. A favorable wage pact for DC 37 workers in 1969 was attacked by bankers and

budget hawks upset about the rising cost of services in the city, where the welfare population had doubled since the mid-'60s and the tax base had eroded as a result of deindustrialization and middle-class flight.

The first major indication that the city was on a path toward



A DC 37 contingent gathers before the Capitol on April 26, 1975. They were part of a throng of 60,000 workers who marched to demand federal aid for cities.



fiscal crisis of the '70s

bankruptcy came when Mayor Abraham Beame — grappling with a \$140 million budget gap — announced 1,500 layoffs in November 1974 and another 4,000 in December. Thousands of provisional workers lost their jobs.

The real crisis erupted in the spring as the city's budget deficit ballooned to \$1 billion, and the threat of bankruptcy became real as bankers cut off the city's credit and demanded repayment of short-term loans.

Avoiding bankruptcy

"It was a bombshell because no one really anticipated it would be so severe," said former DC 37 negotiations chief Alan Viani.

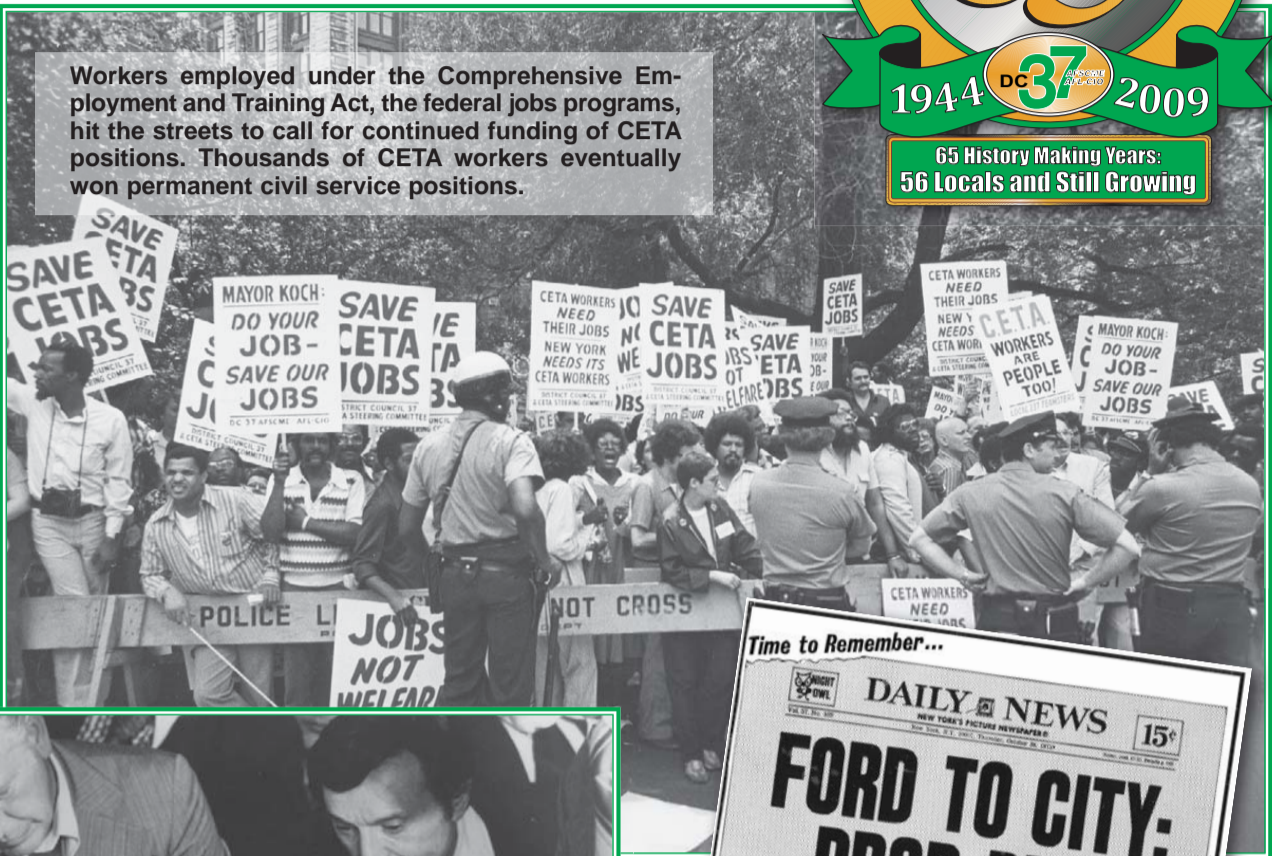
DC 37 and the municipal unions came under enormous political and media pressure to make sacrifices. Leading Wall Street bankers called for thousands of layoffs and deep service cuts.

That was when Gov. Hugh Carey stepped in. He reached out to Gotbaum and Wall Street financier Felix Rohatyn, who in the ensuing months would be the leading architects of the crisis resolution that narrowly averted bankruptcy when the pension systems bought city debts and most city workers deferred an expected 6 percent wage increase.

With mass layoffs of an estimated 50,000 public employees looming, DC 37 itself went into a crisis mode. Raucous union meetings, picketing and demonstrations were frequent. DC 37 members probably accounted for 40,000 of the 60,000 union activists who participated in a labor "March on Washington" and rally at RFK Stadium on April 26 to demand federal assistance for the nation's cities and government action to help end the recession. On June 4, thousands of public employees mounted pressure on the bankers with a huge demonstration on Wall Street.

Despite the pension bailout and wage concessions that year, the city continued pressing for givebacks and sacrifices as the fiscal problems continued in 1976. A Local 420 strike led by Roberts prevented layoffs at the public hospitals. Finally, the threat of bankruptcy ended, when Gotbaum negotiated an agreement in the Hilton Hotel on June 30 that required workers to take a one-week pay lag.

"I was very worried about bankruptcy," Gotbaum told PEP in a recent interview in which he looked back on the fiscal crisis. "I didn't want to do that because judges are so conservative.



Workers employed under the Comprehensive Employment and Training Act, the federal jobs programs, hit the streets to call for continued funding of CETA positions. Thousands of CETA workers eventually won permanent civil service positions.

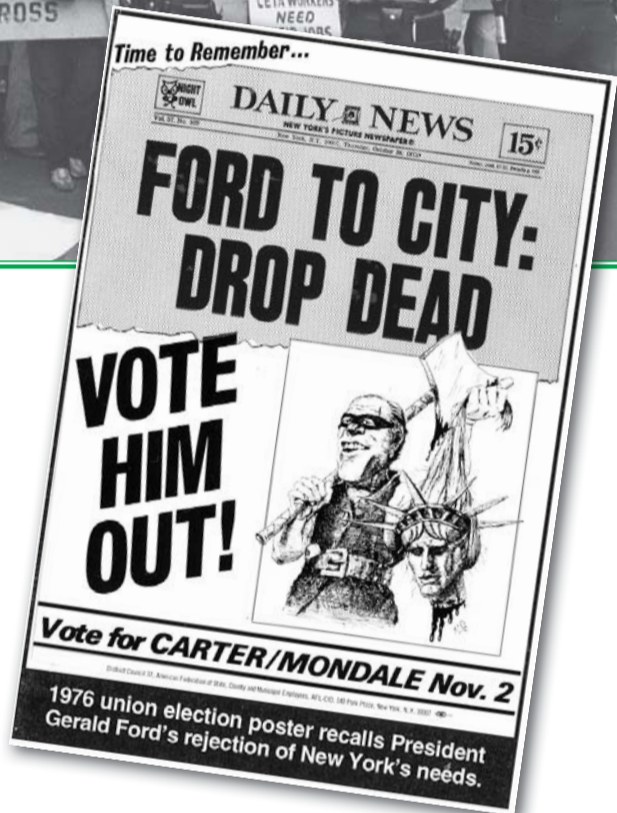


DC 37 Executive Director Victor Gotbaum was the chief media spokesperson for municipal unions during the '70s fiscal crisis, when the city nearly went bankrupt.

My attitude was that we would all go down together if we didn't work this out."

If the city went bankrupt, a judge could have thrown out union contracts and given pension funds to creditors. By negotiating the pension bailout and wage deferral — which was less onerous for lower-paid workers — Gotbaum preserved the collective bargaining process, the pension system and benefits won over decades, and he saved, according to Rohatyn, as many as 100,000 jobs.

The Comprehensive Employment and Training Act, a federal jobs program originally established for the hardcore unemployed, proved to be the avenue for thousands of DC 37 members and other municipal workers to return to the city payroll. DC 37 at first objected to the program, arguing in court that it was being used illegally to replace laid-off civil servants. Pressure from CETA workers led the union to push the city to hold civil service exams for them and to fund the jobs



when federal money ran out.

DC 37 Safety and Health Director Lee Clarke escaped unemployment in 1977 when she was hired into a CETA-funded clerk position at the Health and Hospitals Corp. At first rebuffed by her shop steward, who erroneously believed CETA workers didn't have the right to be in the union, Clarke immediately joined Local 1549 and became an activist. She was one of the leaders of the CETA workers who convinced DC 37 to take up their cause to become civil servants.

A breakthrough occurred in 1979 when CETA activists tied up the Brooklyn Bridge for a half-hour, leading Mayor Edward Koch to meet that day with a delegation led by Roberts and agree to move many CETA workers into city jobs.

"A majority of the people facing layoffs eventually found jobs either with the city or in the private sector," Clarke said. "Was everybody saved? No. But the agreement with Koch actually helped save the union. For some locals, the layoffs would have been a heck of a hit."

Sewage Treatment Workers Local 1320 President James Tucciarelli is also a former CETA worker. Trained as an electrician but without steady work, Tucciarelli was relieved to find a CETA job at the Dept. of Environmental Protection so he could support his wife and two children.

"We were able to get a civil service exam," Tucciarelli said. "I studied hard and was high on the list. The funding had run out for my CETA job when there was a message for me saying there was a job at DEP."

Looking back at the '70s, Tucciarelli said, "The unions were really able to do something. We bailed out the city and saved our jobs. This is sure something we can be proud of."



After a protest, from left, Local 1549's Lee Clarke, DC 37 Associate Director Lillian Roberts and Local 1930's Susan Ortega head for a meeting with Mayor Ed Koch.