

New York transit strike: 'Ordered from on high'

by L. Wolfe

As we go to press, New York City is convulsed with a crippling transit strike that has shut down subway and bus service to over 5 million riders. For two days last week, the Long Island Railroad, carrying more than 200,000 people a day into the city, was also on strike. Bridge and tunnel collectors are threatening job actions which could paralyze already heavily congested automobile traffic, making a bad situation absolutely chaotic.

New York's news media have blamed the unions. But in fact, the strike was ordered from a level higher than the White House, for example, Trilateral Commission spokesman David Rockefeller, with the directive to "take a strike" coming down to Mayor Koch from none other than Paul Volker, the advocate of "controlled disintegration" heading the Federal Reserve. What is now happening in New York is part of a national economic plan.

The *New York Times*, *New York Post* and other media, who are well aware of this, treat their readers to accusations against the 31,000 member Transport Workers Union and smaller Amalgamated Transit Workers, calling them "overpaid," "inefficient" and incapable of "understanding the city's financial plight." The unions are "blackmailers," says the *Times*, who backed the Metropolitan Transportation Authority into a corner and then went on strike. "Take to the transit barricades" against labor, they urge city residents.

'Take a strike'

What's the truth? Sources in Washington report that Federal Reserve chairman Paul Volcker, before the strike

last week, let it be known to a small circle of people that the city administration of Edward Koch should "take a strike." Volcker reportedly said that New York is an ideal place to set a "national example," demonstrating "a will to resist municipal unionism and a will to live within our means... It would be good for the rest of the economy."

Good? The best available estimates say that a city transit strike means approximately \$200 million per day in lost revenues, plus an additional figure in that range in disrupted activity on New York's financial markets. A 12-day strike in 1966 cost the city \$1.76 billion in lost revenues alone.

In short, a New York transit strike will take a huge chunk out of total daily economic activity in the United States. If it continues long enough—under present economic conditions—it could trigger a national recession, a point made last week by veteran labor mediator Theodore Kheel.

But David Rockefeller, outgoing chairman of Chase Manhattan Bank, said last week that he feels a recession would be *good* for the country. Rockefeller relieved himself while attending the Trilateral Commission meeting in London. He came back to New York on the eve of the April 1 contract expiration, and told the New York Chamber of Commerce that the city should "take a strike."

The transit system is New York's lifeline. Felix Rohatyn now talks of a "new reality" demanding massive cuts in the system. Not only a 75-cent fare—a token now

costs 50 cents—but there is talk of “getting around to eliminating all night service,” and closing subway stations selectively to “kill” certain areas of the city. One source doubts that anyone will be able to get in or out of the South Bronx in the near future.

Mayor Koch recently spent time behind the bamboo curtain. He firmly believes New York should “become more like Peking.” There should be less of everything—except bicycles. Admittedly in a city with a growing population of homosexuals and perverse entertainments, Koch is a bit stranger than your average mayor. But the “China model” is more than his whim.

The side of the Chinese peasantry Rep. Henry Reuss has in mind right now is the docility and amoral acceptance of destruction and death. “The country needs an example of sacrifice, what Felix Rohatyn calls the ‘pain and agony,’” said one of Reuss’s aides at the House Banking Committee. “New York, like the country, is on the razor’s edge. A major crisis is needed to get the population ready to accept the next level of austerity. It would have to be a *universal* crisis, one that effects everybody. It must demonstrate once and for all time that the city can’t survive the way it is. That it will have to shrink. A transit strike fits this. It is what the city and the country needs.”

British intelligence protégé Rupert Murdoch, publisher of the *New York Post*, hired psychiatrists to roam the streets and monitor the progress of psychological deterioration. The psychiatrists reported back that, indeed, New Yorkers are being acclimatized to “disasters.” One even reported that residents “could handle themselves well in a nuclear war”; they would “die with dignity.”

Washington is only watching the city’s plight for now, but the Federal Emergency Management Agency, sources say, may decide the entire city should be declared a disaster area. At their cue, President Carter would declare it so, and they could move in to the city martial-law fashion. But first, the plan is to “let the chaos build.”

“I know that this whole thing could be settled if we could get down to real bargaining,” a transit union source said. “But right now, someone big is gumming things up.”

Said Rockefeller: “The transit strike would have serious consequences for the city, including business and particularly retail establishments. However, the long range damage of an unaffordable labor settlement could be even greater than the painful shortrange consequences of the strike.”

Rockefeller is lying. But he announced he had the assurance of key members of the banking community and city business community to back Koch and the MTA against the unions’ “unreasonable demands.” Also last week, Senator William Proxmire (D-Wi) told the city not

to count on any more money from Congress if it “knuckled under” to the trade unions. Felix Rohatyn, Lazard Freres partner heading the City’s Municipal Assistance Corporation (MAC) and controlling city fiscal policy for its creditors, gave the same advice publicly and privately. These gentlemen actually dominated the city transit negotiations from boardrooms and conference halls in New York and London. They dictated the “get tough policy” of Koch and New York Gov. Hugh Carey.

It is agreed by city political insiders that it was technically possible for the city, state and MTA to come up with a contract package that would have been acceptable to the unions prior to the strike. These sources confirm that it was a *political* decision to force a strike. “No doubt about it,” said a veteran city political insider. “This strike was ordered from on high.”

The negotiations, which broke down in the wee hours of April 1, centered on the MTA’s adamant refusal to agree to a 12 percent wage boost for each year of a two year contract, and demands for “give backs” from the unions. The union was seeking 30 percent over two years. Koch and Carey instructed the MTA that any wage increase will be funded by a commensurate increase in the transit fare and in service cuts. This posture defines all future city labor negotiations, said a source. Most city workers contracts expire by June 1. The transit strike could be only the first of many lock-outs.

The real policy

Two year ago, the *Economist*, magazine of City of London banking interests, published a survey on New York that proposed that the city go “the way of London,” that is, cutback drastically on services in order to shrink from seven to less than five million people. New York should discourage every kind of industry except low-wage, labor-intensive light manufacturing, and restructure itself as a service-oriented home for a new elite. What New York needs is “gentrification,” a population largely restricted to “a new gentry.”

Only last week, a spokesman for the *Economist* said, “New York is being remade...it is going to be shrunk, millions of people, mostly poor, will be forced out. This is what happened in London. There were strikes and chaos, but such things accompany change. They help it along.”

This policy even has a code name: “Planned Shrinkage.” The mayor denies it publicly. But you can find dozens of city officials willing to confide that that is Koch administration policy. It is only the urban component of the “controlled disintegration” proposals of the New York Council on Foreign Relations (chairman, David Rockefeller). Paul Volcker lives and breathes this policy. This policy and the New York transit lock-out are the same policy.