

February 24, 2011

Andrew Cuomo and the Unions

Meanwhile, in New York ... The governor's showdown is more subtle
by ROSEMARIE WARD

In 1975, when New York City teetered toward bankruptcy, Hugh Carey, then the governor of the state of New York, convinced the teachers' union to invest a significant amount of its pension funds in bail-out bonds. He also persuaded District Council 37 to shelve pay increases for its municipal workers. The unions played a crucial role in saving the city and probably the state with it. Thirty-five years later, during his gubernatorial campaign, Andrew Cuomo gave copies of "The Man Who Saved New York", an account of Mr Carey's role in the crisis, to labour leaders. Seymour Lachman, the book's co-author, reckons that, like Mr Carey, Mr Cuomo wants and needs the unions' help in surviving the current crisis.

Facing a \$10 billion deficit, Mr Cuomo campaigned on pension reform, making it clear he was going to target public-sector unions and sounding more like his Republican neighbour across the Hudson, Chris Christie, than a Democrat. Mr Christie stirred up a lot of headlines when he took on the unions, most recently calling them greedy, selfish and self-interested. Mr Cuomo is less vitriolic, but no less adamant that he wants the unions to do their part. During his budget address on February 1st, in which he declared the state to be "functionally bankrupt", he called on the state's public-sector unions to make \$450m in concessions. He threatened, as a "last resort", to lay off up to 9,800 state workers to get the savings needed.

Mr Cuomo vowed to use the \$4m left in his campaign chest to fight the well-financed unions, who aired commercials lambasting previous governors during earlier negotiations. So far only the teachers' union has lashed out, with a \$1.1m campaign advocating higher taxes. The teachers are angry over a proposed property-tax cap, which will cut education spending at the local level. But Mr Cuomo has the backing of the Committee to Save New York, a group of business and civic leaders that includes Felix Rohatyn, who restructured the city's debt in the 1970s. The committee has raised \$10m to battle the unions over salaries, pensions and benefits.

Robert Ward, of Albany's Rockefeller Institute, thinks Mr Cuomo is picking his fights cleverly. Negotiations have yet to begin, though talks are taking place behind the scenes. The governor keeps in regular contact with labour leaders. Lee Adler, who teaches collective bargaining at Cornell University, points out that despite the financial pressure the state is under Mr Cuomo does not appear to be in any great hurry (he has yet to hire a chief negotiator) perhaps because he wants to get his budget in shape before he moves on to bargaining. Union contracts run out on April 1st, though workers will be able to continue to operate under the expired contracts' terms until a new one is agreed.

The unions are watching what is happening in Wisconsin. Kathryn Wylde of the Partnership for New York City speculates that events there could make it harder for the unions to strike a deal with Mr Cuomo. "The rank and file are deeply offended by the actions of Scott Walker," she says. New York is generally pro-labour, with 24% of the state's workforce unionised. But unlike Mr Walker, pragmatic Mr Cuomo is sticking purely to finance, not

ideology. And over in New Jersey, Mr Christie said in his own budget address this week that pension reform is neither a Republican nor a Democratic issue, but an issue of moral responsibility. “The day will come, mark my words,” he said, “when the pensioner will retire and there will be no pension...I am worried for the police officer. I am worried for the firefighter. I am worried for the schoolteacher.”