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Subject: Daniel Walsh; President, Business Council of New York State, 1988-2006; President of Public Policy Institute, Business Council of NYS, 1987-1988; NYS Assembly Majority Leader, 1980-1987; NYS Assemblyman, 1973-1987; Cataraugus County Legislator, 1969-1972; Local President, NYSTA; Teacher, Franklinville Central School District.

Daniel Walsh spoke of his long-standing career working for New York State 's businesses and as a member and leader in the New York State Assembly. He also spoke of the "healthy working relationship" he has shared with CSEA since becoming aware of them in the 1960's. Walsh detailed how the Business Council has been able to remain on top of their game and described many problems the State has endured in the past, along with potential problems he suspected the State might experience in the years following his interview.

In his interview, Walsh mentioned the transition of the New York State Assembly from Republican to Democratic control. He also described how difficult it is to get things done legislatively in New York State. Walsh described the problem of having two constituencies by comparing them to "apples and oranges," when trying to pass legislation. He specifically mentioned, "In order for Timothy's Law to be passed, the other wants rent control," regardless of the fact the two are unrelated. He also mentioned how lobbying money is used when meeting with legislators and stated that stricter lobbying laws have made it even harder to meet with legislators on certain issues without being able to hold receptions for them.

Walsh referred to CSEA as an "intelligent, hardworking union," whose historical structure and pro-active leadership sets them apart from other unions, especially when public policy is concerned. He described the New York City Fiscal Crisis and CSEA's role aiding with legislation to address the problem. Walsh also mentioned the significant role CSEA has played on other issues including pension reform and the Kinzel Commission, and described visiting every State Psychiatric and Developmental Center as a result of the Willowbrook Decree. He also briefly mentioned the good relationship he has had with CSEA President Danny Donohue and the problems he's seen in the AFL-CIO at the national level, however not at the State level.

Walsh mentioned the debate over Homeland Security Funds for New York City and population changes in New York. He attributed these problems to more policies being made in Washington, D.C. keeping federal money there, rather than New York State and mentioned he foresees New York heading into debt. Walsh also briefly mentioned the fiscal crisis former Governor Mario Cuomo faced as well as the potential problems Governor Eliot Spitzer will face.

Key Words

AFL-CIO

Cataraugus County Legislature

COLA

Financial Control Board

Health Care Unions

Kinzel Commission

MAC Bonds

Majority Leader

Mandates

New York City Fiscal Crisis

New York State Assembly

New York State Differential

New York Post

NYSE

NYSTA

NYSUT

Pensions

PESH Act (Public Employee Safety and Health Act)

Proposition 1

Real Property Tax

Reapportionment

Retirement

Timothy's Law

Transportation Bond Issue

West Seneca Development Center

Willowbrook Decree

Key People

Warren Anderson

Al Blumenthal

Hugh Carey

Mario Cuomo

Danny Donohue

Perry Duryea

Stanley Fink

William Hennessey

Alan Hevesi

Tom Hobart

Ed Koch

Bob Lattimer

Senator Thomas Libous

Bill McGowan

Assemblyman Joseph Morelli

Jamie Owen

George Pataki

Nelson Rockefeller

Dennis Raveros

Stanley Steingut

Dr. Ted Wenzel

Malcolm Wilson

CSEA HISTORY PROJECT

DANIEL WALSH INTERVIEW

June 21, 2006

INTERVIEWER: Okay. This is Wednesday, June the 21st, 2006 here in Albany and we're speaking with Dan Walsh who's the president of the Business Council of New York State and also the former Assembly Majority Leader in New York State.

Dan, first off, thank you for coming in and meeting with us today.

MR. WALSH: Thank you.

INTERVIEWER: I wonder if you can tell us if you recall when you first became aware of an organization called CSEA.

MR. WALSH: Well, Danny Donohue probably won't believe this but in the mid-1960s I was teaching school at a place called Franklinville Central in Cataraugus County and I also happened to be the president of the local NYSTA union which was before NYSUT and a guy by the name of Tommy Hobart was the head of the Buffalo NYSTA chapter and we would frequently get together and there'd be a variety of other members of different organizations and Bob Lattimer, going way back, in those days was my -- I think my first contact with at least the

statewide CSEA, so I've had some, you know, relationships with CSEA and public employee unions going, well, back I'd say four careers ago, so there's been a good relationship, high regard.

INTERVIEWER: M-m h-m-m. What do you remember about those initial contacts? What kind of an organization was it? Were they really developing labor relations activity or was it more social?

MR. WALSH: Well, this was shortly after the Taylor Law was, you know, put into place and everybody was growing with that; you know, collective bargaining terms and conditions of employment. I was frankly on the teachers' side of it more than anything else, but everybody was going through the pains of impasse which was a formal process much unlike, you know, what we have today, the potential for binding arbitration but certainly not on the education side.

But the relationship was good because the -- it's a very healthy relationship with organizations like CSEA and the fact that they

do provide a public service as public employees and New York State has had a history somewhat changing from time to time but has a strong relationship with counties and towns and villages.

No other state has a structure like that and because of that you have an extraordinary proliferation of public and private relationships with workers and you see more of that in New York than you do in any other state, just by the nature of what our structure is all like.

We have -- as Hugh Carey used to say, we have about 10,000 different taxing entities in New York State but when you look at all the towns, the villages and the counties, you've got different subsets of bargaining groups and you have a statewide organization so it's kind of -- it's kind of hard not to be familiar with CSEA and I've known, I think, four or five CSEA presidents. I've known, oh, a lot of the staff over the years. Good working relationship, very healthy, you know, camaraderie.

None of the, you know, do-it-or-death

kind of stuff; always had a sense of humor. Although I must say, certainly not in the CSEA's case, but working around government the last few years in New York seems like they've forgotten or have at least thrown their sense of humors out the window, so it's a healthy working relationship.

INTERVIEWER: M-m h-m-m. Tell us about when you were first elected to the Assembly and the relationship with CSEA at that time.

MR. WALSH: It was good. I ran in November of 1972, which was -- actually I ran for county legislature in Cataraugus County in 1969. That's the first time I really had any working relationship politically with the CSEA because they were endorsing candidates at that time and I won a race for the county legislature. I won again in 1971; I won by three votes.

And it's interesting enough, you talk about events that woulda/coulda. If it hadn't happened, where would you be or if it did happen, where would you go? When they shut the

machines after the election in 1971 I was three votes down. I had the Democrat/Liberal line and my opponent had the Republican/Conservative line and there were six absentee ballots and when we opened 'em up I had all six and I won by three votes and this was 1971.

And a year later I ran for the Assembly, got talked into that by the same people that talked me into running for the county legislature and it was a -- it was a real daunting task. The registration was about 3-to-1 Republican and I was running against an incumbent who had been in the Republican majority for five terms, so the coalitions that were put together in that neck of the woods included the CSEA.

I had a good working relationship with them when I ran for the County Legislature and there were difficult choices in those days on endorsements because there were a lot of pressures to continue what they'd done in the past.

Rockefeller was still Governor. The Senate was led by Warren Anderson. What's his

name from Suffolk County was the leader in --

INTERVIEWER: Duryea?

MR. WALSH: Perry Duryea was the leader and so they didn't like anybody to rock any boats and this was right after the 1970 reapportionment where they really felt like they had everything all locked up, so in this particular legislative seat they moved it into Erie County into two towns, feeling that they could absorb any effect from Erie County and still save the seat.

Well, as it turned out, they were two fairly significant Democratic towns in Erie County, Evans and Brant, and when that election -- when that reapportionment occurred I ran in the first election after the reapportionment in '72 and it was also Nixon/McGovern which wasn't necessarily a strong thing for a Democrat running but it was a combination of factors.

I put a backpack on. I got the name "Walkin' Dan." A lot of attention to it and I won by 2400 votes and have never lost an election since then.

Came into the Minority for two years,

got to know a lot of the members of the CSEA back in 1973 and '74. '75 was the big year. Carey came in. It was all Watergate. We went to bed the night of the November '72 election and we were 19 -- almost 20 seats in the Minority. Woke up the next morning we were almost 20 seats in the Majority and the same number switched in '76 and pretty much most of the large numbers of Democrats in the Assembly today came out of '74 and '76. There's been maybe eight or nine more since then, but that big block changed hands in those two years.

And shortly after Carey became Governor we had the New York City crisis which changed everything in New York forever and it still has a great effect and when you just look at the -- we had a press conference the other day with Alan Hevesi, Tom Lebus -- Senator Lebus and Assemblyman Morelli, on the Speaker's debt control legislation. It requires in part constitutional changes.

I couldn't help but think of those years back when the headlines in The Daily News, Governor -- or President Ford, Drop Dead in New

York, which was part of a multiple-prong effort to get federal support for aid. I mean the City was, in fact, bankrupt.

Nobody wanted to buy their paper and all the paper that was out on the street was owned by a variety of people including France and Germany, like 38 percent of the municipal paper in New York City held by two foreign countries and they couldn't collect on 'em, couldn't turn the debt in, couldn't issue any debt and obviously all the attention was paid on the national scene but had an extraordinary effect on the public employees in New York City and statewide.

The union pension systems, teacher pension systems, were all required to buy MAC bonds. The MAC bond concept was set up during those periods of time and one thing that was created out of that that's still -- is effective today, good, bad or indifferent depending on where you're at, they created then the Emergency Control Board, Financial Control Board. A variation a couple of years later due to the Fed's requirement took the term "emergency" out

so it's still the Financial Control Board.

It -- basically, New York City still has it on paper. We've had it in Yonkers. We had it -- we have it in Buffalo and Erie County today, so that device good, bad or indifferent has had a strong, lasting and lingering effect on public employees in New York, good, bad or indifferent, and it comes with varying amounts of clout, so to speak.

You got a soft Control Board for the County of Erie, a little harder Control Board for the City of Buffalo. Yonkers had a very hard Control Board. New York City had a very difficult one because it basically could break contracts, and that device is still here today.

Here we are in 2006. 1975 is when it all started, so that probably had more effect on relationships between legislative bodies and public employee unions than anything else. And because we're so steeped, as I said earlier, in different levels of government, they all end up potentially being stuck in this malaise; city of Yonkers or county, another city, so these things happen.

INTERVIEWER: Certainly in looking back at a lot of the news clips about what they referred to as the New York City fiscal crisis, and certainly it was part of Hugh Carey's trial by fire as Governor, he did a lot of things not only in trying to bail out New York City but to try to do some streamlining --

MR. WALSH: Right.

INTERVIEWER: -- of the State government and do some cutbacks and there were some protracted fights with CSEA over --

MR. WALSH: M-m h-m-m.

INTERVIEWER: -- State contracts because of the fiscal crisis. What do you remember about CSEA's role at that time?

MR. WALSH: It was very proactive. I think that the teachers probably were more reluctant to be participants because they control their own pension system. CSEA obviously is part of the State Employees' Pension System, so the arena was bigger, but the teachers had to be brought kickin' and screamin' to the table on participation in the purchasing of MAC bonds.

Without the MAC bond purchase you were never gonna be able to get access to the open markets, the public markets, and it was very divisive. I mean I remember -- I mean today if you raise an issue that is basically Upstate or basically New York City oriented, people will say, well, why don't you do something for Upstate.

That has always been historically an issue in New York, but the problem with the collapse of New York City and the "President Ford, Drop Dead" thing, it just exacerbated and opened up the wounds of resentment and I think jealousy that exists in certain political quarters about New York State, number one, and in some cases Upstate versus New York also.

When they did the bailout in Washington to set up the devices to guarantee some financial help, the bills only passed Congress and the House by nine votes. I mean it was very divisive. It was very divisive in New York doing whatever we did.

CSEA was very, very strong in helping get that political climate leveled out. We

would never have been able to do all the legislation surrounding New York City if it hadn't been for CSEA because they were the only union that really had strong participation in every community and they were also bright enough to know the results if nothing happened, which was chaos, contract split, severe cutbacks, layoffs. I mean that doesn't help the union organizations but they recognized that.

First of all there was a mastermind who was -- who was preachin' the Bible and it was Hugh Carey. He just had a remarkable way of cutting through everything, bringing people in and saying: Here are the options. None of 'em are good but doing nothing is worse.

And we came back in a special session in September of 1975 to do all this. Boy, I tell ya, you could cut through it around here. I mean it was really tense times and it was Upstate/Downstate. I mean I was not the Majority Leader then. I was in the Majority but Stanley Fink -- no, I think Al Blumenthal was the Majority Leader. Steingut was the Speaker. Perry Duryea was very cooperative, obviously,

but he was in the Minority and Warren Anderson obviously in the Senate.

But Warren Anderson had a tough time with that conference because this conference is predominantly Downstate and the -- it was very difficult to get the votes to pass that stuff but CSEA, to their credit, was probably the best union of all. With all due respect to the teachers, I think they were a little more self-centered. They were concerned about how much guaranteed interest they were gonna get on the loans rather than, you know, trying to get this thing corrected, but CSEA because they're in the trenches, I don't think we coulda done it without 'em, and I think Governor Carey has -- or then publicly said it many times.

INTERVIEWER: M-m h-m-m. You mentioned something interesting earlier about the transition in the Assembly from Republican to Democratic control. Certainly I think CSEA throughout that particular time in history wasn't seen as being, you know, close to either of the political parties. They were, you know, very, very fiercely --

MR. WALSH: M-m h-m-m.

INTERVIEWER: -- independent. Did the politics play any role in CSEA's movement to be involved?

MR. WALSH: No, I don't -- I think your characterization of their political position is good and it's accurate. I think outsiders would view in general unions as being probably more Democratic leaning than Republican but, hey, if you're a smart, intelligent union, which CSEA has always been, and you got a Governor like Rockefeller and Warren Anderson and a Perry Duryea, I don't think you have to wake up in the morning and figure out what you may have to be doing this week to get some things done.

They're State employees. You know, you got some local units obviously, but most of the local units in New York State historically have had a tendency to be Republican administrations and, I mean, New York City's a little different, at least in the last 10, 15 years, but I think the union's been very good. They're very smart.

I mean there's a risk when you get over-identified. I think most unions who are active today fight that risk because it can turn around and bite ya if you're -- you know, if you're very dominant to one political party and -- but I don't think CSEA's ever had that reputation. I think they've always been viewed, at least in my mind anyway and still today under Danny Donohue, a very intelligent and hard-working union.

And that kind of an atmosphere and that kind of a respect doesn't come overnight. You have to earn it and CSEA's earned it.

INTERVIEWER: Moving on from the New York City fiscal crisis and how that played out, what are some of the other issues that you remember in that period being significant fights that CSEA had a role in?

MR. WALSH: Well, it's interesting. I think there's a lot of 'em but I'd -- and I think it was probably -- I don't know what it was. We went through pension reform, the Kinsel (phonetic) Commission. That turned out to be very devisive. There aren't too many war horses

left around this town that remember going from Tier 1, 2, 3 to 4. The only time people look at 1, 2, 3 and 4 is when they're about ready to retire and they want to figure out where they are.

There are some rumors around the town now that there's gonna be some sort of an enhancement but when the -- I think when it was after Tier 2 and 3, they started the early retirement concept, which also was interesting because everybody wanted to figure out how they could get the incentive to leave quicker than normal.

And I think over the years you've had a variety of things that have affected relationships with the political process, the lobbying commission, all the lobbying activity, the filing, the procurement stuff today, the relationships have become more tense, I think, and I don't mean that in a real negative sense, but the watchdog disclosure thing has become more intense over the years so the old handshake, have a sense of humor, do what's good because it's the right thing to do, we've sort

of fallen away from it.

I think anybody in CSEA leadership today would tell you that one of the big problems is that money has sort of become a major player at the table for public policy and it shouldn't. It's just in general campaign fund-raising and all of that that goes with it which doesn't necessarily get you good public policy all the time. In fact it may be more adversarial than it is.

And it appears, I think too, and you certainly can't fault -- it's not CSEA at all but -- because they've always had a proactive agenda. There are a lot of people in town who don't like to have anything happen. Unlike years ago when you tried to find a compromise on things, now if you say "apples," they say "oranges," not what kind of apples.

So the public policy model is changed. I think CSEA has survived that very well, and you do that by being basically, as best you can, in the middle of the road. You may have to lean left a little bit or lean right from time to time, but you got an issue, you got a mission.

If you stay with that you don't get labeled and you don't get caught up in this game which I basically called it a "Price is Right" and that's good for the long term.

INTERVIEWER: M-m h-m-m. That pragmatism?

MR. WALSH: It is, and I don't think I'm old-fashioned when I say this but I think time will come back soon when the public policy is really gonna be done because it's some leader like a governor who thinks it's the right thing to do and he's gotta convince others to do it. That's basically what the Constitution has framed in every state and at Congress, the obligation of elected officials and let the voters determine whether that public policy was the right thing to do.

But style and methodology has changed and style changes by individuals who have changed and the speculation as we sit here in June of 2006 is that we're gonna have a new Governor and he will probably be the Attorney General currently, who's -- and there is a style change there, dramatic -- what appears to be a

dramatic style change. The question is whether the public policy is dramatic in its change.

And a lot of people are saying that New York is slowly creeping, and if you read between the lines and listen to the Comptroller Alan Hevesi directly to what he's saying, he said we're slipping into a 1975 pattern and when you look at any sort of a report going seven, eight years prior to 1975 and the patterns of debt and how they used it in New York and how you borrowed to pay operating, you refinanced by fiddlin' around with the anticipation notes, you wrote checks light, all the gimmicks that supposedly couldn't be allowed by good accounting practices, New York State is slowly getting to that base where you end up you can't afford to pay your basic costs and then you get into the union conflicts.

Retirement, pressures to change tiers in retirement, county governments, towns and villages are running double-digit pension requirements they claim all because of the COLA. I'm not too sure that was the only reason, but in the great years when the systems were running

with 10, 12, 14 percent interest incomes, they were paying zero. That's not particularly good public policy.

You gotta find a way to level that off. CSEA's always been at the forefront of that kind of stuff and to their credit they played it very intelligently and I don't see any big changes.

I mean eventually cooler heads will prevail. There is turmoil to a certain extent in the AFL-CIO. The leadership is not under fire but there's -- you know, many people are taking a look at it as to whether the model fits any more. Most of that is at the national level. You don't see a lot of that in New York.

But you've also seen an extraordinary transition to the health care unions in New York. There's a modest amount of CSEA in the health care industry but the big providers obviously are 1199, Dennis Raveros (phonetic) another very bright guy who runs a very intelligent, strong union base, and they are prevailing to a great extent with public policy.

We find ourselves on the other side of

the table sometimes adversarially with some of the policies but that's because health care has become very, very expensive and the public taxpayer is paying for a lot of it so -- and which gets translated into the real property tax, gets translated into doing -- the cost of doing business in New York, and there are books being written on that.

So we spend a lot of time trying to convince people that our only mission with the business council is to make sure that the climate to do business in New York is better than it was yesterday.

INTERVIEWER: Okay. Let me go back again to the seventies when certainly one of the significant battles for CSEA in the late seventies was to enact the Public Employee Safety and Health Act. I wonder if you remember anything about that campaign.

MR. WALSH: Yeah. It was a good one. I -- there are -- it was somewhat adversarial because you get into mandates, but I don't -- it was one of these things that was gonna happen. You just sensed it. You knew it was gonna

happen. The question is how do you make it as acceptable as you can without mandating everything all over the place.

You know, we've got -- we've still got the issues today. Here we are in 2006. We have 42 different mandates in the health care policy of New York State and Timothy's Law sittin' right around the corner could be the 43rd. The question is how much can you load up in these particular programs and there's only so much you can do.

New York State's had a reputation in the minds of many as being the big source of experiment. Let's try it. Suffolk County has always had the reputation of being the social laboratory for public policy, but you have to be careful. I mean sometimes the stuff that sounds good gets very expensive.

New York State's a tough state to put a cookie cutter on it and say it's gonna fit everywhere and work everywhere and I think CSEA knows that. Certainly with all our different units around the state it's -- it's got --

INTERVIEWER: (Inaudible) from our own

experience.

MR. WALSH: Oh, it's gotta be hard because you just can't -- what fits in Erie County certainly isn't fit in Albany County and the larger your different CSEA units are, they're all -- I used to say the school systems in New York are like snowflakes. They all look alike but they're not. They're just -- they're all totally different.

INTERVIEWER: Tell me about Mario Cuomo being elected Governor of New York State and especially coming from behind in an underdog victory over Ed Koch in the Democrat primary in 1982. What role do you remember CSEA having in that?

MR. WALSH: There was a prominent role. I mean I happen to have sat in the Convention in San Francisco and listened to the extraordinary Tale of Two Cities speech, so to speak. Powerful delivery, powerful orator, and I think it was just that time in New York for a guy like him and he wasn't a novice. He had been with Carey for, you know, a considerable amount of time and the tandem effect that the

two of 'em had.

But the -- Cuomo was almost destined to be Governor. You know, you could not be around him and not be impressed with the guy's ability to communicate and I think as time goes on the -- you know, he tried for a fourth term, and much like George Pataki decided not to. You wear your welcome out after a while.

And it's different than it was when Hugh Carey was in the middle of the mess in '75. There were maybe -- probably four talk shows in New York City and no blogs. There was no New York One and you ask yourself today when you look at the media and the accessibility and the instantaneous nature of the media whether you could get done today in 2006 what was done in 1975.

My parents came from Ireland in 1909. They were born in 1889 and they were both nineteen years old when they came here and they spent about a year and a half in Boston and ended up in Olean, New York. And my dad years ago would be able to get on our crazy television set out of Olean, which was a feed which was

cable basically, you got WOR out of New York.

And he was fascinated because a lot of the family lived in the City, in the Bronx and in Queens, the extended family I should say, so he was always interested in what was going on in New York.

And you mentioned Ed Koch and Mario Cuomo. I remember going home, I was then the exalted Majority Leader from Olean, New York. I mean I was a big thing, you know. They'd never had one and I was a Democrat. Well, that didn't bother my dad. He was the first one to tell me that I did something wrong.

But he used to sit there and watch the TV all the time. He was fascinated with Ed Koch, totally fascinated with Ed Koch, and he says he's the only guy that's ever been able to straighten that City out; just grab it by the neck and shake it.

So now we're down into a political season where I'm asked to endorse Koch or Cuomo as myself, the Majority Leader, not as a party, and Stanley Fink was the Speaker then and had chosen me as Majority Leader in 1979.

And I went home that weekend and I said to my dad, I said: "Dad, I gotta make a decision. I've been asked by both Mario Cuomo and Ed Koch to endorse their candidacy."

And he said: "That's a no brainer. You gotta endorse Koch. The guy's savin' the City. We don't know what Mario's gonna do, but this guy's doin' somethin' right."

So smart Irishman as I was, I did what my father told me. Well, I gotta tell ya. Here it is 2006 and I don't think they've forgotten yet. (Laughter.) It's a running joke when we get together occasionally but he was an extraordinary Governor, probably shouldn't have decided to run for a fourth term. Probably shoulda ran for President. It woulda been an interesting run. I mean the airplane's engines were hummin' out at the tarmac, ready to take 'im to New Hampshire and that's a true story.

So -- but between Carey and Cuomo you couldn't have any more delightful people to be around. I mean the personalities were totally different but just couldn't wait for a fight and wanted to get things done.

And George Pataki came in with a totally different public policy model and in three or four years did some extraordinary stuff. Can I --

INTERVIEWER: Certainly when Mario Cuomo became Governor he faced his own fiscal crisis and had some very tough times that didn't sit too well with CSEA which had just endorsed him.

MR. WALSH: Right.

INTERVIEWER: I think the first thing he did was issue 14,000 layoff notices to State employees. What do you remember about that fight?

MR. WALSH: That was not a good time. The -- I happened to live in the town of Bethlehem in Glenmont and you can't go to a grocery store without seeing a lot of your friends who are either in government or at some level and it's -- unfortunately it's the nature of the public model and when you have government and structures of government that are steeped in different levels of government you're gonna have these relationships with the employer and the

employee that from time to time get tested.

And we see to a great extent the same model in the private sector and my favorite example is Corning. A few years ago Corning's stock was 326 in the height of the fiber optic boom and all the rest and then they split and then they went down to \$1.28 and 30 days at that price you get de-listed on the New York Stock Exchange and there were some serious -- Jamie Owen was the chairman of the board. The board brought him back as president and CEO and within a period of two and a half years, 15,000 people were no longer with Corning. He shut five operations.

And unfortunately when you get to issues like that and other issues in public policy you have to peel away the emotion if you can because it's hard to do, and then -- because it's a dollars-and-cents issue. And when you start looking at places where you want to save money, personnel costs are obviously the places you go.

I mean you take a look at school systems today. They're running toward 80 and 85

percent personnel cost on a dollar, so if you're trying to find some savings and you don't go to personnel, everything is on the margin. You cut back sports, you pa pa pa, you know you're playin' around with all that stuff, and the model of when you work for the state or the county or a town, you have to accept that model. I mean that's the way the model works.

And hopefully a good, strong economy turns that ship around and if you were a member back when all of that was happening, the federal economy wasn't a helluva lot better than New York and it was a while before it got turned around and then everything started to move.

And when you have a structure, particularly your local government model which is predominantly off the real property tax, unlike the State model which is predominantly off income and sales, you get two sets of pressure that are constantly banging and the State's way of saving money is basically to look at the cost of the personnel side first because where are you gonna go to get that kind of money?

You can leave everybody -- leave 'em in place and raise the taxes accordingly, or you do a mix and that's what happened in the early Cuomo stages when they fiddled around with the high end of the income tax. I mean we had effective income tax in double digits, like 15 percent. I mean you didn't have -- you didn't have to go too far to find --

Well, first of all, you wouldn't have the announcements that we have read today about the possibility of two chip plants going into Saratoga County if you had a 15 percent marginal income tax rate. In those days they used to call it the New York State differential. When somebody came in they offset the high end employees by paying them an offset because of the State taxes.

New York State has gotten very competitive on the personal income tax side. You could make an argument there's probably some stuff still to do, particularly on the estate side, but the real property tax has become the culprit and it's -- it just wears people down.

And this year -- well, I don't know

what the percentages were but most of the school districts passed their budgets today like -- yesterday except for Mechanicville. CSEA still is in this battle with a lot of the public employees that are in school systems, and now that the vote is all on one day rather than staggered all over the place like it used to be there's more pressures to bear on that concept so you're never gonna get away from it.

I think it -- if the pension system keeps goin' the way it is I think they'll be all right and they won't have to go back and re-enter the whole tier concept; at least I'm just sort of guessin' at that, but public employees in New York are always gonna be in the forefront of public policy.

You got a brand new Governor, some Governor, coming in. The question is, how Draconian does he believe it is and is this the rerun of the first year of Hugh Carey when he said the days of wine and roses are over?

I remember the budget book that came out in Hugh Carey's first year that was green cover, naturally; had all the explanations

whatever except two sets of tables in the center of the book that were totally off from the description, and there was a last-minute ten percent reduction straight across the pages. That was the Governor himself doin' it. He just didn't like the way it came out.

Now the question is if you're Spitzer and you've got some tough decisions to make, are you gonna make 'em in that first year? Mario Cuomo, first year Governor, tough decisions. Economy goin' to hell in a hand basket. When am I gonna do it? Now or in my fourth year when I wanna run again? You make 'em in your first year in hopes that you have a climate that'll allow you to do it.

And if everything stays the same, Senator Bruno continues the leadership in the Senate, Shelly Silver continues in the Assembly, you got Spitzer, you got an interesting public policy model and is Spitzer gonna sit around and wait for a cooperative atmosphere? My guess is he's gonna come out with both guns because you -- whatever he thinks he has to do to right the State or correct things here and there, he's

gotta get it started in the first year when you got all your leverage.

INTERVIEWER: That kinda leads into a question and you alluded to this earlier with the whole idea of a lot of debate on public policy issues becoming polarized.

Certainly we see that between CSEA and your organization, the Business Council, that publicly there are certainly times when we're just at opposite ends of the spectrum --

MR. WALSH: Right.

INTERVIEWER: -- and we may lock into a particular point of view that's somewhat a generalization but probably the same could be said --

MR. WALSH: Right.

INTERVIEWER: -- of the Business Council in terms of the positions.

Why is that and how do you overcome it?

MR. WALSH: Well, I think you just keep talking. That's how you overcome it. There are some things that are -- that we do basically because we're considered to be the

watchdog of the -- the business watchdog of the process. We have very effectively over the years changed our model.

We now have a score card that we have that you can get off of our web site of all the legislators. We determine the score on that very intelligently because, first of all, you don't want to do it wrong. And second of all, you want to make sure you're objective on that subject and that score card was never designed to assassinate or to coronate. It was basically designed to maybe change some behavior and that's really the best thing you can get out of public policy whether you're on the CSEA side or the Business Council side.

And that is the how do you change the legislators' mind when you don't think they're goin' in the right way. We monitor God knows just about every bill that's put in. Don't spend a lotta time on some of 'em. We spend a lot of time on others. Our agenda runs all over the lot, from the environment to taxes to education and, you name it.

Because of that and because we have a

very effective Public Policy Institute and we use our web site very effectively in a blog sort of a way, we have energized the outside view of what we do dramatically. We have staff who repeatedly do op-ed pieces for two or three newspapers in New York; one in particular, the Post, the New York Post, which gets the Public Policy Institute/Business Council into frequent agendas and it comes off maybe as being strident sometimes but sometimes the situation dictates that.

And I mentioned also the style sometimes. I mean Hugh Carey's -- one of Hugh Carey's fascinating styles was that he used the mansion as an entertainment center. There were two or three events a year that involved legislators and their wives.

To a great extent Mario Cuomo discontinued that, but not completely. This Governor doesn't do that.

Now what am I saying? Well, what I'm saying is that if you've got people that you want to get something done with, you oughta bring 'em in and talk to 'em and sit 'em down at

the table.

I -- it was very common during Hugh Carey's days to walk into a room and find Ted -- not Ted Wenzel, but I'm tryin' to think of --

INTERVIEWER: Bill McGowan?

MR. WALSH: -- Bill McGowan sittin' there or Tom Hobart, and you could go right down the line with all the unions. There was no Dennis Rivera then, not to the extent that you have now. And he would sit there and say: Listen, you know, we gotta straighten this thing out. Everybody's had your say. You've been bangin' on it publicly for a month. I gotta find some common ground here, you know, but you don't see that any more. You really don't.

The so-called three men in the room, you can have a small room with that discussion. That wasn't the model that was used years ago. Now does that mean the model that's used now is right and the old model was wrong? No.

I happen to think that if -- first of all, I don't think the CSEA and the Business Council have an adversarial relationship. We have a healthy disagreement on things. Any more

than we do with the teachers or the School Boards Association, but I think a lot of that is just prompted by the whole pressures of the real property tax and the public -- and all of a sudden now here, what, a year ago, 2004, the Brennan Center?

Some guy uses the word "dysfunctional" and all of a sudden it sticks? I mean I -- to me that was a fascinating period because all the editorial boards picked up on dysfunctional; all the talk show hosts and there are lots of them. The blogs, and I mean we have a totally different media world.

I mean you guys answer to media inquiries and media responses or media statements in a manner that you've never even dreamed of ten years ago. You're constantly doin' that and because there is appearance that Albany's dysfunctional, people have a tendency to be aggressively going at positions of both the Business Council and also the CSEA, so you're always on the defensive.

So you get the opinion that nobody is your friend any more and where do you find

friends to get things done, and that goes back to my apples and oranges thing. I mean if I wanted a bucket of apples legislatively ten years go, they'd ask you what kind, Macintosh or another. Now you want to change Timothy's Law you gotta tie it in with rent control. Now you tell me what the two of 'em have in common.

You bring two constituencies together that have no common bond and one is tied to the other. Makes no sense.

INTERVIEWER: With public pronouncements that play with your constituency, is the private relationship different? I mean are there private discussions and the debate goes on or certainly a different discourse in private versus what the public posturing might be?

MR. WALSH: I don't know. I know our challenge, if one looks at our membership and our board of directors, there are some inherent challenges in there when you have CEOs of major energy companies and then companies' CEOs of major companies or energy users and trying to find a middle ground to get that done in a state

that looks upon energy as, you know, they're gonna put a windmill or a transmission line in my back yard, you know. It's a horrible state to try and get anything done in as far as changing energy policy.

They'd better get their act together soon or we're gonna be nothing but official importers of energy and you're gonna have to talk to some guy in Canada or some guy in England as to where you're gonna get juice. That's gotta change, but I -- our audience we think basically -- well, we have a lot of audiences but we spend a lotta time talking to editorial boards.

We spend a lotta time talkin' to anybody who can say anything about public policy.

(End of Side A of tape.)

MR. WALSH: (Continuing.) We spend a lotta time sending stuff to the Legislature. Years ago you used to call a legislator's office and maybe you got somebody that you could talk to. Now the technology is such that, you know, you could -- you can overwhelm a fax number to

the point where you melt the damn thing down.

I mean it's gotten so sophisticated when we did Prop 1 back here in November in 2005, I think CSEA was supporting that.

INTERVIEWER: M-m h-m-m.

MR. WALSH: It was an interesting mix of people. We ended up doing these robo calls on the telephone with the voice-over of Guiliani, Spitzer, Hugh Carey and I think Ed Koch or Pataki. Remarkable constituency of public policy, I mean, and people were fascinated with the fact that Guiliani would call and they'll listen to it, why, and you know, and all of a sudden this Prop 1 think took a life on of itself.

There wasn't an editorial board in the state that supported it and it appeared to be, on the surface, to be a huge clash of people that were supporting it and those that didn't want it and it appeared to be a legislative takeover of public policy and constitutional domain when in fact it might have been, but you had the incumbent and the potential next Governor and everybody saying it was a power

grab.

A lot of the people said it was just basically the unions trying to get their friends in the Legislature to a point where they had more power and could get more things done, but it didn't happen.

But at the same time the Transportation Bond issue passed right next to it and we have supported every Transportation Bond issue that I can think of and I've been at the Business Council 19 years, have gone on the road with guys, God rest his soul, like Bill Hennessey and others to pass the bond issues which have been, when you look at the unions attached to bond issues, particularly transportation bond issues and what I got done, you got a good mix of obviously the private guys, the contractors or whatever unions and CSEA to a certain extent.

So our working relationship has been very productive. We try not to make it adversarial. It comes off that way but it's not designed to be that way. It's just how people perceive it.

INTERVIEWER: How do you perceive CSEA as being different or alike to other unions that you've encountered?

MR. WALSH: Oh, I think their historical structure makes them stronger because they've been here so long and I think it's a credit to the leadership of CSEA over the years that they have stayed stable and are perceived to be an intelligent union and, you know, obviously you're doing what you have to do. You've got terms and conditions of employment. You've gotta fight for that for the people that are in your rank and file and that's what your job is and I think you do it well.

And the difficult part of it, I think, is to deal with public policy wants, want to change a lot of things that affect terms and conditions of employment, and how you basically have survived all the changes. I mean you got a bunch of high-end Governors when you're talkin' about -- high-maintenance Governors as I would call 'em, between Carey, Cuomo and Pataki.

Just take 12 years and then go back to Rocky. I mean I wasn't here for all of Rocky

but I was here for one full year and one year of Malcolm Wilson and most of that was just observing, but you put Rockefeller, Carey, Cuomo and Pataki in line and then have to have a union called CSEA who is still around surviving and is -- and doing very well, you gotta find a way to get it done in changing environments and I can't imagine environments changing any more dramatically than those four people.

And the -- I've got some close friends who were very active with Ted Wenzel's group back then when Rockefeller was Governor. I mean the stories are legend. You couldn't put 'em -- if you could write a book and put 'em in it you would definitely be able to sell it, but you -- you'd have to take the names out. Nothing would sell but --

INTERVIEWER: Suggest a distinction.

MR. WALSH: Right. But it's been a good pro-active union and it will be because it's part of the fiber. I know you've had -- over the years CSEA's had their competition in the rank and file area of unionizing and I think that will continue. The question is where does

the next generation of expansion come from and where are the possibilities of expansion.

I think that's probably, without talkin' to Danny and -- that's probably one of the big challenges that that union has, unions have. That's the big challenge of business in New York. I mean we're lookin' at -- when I first started in politics we had 41 Congressmen. We have 29 now. We will definitely go to 28 in the next reapportionment and possibly 27. That's a loss of a lotta clout in Washington.

If you -- if you put two freshman senators in, whose names are not Clinton or Schumer, in that arena where power and seniority prevail and then leave the current Congressional delegation right where they're at without any changes in the House, the fortunes of New York aren't gonna look too hot and you start seein' it now. You saw it in the debate over the Homeland Security funds for New York City. A little bit of that's startin' to surface as to where our clout is and why we're getting short shrifted.

And you're gonna see more of that. I

think you see it in the presidential elections. I mean can you imagine having a presidential election when the winning President never appears in the state of New York to campaign?

INTERVIEWER: Sure.

MR. WALSH: It's amazing.

INTERVIEWER: Yeah.

MR. WALSH: So you gotta ask yourself in the big term, you know, as a union or as a Business Council or whatever: What -- what's the model that we're in. What's the long-term viability of the organization? What do we have to change? Where do we go to find more friends? Where do we go to find more potential unions?

I mean obviously health care's the exploding industry. That's a huge challenge. CSEA's got their own challenges with others in that arena. The Business Council's mission in life has always been a challenge. There are lots of organizations who look and talk like us and we're competing with 'em every day.

And as the population changes in New York and it's going the wrong way, and as public policy appears to be coming out of Washington

more and more than there is in New York, the companies that give us the dues and give us the money for advocacy is shifting their monies towards D.C. and that's our big challenge.

INTERVIEWER: As we come down to the end of our interview let me ask you for some short takes on some of the personalities that you've known in CSEA.

You've mentioned Ted Wenzel and I say that virtually everybody that we've interviewed always gets a smile on their face when I mention the name Ted Wenzel.

MR. WALSH: I knew him well. It was more on the edges. I did know -- I mean I was in the Minority my two years when I knew Ted. He was very respectful to members in my -- I think my background as a teacher and the president of a teachers' association in a very small community was fairly well-known during the campaign and I was known as the walkin' teacher as Rockefeller would say, and he called everybody Bill so, you know, it was the easy way to remember people's name; just call 'em all Bill.

So -- and I remember the events. In those days, too, it was very common to have watering holes that people attended after the Session and that's how you meet people. Well, not too far from here were two great places called the Ambassador and the 21 Club where you ran into most people you wanted to meet at one point in time or they came over and introduced themselves.

That's frankly where I met most of the union leadership, in those two watering holes, and there were social events. The big AFL-CIO reception, CSEA had theirs. You don't see that any more maybe because of the lobbying laws. We had one reception in January.

We had no more during the course of the year because the monetary amount that you're allowed to disburse per State employee/legislative official has been changed, so that has changed conduct so to speak, and probably rightly so.

But it's also changed the availability of intermingling. You know, you can stand outside a legislator's door and knock all you

want but if you don't get in to see 'im, you're never gonna create any relationships.

There were ways to create relationships years ago that don't exist today and it's harder and harder and there 105, I think, members of the Assembly. I basically don't know anybody who can tell you who the 105 are by name.

INTERVIEWER: Interesting. Now after Ted Wenzel, Bill McGowan was the president. I would imagine since you were from Western New York as he was --

MR. WALSH: That was West Seneca Developmental Center wasn't it? Yeah. Well, I remember that era very vividly because, one, of the Willowbrook Decree, Hugh Carey and the -- I'm trying to think of the doctor's name who became the health commissioner -- but the big issue was the psychiatric centers, the developmental centers and what do you do with the Willowbrook Decree.

I happened to be then part of that period. I happened to be a member of Ways and Means in the Assembly and we created a

subcommittee headed up by, God rest her soul, Elizabeth Betty Connelly who just recently passed away.

We visited every developmental center and every psychiatric center in New York State over the span of the summer. It was one eye-popping experience. It was extraordinary, and to this day I still remember some of the scenes, not necessarily good.

Carey changed that whole scene, that whole scene of going out in the community with community-based homes. That was not popular with CSEA in those days because it transferred, obviously, the potential employment to an institutional setting to a community-based home with the possibility of eliminating, actually, the State employee in the process.

So those were tense times but Billy handled it well. Carey handled it well and now we have -- the model is almost completely reversed, so those were good days.

INTERVIEWER: What about Joe McDermott? Do you have a lot of interesting --

MR. WALSH: Didn't know that much,

didn't interact that much with Joe.

INTERVIEWER: Okay. Probably that was around the time that you were heading over to the Business Council --

MR. WALSH: Yeah. I came to the Council in '87; April 4th, 11:35 in the morning. I remember it vividly.

INTERVIEWER: Tell me about Danny Donohue.

MR. WALSH: Danny I've gotten to know real well. Got a great staff. Some of the staff that's with Danny that runs the governmental affairs I knew back when I was in the Legislature. Danny and I co-chair a golf event for the Irish Museum and I've known him -- oh, I've known him for quite a while. He's doin' very well and rumor has it that he might be running for bigger things at the national scene and I hope he gets it. He'd be good.

I think he still is an international VP in AFSCME and so if he's -- if he wants to go after the big one, that'd be great, but we've -- we were close. We've got a good healthy respect for each other. From time to time we kid about

our -- he claims at one time I was one -- one of us, he said, and then he went to the dark side. (Laughter.) He'd joke about it. You know, you don't take it serious.

INTERVIEWER: And you mentioned earlier the interview with Bob Lattimer as being one of the first people you met in CSEA. Tell me about your experience --

MR. WALSH: I used to have a problem with Bob because he never smiled.

(Laughter.)

MR. WALSH: Coming from Western New York, you got to Albany only two ways, either -- well, three ways. You took a train that was a lot longer than it is today or you drove or if you took one of the -- in those days, frequent flights.

I mean years ago you could get a round-trip ticket on People's Airline for 59 bucks, which sounds outrageous. Even then it was, you know, relatively cheap, but there was a lotta competition on flights and so it was not uncommon to bump into Bob frequently and usually you would bump into him at different events and

then during the political season.

But he always was very stern and tall and he had a level of importance that was beyond himself as people would say, but he was a firm believer in what he did and he always -- he was very prominent during the election cycle because he pretty much -- at least he gave the impression anyway, he pretty much controlled the endorsement process for Western New York legislators.

Until, I'm sure, from time to time the top dog would get on the phone and tell 'im to calm down, you know, we haven't really decided on this one (laughter), but he was good.

INTERVIEWER: Now, you really answered this question but let me ask you one more time. Why do you think CSEA has been able to survive and thrive for close to a hundred years?

MR. WALSH: They've been pro-active. They've been very intelligent and they haven't taken the rigid partisan positions that other unions have gained the reputation of doing because in the mix of public policy today you really have to be careful where you take your

constituency because the union is only as good as your members and your members are all over the lot politically, any more than were people that I deal with, so you have to be very careful where you take 'em.

But there are trends and things have become obvious but they've basically done, I think, a good job dealing with public policy in the political process where they haven't been shut out of anything. They've always been allowed at the table and that's the secret.

You don't want to put yourself in a position where you're considered a risk at the table because you may upset somebody else, and when you're not considered a risk you can get some things done.

If you're considered a force, that's one thing, but a risk is totally different and I've never met anybody that's been attached to CSEA that put them or their membership in a risky position. They've had some firm opinions but they've never been really risky.

INTERVIEWER: Well, Dan Walsh, thank you very much. We greatly appreciate you being

so generous with your time and providing some wonderful insight for us.

MR. WALSH: Thank you.

(Conclusion of interview of Daniel Walsh.)

