

Chapter Nine:
For Regional and Rational Transport

In 1972, the second of the "twin towers" of the World Trade Center neared completion -- the ultimate expression of the inner city as forest of skyscrapers. People in many of America's large cities could not avoid noticing that their physical surround was becoming considerably more elevated. Not every city had 100-story buildings, but in a dozen cities, thirty- and forty-story-high buildings replaced entire blocks of smaller and lower structures that had existed for the previous hundred years. At first such changes seemed positive, because the old buildings had been dilapidated, but there was soon a realization that the old pattern of smaller buildings had sustained residential as well as business uses, while the new taller structures were strictly for business, and that while these new tall buildings brought greater daytime population density to downtown Boston, Baltimore, Chicago, Cleveland, Detroit, New York, Philadelphia and Washington, they accelerated the depopulation of the center cities in the evenings and on weekends, and served to further aggravate the problems of conveying people to and from the city centers. Skyscraping meshed with the final stages of ringing the major cities with interstates, which worsened the effects of both construction binges. Moreover, highway tendrils penetrating from the outer suburbs into midtown centers further enabled suburban residents to distance themselves from the life of the city by allowing commuters to drive to tall-building places of employment, and to return home again, without ever interacting with the rest of the city.

Kheel had long believed that transportation was the key to sustaining a future livable urban environment. Having won the battle of the 1971 bond issue, he was at the height of his public power. With no particular plan in mind but the desire to push for more rational regional transport, he pursued various opportunities that came his way to act in support of mass transit and against further erosion of the city by automobiles and highways. He became chairman of the advisory board of the Highway Action Coalition, which opposed further highway construction and advocated dipping into the federal highway trust fund to assist mass transit, a proposal being considered by Congress in late 1971. He convinced New York City to sue General Motors for monopolizing the bus market and blocking the production of cheap buses in order to sell more automobiles, which impeded progress in mass transit; a similar federal suit against GM, for pushing cities to switch from electrified trolleys to less-efficient buses, had been settled earlier by a consent decree, but this was the first time a municipality was suing to break up a monopoly.¹ At an anti-highways meeting, Kheel prophesized, "I can see it now -- the year 2000 A.D., when New York State will be criss-crossed by a thick web of highways and the Second Avenue subway will still not be completed."²

If his plans for achieving rational regional transport seemed scattershot, nevertheless the critiques of current policies that Kheel

¹ General Motors lobbied to have Kheel stricken from a list of witnesses at a Congressional hearing on the matter, because of his alleged bias against autos, and moved to transfer the trial out of New York, claiming that Kheel's views would have too much influence over prospective jurors and prevent GM from obtaining a fair trial.

² The Second Avenue subway, for which tunnels were dug, has been permanently shelved (interred?) as a city construction project.

had sounded were increasingly echoed by others, especially his warning about the social costs of the World Trade Center.³ Real estate developer Harry Helmsley asserted that the Twin Towers were unfair competition from the Port Authority that was hurting downtown property owners, because while private builders had to charge \$9 per square foot in a new building just to break even, the World Trade Center could charge \$7, because the PA could borrow money at lower rates than commercial developers and pay less in taxes. Adding to commercial developers' woes was that a third of the space in the towers was being filled with state offices moved from quarters they had previously rented from commercial landlords.⁴

Other Kheel ideas Rockefeller had labeled as "crazy" during the 1971 campaign -- mandating that the PA apply its surpluses to mass transit, build rail links to the airports, and restructure its board -- were now embodied in bills moving through the state legislature. As more people came around to Kheel's point of view, there were calls for him to replace Tobin as Port Authority executive director.

William Ronan wanted the job and was more qualified. Kheel counseled Ronan against taking the position because a "heavy cloud put there by Mr. Tobin," namely the covenant, would prevent him from changing the PA's stance on mass transit. Kheel wrote a tongue-in-cheek Help Wanted ad in *New York* for the executive

³ Kheel discovered that the legislature had originally approved only one 72-story tower, and that Tobin had then built two 110-story buildings without legislative approval.

⁴ The opening of the World Trade Center added 10 million square feet of office space to a market that was already saturated, and is considered in retrospect to have contributed substantially to a slump in the construction and real estate industries that lasted for a half-dozen years; by depressing the market, it also resulted in lower-than-anticipated city tax collections, which contributed to the near-default of 1975.

director of “the most powerful state-within-a-state outside of the Vatican,” whose perks included “use of chauffeured helicopter.”

In late March, 1972, the Second Circuit federal appeals court dismissed Kheel’s suit against the Port Authority on a technicality. For this second go-around, the PA’s lawyers had changed the basis on which they attempted to rebuff Kheel: they attacked his standing in court. To sue in a federal court, a plaintiff had to show \$10,000 in potential gains or losses at stake.⁵ Kheel’s advisors had suggested that he argue that because the Port Authority had not built rail links to the airports, he had to take \$12,000 worth of taxis to reach the airports. Kheel recalls that “The appeals court said that ‘Given the age of Mr. Kheel and the amount of time it would take to build Mr. Kheel the kind of transportation system he requires, he won’t live long enough to see it happen,’ so they ruled I didn’t have standing and there was no federal jurisdiction in the case. They said nothing about the real issues.” Kheel mulled an appeal to the Supreme Court. A second chance to challenge the constitutionality of the covenant sprang up in New Jersey, as advertising executive Daniel Gaby took Kheel’s New York complaint, word for word, and brought it as his own suit in state court there. Gaby was delighted to have Kheel and his associates do the legal work on this suit for him. With two suits in hand, Kheel was able to goad Standard and Poor’s to issue a letter warning that the constitutional conflict raised in the suits “must be resolved” before any future PA bond sale.

⁵ At that time, the Supreme Court had ruled that the claims of all members of a class action suit could not be aggregated to meet the threshold amount; in later years, well after the Kheel suit was settled, the Court reversed its position on aggregation.

Ronan angrily withdrew from contention for the PA executive directorship, charging the commissioners with being more interested in making money from bonds than in mass transit. The governors were also irate, and a few weeks later, when the PA commissioners attempted to elevate the head of the World Trade Center to executive director, Rockefeller exercised his veto, and accompanied it by words that Kheel had been trying to get the governor to utter for years: that the next director must be "a man outside the organization," because the public could not afford "a continuation of the Tobin structure, which as everyone knows was opposed to mass transit." The governor's close associate, Ronan, in his capacity as MTA chief, next threatened to ask the federal government to reject the PA's attempt to obtain \$10 million to modernize two PATH stations from funds earmarked for mass transit.

Even the Port Authority itself seemed to be yielding to Kheel's viewpoint: a commissioner revealed that the authority was going to recommend to its bondholders that its bridge and tunnel tolls be doubled and the surplus applied to mass transit. Of course, the commissioner added, obtaining bondholder approval was going to be very difficult because many of the bonds were "bearer bonds," which meant that the names of the bondholders were not on them, so "it may take two or three years to get the approval." Citing those drawbacks, Kheel called the bondholder approval scheme a "cynical fraud," a "diversion" to impress the public and the governors.

In mid-November, 1972, Cahill and Rockefeller announced "a dramatic and significant breakthrough," to have the PA spend \$650 million on rail links to the airports, a PATH line extension, and other

rail projects. Legislation was to be introduced in both states that would eliminate the restrictive covenant from future bond offerings. Kheel continued to scoff at such plans, pointing out that the laws now on the books prevented any PA money from being used for mass transit until current bondholders were paid off -- in the year 2007.

In late 1972, the Supreme Court refused to hear the appeal on Kheel's New York case. He said he might re-file in New Jersey state court where the \$10,000-per-plaintiff rule did not apply.

A new PA bond offering was to be made. Kheel went to the public session where its prospects were explained, and was booed by the well-heeled crowd. But Standard and Poor's backed Kheel's assertion about the use of the proceeds from these bonds. S&P had had discussions with the Port Authority, and on the basis of those had concluded that the bulk of \$650 million for the new rail projects would have to come from the federal government, because the PA's covenant would allow it only to fund those parts unrelated to mass rail transit and that had the promise of becoming profitable. The bonds were, therefore, free from the possibility that the proceeds might be used to help money-losing mass rail transit. When this became known, the bonds were snapped up by investors, overnight.

Throughout early 1973, Kheel continued to assail Rockefeller and Cahill for inaction against the Port Authority, constantly making charges that were news "pegs" on which reporters could hang stories. He accused Rockefeller of reneging on a promise to have a study done on financing transportation on a regional basis. Then Kheel predicted that the subway fare would shortly rise again, from 35 to 60¢. In a third blast, he asked why the state couldn't back a plan

similar to that recently put into effect in the Atlanta area, in which voters readily agreed to a regional sales tax in order to reduce bus fares from 40 to 15¢. Kheel cobbled together a proposal, to be promulgated under Lindsay's name, to roll back the New York fare to a quarter. The rollback idea went nowhere in Albany, in all probability because of Rockefeller's antipathy to Lindsay, but Kheel saw no other avenue along which to pursue it, and dropped the idea.

* * *

New Orleans, Las Vegas and Chicago, where real estate was less costly and where larger facilities could more easily be built, were luring exhibitions and convention business away from New York's Coliseum. A new exhibition center for New York City was being planned for an old midtown railroad yard at the edge of the Hudson River. The legislature had approved the plan, Rockefeller had endorsed it, and most public officials had signed on to it. But there was strong grass-roots opposition, because, as Kheel charged, the center was "a splendid object lesson in how we are killing the city."

When it seemed likely that Kheel would be in the forefront of those publicly disagreeing with plans for the new center, friends and enemies started calling him -- a testament that his public opposition was viewed as a real threat. Edward Cleary, president of IBEW's Local 3, asked Kheel, "How can you be against it? It means jobs." "Building the gas chambers at Dachau meant jobs, too," Kheel retorted. Developer Donald Trump, who owned the property on which the exhibition center was to be built, also tried to dissuade the

mediator from opposition; Kheel rebuffed him. A third suitor was William Liebwohl, general counsel of the Triboro Bridge and Tunnel Authority, which owned the Coliseum and did not want a competing exhibition center. "Moses wanted to retain me for \$50,000 to speak out against the exhibition center. I told Bill Liebwohl that his money would have put in question the integrity of my position, and that I was going to oppose the thing anyway, so why waste his dollars."

What he did accept from the TBTA was information about a study done by an engineering firm, which had advised the building of connecting east-west lines for the north-south subways before considering construction of a convention center. In public hearings, Kheel asked why this study had been ignored by the very city officials who commissioned it. He charged that the transportation needs attendant on a new center had been completely disregarded, and that the proposed site was both too far away from existing subway lines and "immediately adjacent to a dilapidated expressway already inadequate for its present load." The expected 75,000 visitors per day would only be able to reach the new center by car, taxis, truck or bus, which would increase traffic problems.

In the *Village Voice*, Kheel tied together his opposition to the convention center and to the World Trade Center. The previous quarter-century had seen the addition of more highrise space to lower Manhattan than to all the other large cities of the country combined, but, Kheel wrote, to reach the "concentrated forests of steel and concrete" from within the city had become more difficult. As with the Trade Center, the convention center was to be erected first "and the means of reaching [it] to be considered later, if at all."

Would no one see the light on regional understanding of transportation and the need to support mass transit? In Washington, the notion of dipping into the highway trust fund for aid to mass transit, already passed by the Senate, failed in the House by 25 votes, nine of them by metropolitan New York area members; another six area legislators managed to be absent at the time of this critical vote. Later in the year, though, Congress did pass another measure that Kheel and other advocates of mass transit had long sought, a bill that for the first time authorized federal subsidies for local transit operating costs. But Nixon wouldn't sign it.

In June of 1973, when Governor Rockefeller announced a new and larger transportation bond issue, Kheel told reporters he would "strenuously" oppose it if it contained too much money for highways. Shortly, details became available: of the \$3.5 billion, \$183 million would be direct subsidies to subways and rail lines, to hold fares at current levels for two years, and the entire package would include buying a thousand new buses and extension of a subway line to Co-op Cty in the Bronx. Kheel pronounced himself pleased that for the first time the state was agreeing to the need for a continuing subsidy to subways, but decried the bond as a reincarnation of the 1971 issue, as "a highway plan in mass transit clothing."

Nelson Rockefeller now determined that he ought to have Ted Kheel with him instead of against him on this new bond issue. Jerry Finkelstein, publisher of the *New York Law Journal*, was an intimate of the governor, who had recently appointed him as a commissioner of the Port Authority. Rockefeller asked Finkelstein to call Kheel. "Jerry asked if I could go to Pocantico Hills to meet the governor for

breakfast. It was a weekend, and I was in the Hamptons, so I said I couldn't make the long trip by car in time for breakfast. He said Rockefeller would send a helicopter." On a Sunday morning, the chopper landed on the beach at Finkelstein's home in Southampton and took the two men to the governor's family compound. There it settled on the Rockefeller golf course, dotted with Alexander Calder sculptures. "Rocky was standing at the top of the stairs, and greeted us with his signature 'Hiya, fellas. Come on up.' When we sat down to eat -- the largest blueberries I'd ever seen, the size of marbles -- he quickly got to the bond issue, and wanted to know what I wanted in exchange for my support. I suspect that I could have asked for anything -- a judgeship, money, a state position -- but I told him that my price was that he once and for all get rid of the Port Authority's covenant against mass rail transit." The price had several parts, repeal of the covenant, but also a public letter from the governor to Kheel and a second letter in support of Kheel's new suit in state court against the covenant. "After I finished laying all this out, he turned to an aide and said, 'Get Bill Ronan out here' -- Ronan was inside, waiting in the wings -- 'and let's see what we can do.'"

Questioned by reporters about the trip, Kheel said he had been "wooded but not seduced," and as yet could not support the bond issue. Rockefeller was waffling on the language of the two letters; Kheel held firm, and only publicly changed his position after receipt of a "Dear Ted" missive. It contained a Rockefeller acknowledgment that the Port Authority had been set up "exclusively" as a transportation coordination agency, that it ought to "plan and develop" a regional transportation system, that "all legal steps should

be taken to remove” the PA’s covenant against helping mass rail transit. Kheel heralded Rockefeller’s “forthright and comprehensive statement” about the Port Authority as a “first step of utmost importance” in a regional approach to transportation problems.

With his praising of this letter, Kheel had completed a neat trick, for, as he later admitted, he had actually written the ‘Dear Ted’ letter for Rockefeller to send. Revelation of the true authorship of the letter, however did not deter it from accomplishing one significant purpose: coaxing the organs of the establishment to fall in line. The *New York Times* was soon writing, in an editorial:

The Port Authority was created as a transportation planning agency ... designed to serve commuters and others needing transit service. Its record, however, shows flagrant neglect of this duty and a subservience to bond holders at the expense of transit riders. That policy was reflected in the authority’s construction of a World Trade Center, with office space rented to all comers, while it failed to build needed rail links.

These had been Kheel contentions. The Port Authority had resisted them at every turn, and in the past the *Times* had not agreed with them. Once again, Kheel’s notions had ascended from being considered fringe or “crazy” to the status of mainstream opinion.

He had an agenda, but did not pursue it in a single-minded fashion, perhaps because the goal -- rational regional transport -- was too large to be accomplished by a single stroke. Moreover, he

continued to have a press problem. "It was about what tag the papers and TV could attach to me in these fights. The rewrite men and editors would ask their reporters why a labor mediator should be quoted about a bond issue, and if they couldn't give an answer, would drop me from the story. So I incorporated an organization, and the press was then able to tag me as 'president of the Authority for Coordinating Transportation, Inc.' whose acronym was ACT."

As the relatively low-key pro-bond issue campaign wound its way toward a November vote, Bergen County Superior Court Judge George B. Gelman ordered the PA to defend its covenanted refusal to assist mass transit, expressing surprise that the Authority would think it was "above and beyond the legislature" on such an issue. When a lawyer for the PA contended that an adverse ruling would jeopardize the rail links and other mass transit expansions, Gelman labeled the PA's notion "almost like blackmail."

The legal basis for repeal of a covenant without violating the constitutional guarantee against impairment of contracts was laid out by Kheel and his lawyer son Bob in a law journal article. Harking back to one of the foundation cases of American jurisprudence, *Dartmouth College v. Woodward*, argued successfully for the college by Daniel Webster and decided by the Supreme Court in 1819, the Kheels pointed out that in reaction to that decision most states, including New York and New Jersey, passed constitutional provisions declaring that "the rights conferred by a state charter are both revocable and alterable by future legislative acts." That provision had permitted New York to repeal a statute on which Roosevelt Raceway had relied, even though the repeal had caused the harness

track to lose about a million dollars, and it would now, the Kheels argued, permit the repeal of the Port Authority's covenant.

As if to support Kheel's contention that the Port Authority cared nothing about mass transit, the PA next tried to raise the only mass transit fare it controlled, that on the PATH line. Kheel threatened to withdraw support for the new bond issue if the governor did not prevent that hike, and Rockefeller obliged with a public blast that a PATH fare raise was "inconsistent with my plan to stabilize transit fares throughout the region," and an instruction to New York's PA commissioners to vote to rescind the increase. They did so, but the New Jersey commissioners voted to keep it. The Interstate Commerce Commission then swiftly rejected the fare hike.

Campaigning for Rockefeller's transportation bond, Kheel learned, somewhat to his chagrin, that his attacks on the earlier bond issue had returned to haunt the present campaign. Newer critics challenged what this time around was Kheel's assertion that the 1973 bond issue would preserve the fare at 35¢, and reiterated his earlier warning about federal money for highways making the balance far less than 60-40 for mass transit. Kheel could reason against those sort of attacks, but he could not stomach one by Allan Wolper in the *Village Voice*, under the headline "Why Ted Did It." The combination of headline -- not written by Wolper -- and article implied that Kheel's support on the bond issue was the result of a deal that would accrue to his personal gain. "Curious circumstances" surrounded the timing of Kheel's pro-bond stance, Wolper wrote, and he raised the possibility that Kheel had agreed to support Rockefeller in exchange for the state Banking Commission's approval of an acquisition of

another bank by Republic National Bank (Kheel was chairman of Republic's board), even though, Wolper added, "There is no proof that Kheel's turn-around on the bond issue had anything to do with the proposed merger." Kheel wrote to the editor, calling the charge of *quid pro quo* "libelous" and threatening to sue if a clarification was not issued. A modification of sorts, printed in the next *Voice*; assigned blame to the headline.

On the evening of election day Kheel was the host at a black-tie party at Automation House: the guests watched television reports as the 1973 transportation bond issue went down to almost as decisive a defeat as had befallen the 1971 issue. City voters did say yes to the bond issue this time, by a margin of 150,000 ballots, but it lost statewide by 400,000 votes. Kheel called the positive city vote "the ultimate triumph of the battle I've been fighting ... to get people to see subways and buses as our most valuable asset," but this claim sounded hollow. More keenly than anyone else, Kheel realized that the rejection of this bond issue retrospectively threw cold water on any claim that he had caused the defeat of the earlier one.

* * *

President Nixon, in what was labeled as a "major policy reversal ... spurred by the fuel shortage," in his 1974 State of the Union address embraced the notion that many people, including Kheel, had been publicly championing for some time, that mass transit was a reasonable alternative to being held hostage to imported oil. The president proposed federal subsidies for mass

transit operating costs, and asked for an authorization of \$2.5 billion a year for the next six years. Kheel dourly estimated that even if New York City received ten percent of this aid, its mass transit would still be \$150 million short of getting out of the red. As 1974 wore on, bills embodying Nixon's transit aid plan passed Congress but remained in limbo, the differences between House and Senate versions unresolved while Congress tied itself in knots over Watergate's cumulating revelations.

After Nixon's resignation, President Gerald Ford asked Nelson Rockefeller to become his vice-president, and Malcolm Wilson replaced Nelson Rockefeller as governor. Both Wilson and newly elected Governor Brendan Byrne of New Jersey then reiterated earlier pledges to have their respective state legislatures repeal the 1962 covenant -- although privately, Wilson opposed that repeal. The governors also managed to ram through the selection of William Ronan as the PA's new chairman of the board.

In response to the proposed action by the state legislatures, Port Authority bondholders sued New Jersey to keep the covenant intact. The litigation was brought by former PA vice-chairman Hoyt Ammidon on behalf of his employer, the U.S. Trust Company, the trustee for two PA series of bonds and the owner of \$96 million of them, but the suit was the Port Authority's idea, and its funds paid the expenses.

It was all very curious. Here was Kheel, trying to push the Port Authority in the direction of becoming the colossus of transportation in the region -- into enlarging what had been Tobin's empire -- and all that the Port Authority seemed bent on doing was to avoid

impairing its ability to float bonds. In the bondholder suit, U.S. Trust was represented by Robert Meyner, who had been New Jersey governor when the covenant had been proposed. (The PA had a history of employing former governors; Tom Dewey had argued for it, winning it the right to use the doctrine of eminent domain to take property then owned by a delicatessen that was standing in the way of completing the World Trade Center.)

More evidence for the critical issue being the PA's ability to raise money by bonds came from a chance meeting in the steam room of a private club. There PA commissioner Gustave Levy, former head of the New York Stock Exchange, Levy boasted to Kheel that the covenants would never be repealed or broken. But Kheel, as a *New York* report put it, had "an ace under his towel," a Moody's bond-rating service opinion that overturning of the covenant would "not diminish bondholder protection." If the bondholders were secure, why would the PA fight to maintain the covenant? Kheel sensed an insider's secret knowledge in Levy's boast, and tried to discover its basis. He learned that Malcolm Wilson, under pressure from the financial community -- in particular, Kheel would later charge, from people such as Levy, who regularly supported Republican candidates -- was about to renege on Rockefeller's commitment to repeal the covenant, despite the repeal's unanimous passage by the New York legislature.

By contrast, Byrne shortly announced that he was not only going to sign the repeal of the covenant but would ask his attorney general to join Kheel's case to declare the covenant null and void. And once Byrne had signed the repeal, Ronan, in what *Barron's*

described as a “stunning reversal of policy,” signalled the Port Authority’s willingness to go along. The repeal, Ronan said, would “unshackle the Authority from an unnecessary restriction against mass transit.” These actions, and Kheel’s pressure, forced Wilson in mid-June of 1974 to sign the New York State repeal. The New York governor acted with “great reluctance,” he said, because the “plain and simple fact” was that the PA had “virtually no excess funds” to subsidize mass transit.

If the PA had no excess funds now, Kheel charged, it was only because it had refused to double the tolls on its bridges and tunnels. “The battle to get the Port Authority into mass transportation has just begun,” Kheel glumly predicted, saying that “sabotage” by Port Authority bureaucrats would frustrate efforts to put its money into mass transit subsidies. The internal bureaucracy tried to promote A. Gerdes Kuhbach, one of its own, to be executive director; in a newspaper interview, Kuhbach painted himself as a man in the mold of Tobin, and said that when he was growing up, “I always wanted to be a bond salesman.” The governors approved his appointment.

“In this city, if we cannot transport our people rapidly and inexpensively, the entire economy of the city will crumble,” Beame warned when setting up a group to lobby Congress for more transit funds, a group for which Kheel served as a co-chairman. The lobbying had little immediate effect, but Kheel continued to push in other directions for mass transit. As part of a coalition of several dozen community and environmental groups, he testified before a state hearing that the proposed, federally-funded “superhighway” to replace the West Side Highway was a mistake that would accelerate

the loss of manufacturing jobs from the center city beyond the 316,500 lost in the previous five years. Efficient mass transit had held manufacturing jobs in place, Kheel maintained, which was one more reason why federal highway trust funds should be redirected from Westways and toward mass transit.

An unexpected boost to Kheel's cause came out of the hearings held in Congress in October, 1974, about the fitness of Nelson Rockefeller to become vice-president under Gerald Ford. Testimony revealed that Rockefeller had long ago given a half-million dollars to Ronan, and details were unearthed about a transaction in which Ronan had a hand. This was the deal in which the Triborough Bridge and Tunnel Authority obtained bondholder agreement to give some of its surpluses to the subways and buses in return for awarding bondholders an extra quarter percent interest -- an agreement that Ronan had brokered between Nelson as governor and his brother David Rockefeller as chairman of the bondholders' trustee, Chase Manhattan. Years earlier, the participants said that the proceedings had been sealed; now the judge who had been in charge of the matter admitted there had been no formal seal, and so the *Times* and other newspapers were at last able to look at the court papers. Those brought to light a most important stipulation, that the TBTA bondholders had given up the right to challenge the MTA on its use of TBTA surpluses for subsidizing mass transit. Had this stipulation been made public earlier, Kheel said, he would have used it in his suit against the PA, because its meaning was that the extra quarter percent given to the TBTA bond holders had not been necessary in order for the MTA to use the surpluses; rather, the quarter percent

had been a bribe to keep bond holders quiet. The court papers also showed what Kheel had suspected but had been unable to prove: that Tobin had been deeply involved in this TBTA transaction. Kheel charged that the reason the court documents had been held away from him, from Robert Moses' biographer Robert Caro, and from the *Times* for six years was that they would have had an effect on the PA "that the bond community simply did not want to face in public."

The newly-revealed court papers and the story of the half-million dollar gift to Ronan engendered inquiries on several fronts. Byrne called for full financial disclosure by all PA commissioners. An inquiry into the Port Authority's finances was pledged by Representative Hugh Carey, then the front-runner to become New York's next governor. Lewis Kaden, who had left Kheel's office to become general counsel to Byrne, pledged New Jersey's cooperation with Carey's inquiry, should Carey be elected; Carey's opponent, Malcolm Wilson, had refused to convene an inquiry. Kheel used the new revelations, as well, to obtain a foundation grant to study the entire range of the Port Authority's finances and operations.

Details about the Port Authority continued to surface. For instance, in its accounting the Authority made no listings under depreciation of facilities, though all bridges, tunnels, buildings and rolling stock were subject to natural oxidation and decay. For instance, the PA was overcharging New York State for office space in the World Trade Center; the state had refused to pay \$3 million and was on a rent strike against a 45 percent hike demanded by the PA. For instance, the World Trade Center had cost \$300 million over its initial \$600 million price, and it still was not complete; construction