

## LAROCHE'S 30-YEAR ADVERSARY

# Felix 'The Fixer' Rohatyn Is The Modern-Day Hjalmar Schacht

by L. Wolfe

In the dark days of the 1974-75 New York City fiscal crisis, the world financial system, as it does today, stood teetering on the edge of a total collapse. In the three years since George Shultz and Arthur Burns had pushed a reluctant Richard Nixon to pull the plug on the Bretton Woods monetary system, there had been an orgy of speculative looting by Synarchist bankers that had accelerated the process of collapse. These same bankers had looted New York to the point where it simply couldn't pay, and the banks were themselves so bankrupt that they could not roll over the billions in outstanding obligations. If the city defaulted on its more than \$14 billion in debt—a sum then only exceeded by the debt of the U.S. Treasury—it would push the whole financial system over the edge.

To make matters worse for the bankers, there was growing political movement for debt moratoria, for New York City and for desperate developing-sector nations like Brazil. This movement was led, both in New York and internationally, by Lyndon LaRouche. This challenge to the bankers' power could not be tolerated. To put down this rebellion, and to fashion a fascist solution to the crisis, the bankers dispatched their leading Synarchist thug, Felix Rohatyn, the managing partner of Lazard Frères in New York, and an admirer of the policies of Hitler's financial czar, the Reichsbank president and later Nazi Economics Minister, Hjalmar Horace Greeley Schacht.

The choice of Rohatyn to be a new Schacht should not have surprised anyone. Just as Schacht had been guided by the Bank of England's Montagu Norman, Felix—who had himself fled Schacht's Nazis in Austria and ultimately arrived in the United States in 1942—was placed early on under the wing of André Meyer, the head of the Synarchists' Lazard Frères banking house. The young Rohatyn was reportedly

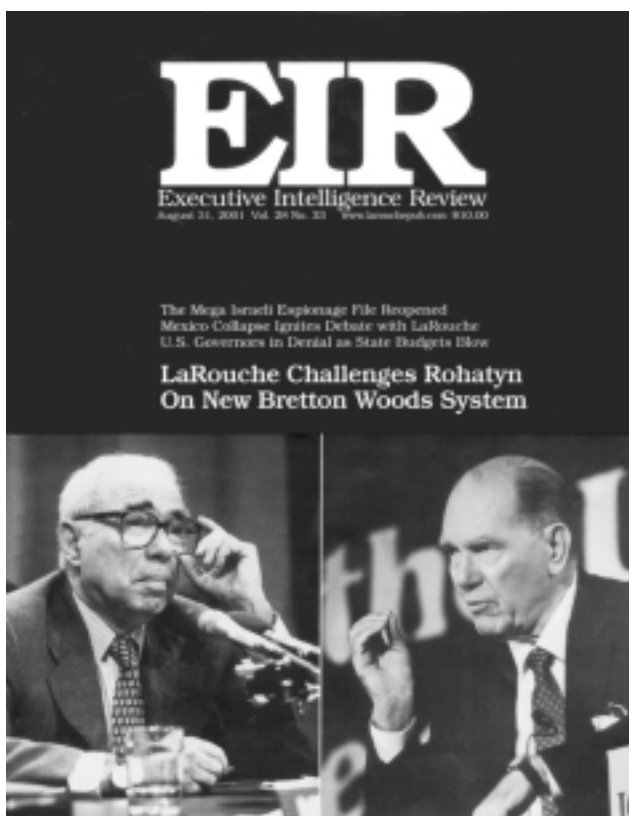
introduced to the powerful Meyer by the Canadian whiskey czar Samuel Bronfman, who explained that Felix had some ruthless traits that Meyer might find useful. Meyer methodically moved Rohatyn up through the ranks of Lazard, ultimately making him his second in command and heir apparent.

The London, Paris and New York branches of Lazard had been at the center of the apparatus of Norman, Schacht, and Benjamin Strong (Chairman of the New York Federal Reserve Bank), that oversaw the bankrolling of Hitler and the Nazi Party. And Lazard had helped launch the banking division of the Worms group, which would be identified by both American and French military intelligence as the leading Nazis within the government of Vichy France. Wartime U.S. Army intelligence files had fingered both Lazard and Banque Worms as the leading financiers behind the continental European fascist movements; the files were categorized "Synarchist/Nazi-Communist" to describe these phenomena.

Indeed, after having launched the Banque Worms apparatus, which dominated the bureaucracy of pro-Nazi Vichy France, top Lazard officials next penetrated the anti-Nazi resistance, including the inner circles of the French resistance movement headed by Gen. Charles De Gaulle. American intelligence files revealed that, by 1944, De Gaulle had become alarmed at the Synarchist penetration of his movement, and had launched an internal probe. The top Lazard official during this period, André Meyer, would adopt Rohatyn as his post-war protégé to—in Schacht's words—create a system of banking, industrial and raw material cartel power that could survive wars and imperial rivalries.

### 'Sharing the Pain'

Rohatyn pulled a debt-recycling scheme from Schacht's bag of tricks: It took in the old debt, created new debt, and



*Felix Rohatyn (left) received, but has never answered, this set of questions from Presidential candidate Lyndon LaRouche about whether—when Rohatyn called for a “New Bretton Woods” in August 2001—he meant the well-known features of LaRouche’s New Bretton Woods proposal, widely circulated and studied internationally since 1997-98. The evidence is that Rohatyn’s global monetary “reform” proposal is opposed to LaRouche’s.*

then backed it with income streams looted from New York City’s operating budget; to pay for this, Rohatyn demanded the imposition of draconian levels of austerity and service cuts, and then sought a bankers’ dictatorship—the now-infamous Municipal Assistance Corporation or “Big MAC,” and its Emergency Financial Control Board (EFCB), the latter having veto power over all city contracts and budgets for more than two decades.

The most important city in the world had its sovereignty stolen by the bankers, in much the same way Schacht had demanded that German sovereignty be ceded to the bankers to solve its fiscal crisis. It was the rejection of this demand, and the threat by Germany’s 1932 von Schleicher government to impose an American System-Hamiltonian solution to Germany’s crisis, that (in the words of Rohatyn’s fellow Keynesian-Schachtian, Abba Lerner) had made Hitler “necessary.”

Rohatyn, like Lerner, held no brief for the crude Nazis, and preferred the “smoother” corporatist style of Mussolini’s fascism as a model for the implementation of bankers’ austerity. In fact, the scheme for the New York City dictatorship was cooked up and sold in a series of weekly meetings at the

TABLE 1

## New York City Government Employees Get the Axe

(Selected Sectors)

|                      | June 30,<br>1975 | April 30,<br>1981 | % Change      |
|----------------------|------------------|-------------------|---------------|
| Police               | 35,447           | 27,697            | –21.9%        |
| Uniformed Officers   | 30,601           | 22,862            | –25.2         |
| Social Services      | 28,331           | 21,052            | –25.2         |
| Fire                 | 13,885           | 12,429            | –25.7         |
| Education            | 81,970           | 69,847            | –10.5         |
| Sanitation           | 9,491            | 6,832             | –28.0         |
| Health and Hospitals | 43,128           | 40,735            | – 5.5         |
| <b>Total</b>         | <b>296,805</b>   | <b>231,903</b>    | <b>–21.9%</b> |

TABLE 2

## New York City Sanitation Services Gutted

|                         | 1975      | 1978      | % Change |
|-------------------------|-----------|-----------|----------|
| Tons of Refuse Disposed | 7,534,988 | 6,468,221 | –14.2    |
| Miles of Street Swept   | 1,233,998 | 836,442   | –31.7    |

Regency Hotel convened by Rohatyn and his good friend, David Rockefeller, that brought together select bankers, business, and labor leaders, along with hand-picked political figures (New York’s meek mayor, Abe Beame, was left off the invite list). Discussion was reported to be frank, and sometimes even brutal, as labor and political leaders were hammered into line. The group, which was dubbed ‘King Felix’s Shadow Government’ by some, later formally evolved into the New York Partnership, and was said to be the inspiration for David Rockefeller’s global “shadow government,” the Trilateral Commission.

At the time of the New York City crisis, Rohatyn was already a prominent figure in Democratic Party circles, which in New York and nationally were heavily infected by the Synarchist, pro-Hitler Harriman networks. When the LaRouche-led movement for debt moratorium threatened to stymie Rohatyn’s plans, he called on Harriman stooge and New York Governor Hugh Carey, a frequent participant in the Regency Hotel meetings. It was Carey who ultimately rammed the Big MAC I and Big MAC II packages (the later ceding control of the City to the EFCB) through a reluctant state legislature, where there was growing support for the LaRouche debt moratorium plan.

During the crisis, Rohatyn claimed that his primary goal was to “share the pain” created by the need for long-overdue austerity measures: “The pain is just beginning,” said Rohatyn, as the first rounds of budget cuts hit in 1975. “New York will now have to undergo the most brutal kind of financial exercise that any community in the country will ever have to

## Lazard Frères: Synarchists in Action

Lyndon LaRouche has emphasized the role of Lazard Frères in creating and steering elements of the international Synarchist movement.

Lazard got its start as a bank in San Francisco during the 1849 Gold Rush, becoming the leading exporter of gold to Europe; founded by the French Lazard brothers, the firm soon established offices in Paris, New York, and London. But despite its heritage, Lazard is neither an American nor a French bank, but an instrument of a financial oligarchy which considers itself superior to nations. Indicative is the presence of a top Lazard figure as chairman of Assicurazioni Generali, the Venetian insurance giant founded in 1831 to serve some of the world's oldest family fortunes. Lazard specializes in shaping the world behind the scenes, helping build up fascism as a counter to the principles and founding ideals of the United States, and helping subvert the United States from within from a productive industrial society, to a consumerist, speculative society.

When Hitler turned on his masters and attacked western Europe instead of Russia, Lazard moved its main banking operation to New York in the person of André Meyer, who became a major figure in American finance. Meyer, and later his protégé Felix Rohatyn, set about restructuring Wall Street and corporate America through bankruptcies, mergers, and hostile takeovers. Their aim was to create the

kind of corporatist fascist world of which Mussolini could only dream, a globalized system in which the banks ran the corporations, and together they ruled the world.

Working closely with banks like Lehman Brothers and Rothschild, Lazard helped restructure Wall Street beginning in the early 1970s. Rohatyn headed a New York Stock Exchange task force to reorganize the investment banks into the hands of a new breed of Synarchist banker, like Citigroup's Sanford Weill, who would target, rather than ignore, the common man.

Lazard also helped create a class of parasites typified by Enron—a joint project with Rothschild—which pushed deregulation to more directly extend the oligarchy's looting hand into consumers' pockets. Lazard, working closely with the networks around Yale's Skull and Bones cult, helped launch the business careers of both Presidents Bush, and helped build Dick Cheney's Halliburton.

Today, with explosions rocking the financial world, Lazard has repositioned itself as a workout specialist. A former Lazard banker was one of the three directors who ran the coverup investigation of Enron; and Lazard has been deployed to companies such as Parmalat, Adelphia, and Hollinger Corp. Who better to solve the problem, than the people who created it? Now Lazardite Rohatyn is pushing a restructuring of the global economy into a bankers' dictatorship, in which bankers and their corporate cartels dictate terms to nations and their populations. It's a very old game: The oligarchs organize an economic disaster, then create a "solution" which advances their goals. This is the essence of Lazard Frères' oligarchical controllers, and the likes of Felix the Fascist. Like the Sirens, they lure us to our destruction.—*John Hoefle*

face." There was to be "pain and agony," he announced, as chairman of Big MAC, but added that, as agony's administrator, he would spread it "fairly."

Such claims—the essence of Keynesian-Schachtian "neo-liberal" economic policy—have always been a lie. The "pain and agony" are always to be suffered by someone other than Rohatyn's Synarchist friends. In the New York crisis, the bankers had the vast majority of their debts repaid at great profit; the investment bankers made hundreds of millions in fees and commissions marketing Big MAC securities; meanwhile, services for the majority of citizens were cut, hundreds of thousands of workers had their pay and benefits slashed, and tens of thousands of others lost their jobs, victims of Rohatyn's "fairness." Rohatyn also stole billions from workers' pension funds, by getting the city and state to order them to purchase the extremely-low-interest MAC bonds, rather than other, more viable securities. But it wasn't *just* the loot that Rohatyn was after, as he later explained; by demanding that unions ante up on the bonds, he had given them a stake

in guaranteeing the brutal austerity package that backed the MAC securities—a stake, in other words, in slashing their own throats.

### A Greasy Eminence

With his "success" in managing the New York crisis and in rescuing, for the moment, the global financial system, Rohatyn was made a financial celebrity by the Synarchist international media machine. His advice was sought by other cities, nations, and corporations. He became a "hot commodity" in Democratic Party circles, where he became increasingly, openly allied with the New Democrats of Pam Harriman's Democratic Leadership Council; it regarded him as an *éminence grise*.

Using a vast array of contacts inherited from his mentor André Meyer, Rohatyn inserted himself into the center of major Democratic campaigns. He showed up as the key financial advisor to 1988 nominee Gov. Michael Dukakis, whose meat-axe austerity program for Massachusetts was

modelled on Rohatyn's Schachtian program for New York City; Rohatyn also became a top advisor to Gov. Bill Clinton, whose early campaign was heavily influenced by Pam Harri-man's DLC; and in 2000, he was a key advisor to the hapless would-be fascist Al Gore. In each case, the media made him a likely "economic czar," waiting in the wings for his candi-date to win.

Rohatyn is also not adverse to picking at the bottom of the political barrel, if it suits his corporatist purposes. He did so in becoming a key advisor to the Rev. Jesse Jackson in both 1988 and 1992. Recently, Rohatyn has heaped praise on "Beast-Man" Gov. Arnold Schwarzenegger for his will to pay the bankers debt, closing a huge budget gap through bonds backed by a Big MAC-like diversion of revenue streams and by savage austerity.

The Synarchists had reportedly wanted Rohatyn to serve as Bill Clinton's Treasury Secretary, but the post was given to Robert Rubin instead. Later, Rohatyn was set to be nominated vice chairman of the Federal Reserve, from which position, ultimately, he would have become chairman; but that nomina-tion also had to be withdrawn because of stiff opposition from Clinton's circles and GOP circles. (Instead, the managing director of New York's Lazard Frères was shipped off to Paris, to mingle with his fellow Synarchist fascists on the Continent, where discussions could take place on how to han-dle the coming end of the stock market bubble.)

Rohatyn, despite his Democratic moniker, also shows up in GOP and other circles. His 30-year friendship with inde-pendent Ross Perot is well known; he quietly advised him during both his Presidential runs. In 1988, Rohatyn was tapped by fellow Synarchist and former Democratic National Committee chairman Robert Strauss for a special "National Economic Commission" that would advise the incoming Bush Administration on economic policy. One of the main points in those recommendations was that the United States be subjected to the same kind of austerity "conditionalities" that the IMF imposes on the developing sector; another pro-posal called for massive cutbacks in Social Security and Medicare programs because the Federal government can no longer afford to fund them at current levels.

As "Bush 43" was about to enter the White House in 2003, a plea was heard from GOP "supply-sider" Jude Wanniski that "W" show true bi-partisanship, and nominate the most able economist and Wall Streeter available for Treasury Sec-retary—Felix Rohatyn!

## **Saving Their Power**

Like a true Schachtian, Rohatyn really has no economic principles save one: the use of whatever tricks are necessary to preserve the power of his crowd over global policy. He has no stake, for example, in supporting the wildly uncontrolled and deregulated "markets" that are the gods of the Mont Pel-erin type of monetarist, such as Milton Friedman. Thus, in the heady days of the 1980s, he slammed the junk-bond kings, like Michael Milken, for threatening to destroy the whole

system with their "new money" ways; and he demanded that they be prosecuted and regulated. During this same period, Rohatyn was a big player (and Lazard with him) in the merger-and-acquisition frenzy, and in leveraged buyouts of the type for which Milken and his ilk became notorious. Here, too, the issue was power and control for Rohatyn—he did not want the "uppity" "new money" boys getting in the way of his Synarchist faction's overall control of things.

Likewise, his much-touted support for a "New Bretton Woods" monetary system. Rohatyn is not calling for a reasser-tion of sovereign nations' control over international finance; instead, he wants a bankers' dictatorship, with powers like those he enjoyed in New York City, reining in some of the wilder speculative practices and overseeing debt restructuring from the standpoint of "sharing the pain." His criticism of the unregulated crap-shoot that is the system administered by the International Monetary Fund, is that it lacks the cohesiveness needed to deal with crises, and breeds distrust by its one-sided and arbitrary demands on weaker and troubled nations—and therefore potential rebellion by sovereign nations. Better to throw the victims some crumbs and let them believe that they have some say in their fate, than try to ram things down the throats of debtors, as the IMF has done in the last decade.

That is the essence of his much-touted call for reform of the IMF in August 2002. Since then, Rohatyn has promoted the creation of regional institutions and bond markets, kept under the control of central and other non-sovereign bankers, and where bonds—which make money for investment bank-ers and increase nations' indebtedness and need for auster-ity—are used a substitute for sovereign direct-credit issuance. Rohatyn sees the emergence of regional blocs as key leverage for the imposition of Schachtian austerity on the United States.

The ultimate pragmatist, Rohatyn is not unwilling to admit that there is a serious, system-threatening crisis in prog-ress. In "The Betrayal of Capitalism," written in February 2002 for the *New York Review of Books*—where he has been a frequent contributor for more than 20 years—Rohatyn ar-gued that the excesses of the financiers of the "great bubble," and their manifest greed and corruption, threaten to under-mine faith in the financial and corporate system itself; if left unchecked and unregulated, such corruption and greed could lead to the system's collapse, as well as a popular rebellion that would take the power to regulate the system, out of the hands of the bankers. Bankers must propose and implement regulation, he urged, lest it be imposed on us from without, à la FDR in the 1930s.

In "From New York to Baghdad," written in November 2002 for the *New York Review of Books*, in anticipation of the coming Iraq war and the disgust at the way it was unilaterally organized, Rohatyn argued that the Bush Administration had made a mess of a bad world financial system; made its prob-lems worse by their open alliance with "the forces of greed" in the marketplace and their failure to act effectively to put a brake on such excesses. Just when bankers need the govern-ment to impose austerity, both domestically and nationally,

we have, Rohatyn wrote, an administration that is feared and distrusted both at home and abroad. All but openly stating the intention of his faction to replace the current government, he compared the Bush Administration's ability to lead, to Nixon's at the height of Watergate, concluding that we must have a government that will "fairly" share the pain sure to result from the policy failures of the last decade or more.

"I believe that capitalism is the best system ever invented for the creation of wealth," Rohatyn writes, "but it must be fair, it must be regulated, and it must be ethical. The excesses of the last few years show how the system has failed in all three respects. . . . National security in a depressed economy is our most important issue today. To deal with it, will require real sacrifice on the part of all Americans; and if sacrifices are to be justified, they must be seen as fair."

Rohatyn has apparently settled on Sen. John Kerry as his prospective "office clerk" President, and has been seeking control over the putative Democratic nominee's economic policy. His policy ideas, including for a large-scale Schachtian domestic infrastructure-building program—a huge \$500-billion, MAC-like scheme first floated by him in 1988, whose bonds would be guaranteed by diversion of Federal revenue streams and whose contracts would demand sacrifice by labor unions in exchange for jobs—are making the rounds inside the party and the Kerry camp. For Kerry to play the flunky

role for Rohatyn (as the bizarre Mayor Ed Koch did in New York), Kerry must be kept away from Lyndon LaRouche, and his approach to the crisis from the standpoint of the General Welfare, not the bankers' debt.

Rohatyn is reported to have become almost shrill over the recent Argentine government confrontation with the IMF, shrieking that no government has the right to challenge the bankers or their selected thugs. Behind such outbursts is the fear Rohatyn and his cronies have of LaRouche, as they feared what LaRouche could accomplish in the New York City crisis. "Anyone who is backing default or moratorium should be taken out and shot," Rohatyn is reputed to have said back in 1975. Rohatyn and Schacht can profess to prefer a "friendly fascism" to Hitler's brand; but when push comes to shove, they'll back a Hitler and his methods when "necessary."

In August 2001, shortly after Rohatyn issued his call for a "New Bretton Woods" reform of the IMF, LaRouche challenged him to state precisely what type of Bretton Woods he was touting, as compared to LaRouche's own proposal which would take real power away from the private bankers like Rohatyn. Rohatyn never did answer LaRouche's challenge, published in *EIR*, Aug. 31, 2001. Today, Democrats should demand that Rohatyn answer another question: Does he agree with Abba Lerner that adoption of Schacht's genocidal austerity would have made Hitler un-"necessary"?

## Guilty As Charged

Hjalmar Schacht was indicted for crimes against humanity, and tried in 1946 with other Nazi war criminals. Schacht's defense was that he was only a banker and economist, and had no responsibility for the political implementation of his policies by the Nazis; he painted himself, instead, as a temporizing influence on the worst excesses of the Hitler crowd, and professed, like his admirer Prof. Abba Lerner in the famous 1971 debate with Lyndon LaRouche, to have been an anti-Nazi. While evidence was presented that Schacht had participated in meetings that directly helped bring the Nazis to power, including setting up bank accounts where funds were deposited to bail out the bankrupt Nazis in 1932-33; that Schacht had created the policies which regimented the German workforce and gutted the trade union movement, through often brutal and violent measures; that he had funded the creation of the Nazi war machine; he was acquitted of all counts. The judges vote was split with the connivance of a weak prosecution, run by the British and presented by an American mob-linked, pro-Synarchist from Minnesota; the Truman Administration likely did not want the banker prosecuted.

Schacht's conviction could not be allowed because it would have established a legal precedent, that economists and bankers could be held morally and criminally responsible, for crimes against humanity, for the advocacy of precisely the policies advocated by Schacht, Lerner, and Felix Rohatyn.

Chief U.S. Prosecutor and FDR ally Justice Robert Jackson was outraged at the verdict. He, following orders from his now-deceased friend Roosevelt, had fought British and French objections to try Schacht. In an eloquent last-ditch effort to rescue the prosecution, Justice Jackson had presented what is, in effect, the reasons why the Schachtian fascist Rohatyn is also guilty of crimes against humanity.

Jackson singled out Schacht as "the most dangerous and reprehensible type of all opportunists," someone who would use a Hitler for his own ends, and then claim, after Hitler was defeated, to have been against him all the time. He was part of a movement "that he knew was wrong" because he saw it "winning." Jackson ridiculed Schacht's claim to be an "honorable man"; he, while claiming to despise Hitler, "armed Hitler to blackmail a continent."

By exposing Felix Rohatyn as the would-be Schacht today, a new set of crimes against humanity, leading to a New Dark Age, may be prevented.