

NYC's Big MAC: Rohatyn's Model for Destroying Gov't

by Marcia Merry Baker

In March this year, an article in the *American Journal of Public Health (AJPH)* presented the results of a study showing specifics of the “excess burden of disease” caused in New York City over 20 years, by the drastic austerity policies initiated by the 1975 Municipal Assistance Corporation (“Big MAC”), the private bankers’ agency created and steered by Felix Rohatyn. The authors of the study, who are New York City-based health experts, warn: “As city, state, and federal governments again face deficits and propose deep cuts in services, it seems particularly urgent to avoid a repetition of the 1975 decisions that so damaged New York City’s health.”

We reprint excerpts from their article below, in order to underscore two key points for lawmakers and citizens at large.

First, Felix Rohatyn, whose political calling-card is his Big MAC “success” in New York, demonstrated by word and deed that he was operating as part of a network of private financial interests whose *intent is to destroy government prerogative to care for the public good, and to destroy national sovereignty altogether.*

The *AJPH* in fact quotes Rohatyn to this effect. To wit: As a consequence of the cuts in municipal services, “the direction and philosophy of a large unit of government were fundamentally and permanently changed as a result of the involvement (some would say intrusion) of the private sector in government.” This “change in philosophy” has continued since that time, on national and local levels, in the takedown of those protections of the citizenry that were the hallmark of the American System, and were institutionalized in the administrations of President Franklin Delano Roosevelt.

Second, the study shows the lawful result of such a change in government philosophy: that increased disease and death rates are inevitably and knowably the consequence of imposing infrastructure cuts and deindustrialization on populations. Other cities are showing the same lethal results of the Big

MAC model—whether or not they have experienced an entity of that exact name. **Figure 1**, which gives a snapshot of increased death rates (for AIDS, TB, and three other conditions) in New York during and after the Big MAC years, also suggests the disease dynamic under way in Baltimore, Detroit, Cleveland, and urban centers around the world. In short, the shift of control of economy from government, to private synarchist bankers, leads to a New Dark Age.

From the 1960s through 1990s, Rohatyn was director of



EIRNS

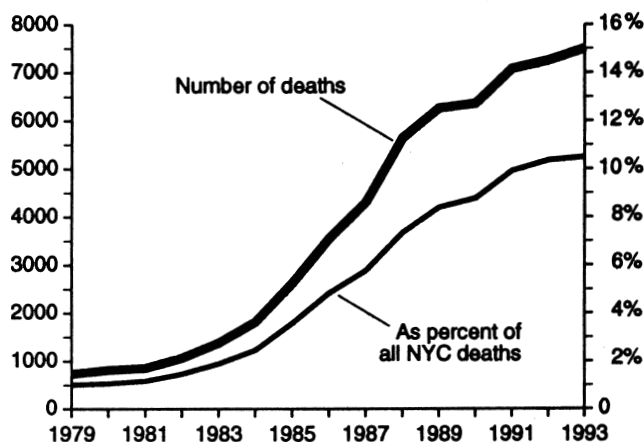
Felix Rohatyn of Lazard Frères addresses a conference in New York City in 1980. Rohatyn created and steered the Big MAC agency that devastated New York's health, education, and general welfare.

FIGURE 1

New York City Deaths from AIDS, TB, Drugs, Hepatitis, and Syphilis, 1979–1993

Number of deaths

As % of all NYC deaths

Source: *EIR*, Sept. 30, 1994.

In 1979, these five diseases caused 732 deaths in New York City. By 1993, the number of deaths attributable to these five causes is 7,500, a ten-fold increase in 15 years, while at the same time, the population declined. Considered as a percentage of total deaths, AIDS and the other four diseases accounted for 1% in 1979, but rose to account for 10.5% by 1993.

Lazard Frères, the financial house historically interconnected with the 1920s/30s syndicates backing Nazi regimes in Europe. These networks—called the Synarchist International by World War II U.S. intelligence services—continued after the war. Today, Lazard and Rohatyn Associates are in the forefront of schemes to control and downgrade industry and infrastructure, in the name of “privatization, deregulation, public-private-partnerships, outsourcing,” and other euphemisms for globalization.

In New York City: LaRouche vs. Rohatyn

In 1975 in New York City, Lyndon LaRouche and his associates waged a high-profile campaign against Felix Rohatyn and his Big MAC. The context was that over the 1974–75 period, many major cities—Boston, Buffalo, Chicago, Philadelphia, Seattle, and others—were plunged into revenue crises, due to the downshift in the physical economy, from a production base towards a “services” base. They were undergoing varying degrees of debt crises, as were whole nations in the developing sector.

LaRouche put forward specific proposals to selectively use debt moratoria—freezing and reorganizing government debt, while stoking the economy through needed infrastructure development projects. Significant national support coalesced for this. For example, LaRouche addressed the Boston City Council in May 1975; on June 2, Boston City Council-

man Albert “Dapper” O’Neill introduced legislation for an 18-month debt moratorium. On June 11, a New York City Councilman did likewise, and over the month, the city’s police, firefighters, and other unions joined in the effort.

But the opposing financial crowd lunged hard. On June 10, under intense pressure of the threat that “New York City is going bankrupt,” they succeeded in railroading the New York State legislature to pass the Municipal Assistance Board (Big MAC), giving it “emergency” powers to dictate financial policy to New York City. Rohatyn personally browbeat New York City Mayor Abe Beame to acquiesce. Almost overnight, deep cuts were announced in the city workforce, and their wages, in the name of “saving” the city budget and city credit ratings, by paying down old bank debt, and newly issued “MAC” debt to bondholders.

Then Rohatyn wrote a 111-page report demanding still greater, ongoing “emergency powers” for the private banking community to dictate city finances, and on Sept. 6, 1975, the “Financial Emergency Act” was rammed through, creating the Emergency Financial Control Board, which exists to the present day. More sweeping cuts were made to government functions of all kinds—firefighting, drug-treatment, hospitals, police, sanitation, etc. (In 1986, “Emergency” was removed from the name of the entity, and its veto powers over the city budget were curtailed; but the Control Board continues through 2033).

Felix Rohatyn was the driving force all along. He said in an anniversary interview, “The Fiscal Crisis After 30 Years,” that he liked the drama in 1975. “Almost daily crises . . . heroes and villains; us against them.” He said that it was “the most rewarding experience of my professional life.” (*Gotham Gazette*, Oct. 10, 2005).

LaRouche Warns of ‘Biological Holocaust’

During this brawl in the mid-1970s, LaRouche warned in particular, that if the kinds of economic policies Rohatyn was forcing on New York, became prevalent at large, the conditions would exist for a potential global “biological holocaust” of health breakdown and epidemics at some point in the not-too-distant future. In 1974, LaRouche formed a task force of medics and others to work on the threat. His warnings were borne out in the 1980s, when, for example, more became known about AIDS—acquired immune deficiency syndrome, as it was called. After Big MAC, New York City became an epicenter for the disease, in conjunction with resurgent tuberculosis and other illnesses. The last 30 years of “post-industrial” policies, have been marked by outbreaks and spread of new and re-emergent diseases, from dengue fever to malaria.

In 1986, an *EIR Special Report* was issued, “An Emergency War Plan To Fight AIDS and Other Pandemics,” stressing the need to reverse the downgrading of living and working conditions, and to build up medical and public health infrastructure. This report included the work of Dr. David Senser, then Health Commissioner for New York



Coverage of the battle to stop the Big MAC scheme in New York City in 1975, by New Solidarity the weekly newspaper of the LaRouche movement at that time.

City, who publicized maps of the poverty areas in the city's boroughs, where TB, AIDS, and other conditions were hitting predominantly black and Hispanic males 25 to 44 years of age.

At the same time, medical care under the Rohatyn Financial Control Board was shrinking dramatically. The maps in **Figure 2** show how, for the Borough of Manhattan, the number of hospitals declined from the 1960s to the 1990s, despite the rising need for medical care. The poorest areas lost the most.

In the 1990s, LaRouche commissioned studies and mass-circulation reports to show U.S. policymakers the need to restore the principle of health care embodied in the "Hill-Burton Act." This refers to the 1946 bipartisan Federal law, "The Hospital Survey and Construction Act," which mandated providing adequate ratios of licensed hospital beds per 1,000 persons in all counties of the nation (4.5 beds per 1,000 in urban areas; and more in rural). Hospital-centered networks of medical treatment were understood to be part of the public health system of the nation.

In 2000, LaRouche made an international issue of the health-care fight, by holding Congress to account for the fact that in Washington, D.C., a Big MAC-style operation, called the D.C. Financial Control Board, decreed that the District

of Columbia General Hospital had to close. This landmark facility was a full-service, 450-bed medical center serving the community for over 150 years. Because of Congressional cowardice, D.C. General shut in June 2001—just months before its reserve capacity would have been fully utilized after the 9/11 and anthrax attacks on the capital.

Rohatyn's Current Role

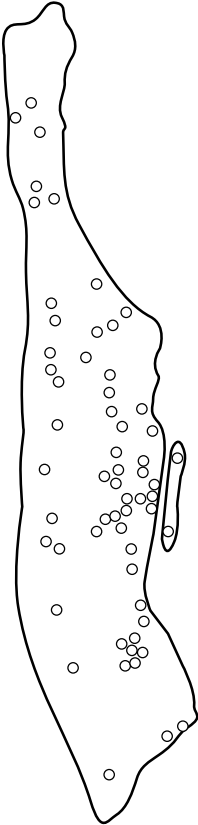
Going beyond even the New York and Washington, D.C. debacles, Rohatyn has presented himself since 1999 as the flagbearer for municipalities everywhere to undergo the Big MAC treatment of downsizing government. His message is that local, debt-strapped governments must engage in "new institutional arrangements" to give their functions over to private financing and control, that is, to sell off or close down altogether, government assets of infrastructure and services—highways, water, power, and housing.

In January, 1999, speaking as U.S. Ambassador to France, he addressed the U.S. Mayors Conference in Washington, D.C., on the theme of "Cities, Europe, and the Global Economy." A year later, he co-hosted the first Transatlantic Summit of Mayors, April 6-8, 2000 in Lyon, France, organized with John Kornblum, then U.S. Ambassador to Germany, and subsequently head of Lazard's German operations. In 2003,

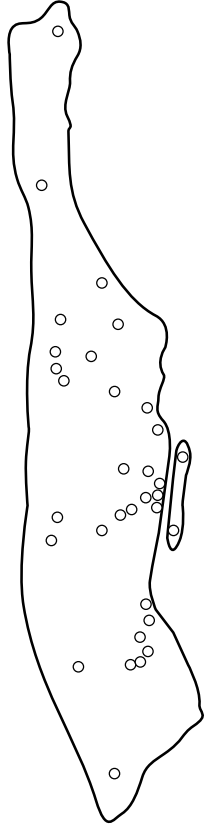
FIGURE 1

The Big MAC-Era Shutdown of New York's Hospitals

Hospitals in Manhattan, 1960



Hospitals in Manhattan, 1990



Source: *EIR*, July 27, 2001.

Shown are hospital closures (of major facilities) in Manhattan, one of New York City's five boroughs, with a population in 1990 of 1.5 million. In 1960, Manhattan had 78 public, private, and not-for-profit hospitals; by 1990, that was down to 33, and still declining. In all five boroughs of New York City together, there were 154 hospitals in 1960, which by 1990 fell by 49% down to 79 hospitals. Notice that in the upper gooseneck of Manhattan, the area above 125th St., there had been six major hospitals of all kinds in 1960; by 1990, there were only two. All of this area had over 20% of the population below the poverty line, with some parts up to 40% below.

on Nov. 12, he again addressed the U.S. Conference of Mayors meeting in New York City, on "'04 Metro Agenda on Infrastructure and Jobs."

Behind the rhetoric, Rohatyn's message is always the same: Governments, being bankrupt, should step aside and let private bankers run the world, to decide who lives and who dies.