



## Rohatyn recommends a national 'Big MAC'

*Attendees at the Feb. 28, 1980 Financial Conference of New York City's well-known corporativist think tank, the Conference Board, heard their featured speaker warn that the United States is "headed for national bankruptcy."*

*The speaker? Felix Rohatyn, partner of the Lazard Freres investment banking house and head of the infamous Municipal Assistance Corporation (Big MAC) that has overseen the looting of New York City's municipal services since 1975. His answer to the impending crisis? The creation of a national Big MAC, which would supersede the authority of the U.S. Congress to impose fascist controls on the economy.*

*The following are brief selections from Rohatyn's anti-inflation prescriptions for the national economy—prescriptions no better than the ones recommended by the administration.*

It has been apparent for some time that our economy was out of control, our currency in danger and that the ability of our government to react was inadequate. Inflation is accelerating... What is happening to the U.S. in 1980 is similar to what happened to New York City in 1975, namely a slide towards bankruptcy. This led me to conclude last year that an approach at the national level similar to the one we took at the city/state level was needed. This approach includes:

1) A temporary 12-month wage/price freeze, together with extreme budgetary restraint. This should include a cut of at least \$20 billion in current outlays to break inflationary expectations and provide a solid base from which to adopt an integrated, multi-year economic strategy.

2) A significant gasoline tax (at least \$.50 per gallon) to reduce consumption, strengthen the dollar and provide the basis for a dialogue with OPEC concerning pricing, long-term supply and alternative payment methods for oil. The only alternative to a gas tax is rationing, which, in my judgment is a poor second best.

3) The creation of a bipartisan commission modeled after FDR's Temporary National Economic Commission of 1938 to recommend an integrated economic strategy, both domestic and international, for the next two decades. Domestic and international policies are, after all, sides of the same coin....

The Temporary National Economic Commission would... recommend an economic strategy for the U.S. for the next two decades. It must do so for two basic reasons: first, because nowhere in government today does strategic economic planning take place; second, because difficult, controversial policies must originate from nonpolitical, credible bodies, created in an atmosphere of emergency, to generate the political support enabling the President and Congress to act....

The TNEC should consider recommending a change in the role and makeup of the Council of Economic Advisors to perform a similar function to the Joint Chiefs. The CEA could become a permanent, independent body of "wise men" outside of the executive and legislative branches to review the budget on particular and economic policy in general and report to the President, the Congress and the public....

We are at a turning point in our economic, social and political life. It has been coming for a long time and it will take a long time to adjust to the new realities. If the impetus for reexamination does not come from the political leadership seeking solutions, it will come from the markets demanding them.... There is a clear danger that continued deadlock over any of these issues or continued application of band-aids will ultimately create social and political upheavals of unforeseeable dimensions. What we are facing is not only a sudden economic emergency caused by a few unpredictable shocks. We are facing a political and social crisis of major dimensions.... The social fabric... is taut as a bowstring, tight as a drum. If pushed hard, it will not give but will come apart. It is not a risk worth taking....