

Rohatyn Leads Attack On Urban Political Machines

On Aug. 31, Secretary of Labor Ray Marshall announced that the Labor Department had set up a "special review staff" to investigate alleged violations of department laws and regulations. This new unit is patterned after the one investigating Teamster Pension Fund "abuses," an investigation which is an attempt by the Justice Department to break that union.

With its new unit, the Labor Department will be investigating "abuses" by major city governments in their use of federal CETA funds in a direct attempt to break the cities of any resistance to the Administration's "urban policy" — the policy of bankers' dictatorship and Schachtian slave labor pioneered by Felix Rohatyn.

Investigations have begun in Chicago, Atlanta, Gary — and of course New York City.

The new Labor Department gestapo is the latest feature of a campaign by the Rohatyn Nazis to end right now the power of the urban political machines — structures which have traditionally kept the nation's big cities Democratic, but which now stand in the way of the level of austerity demanded by Carter-Mondale, Rohatyn and their Lazard Freres and Rockefeller backers.

Rohatyn personally announced the beginning of this assault two weeks ago in a *New York Times* op-ed entitled, "Indeed, the 'Moral Equivalent of War.'" "Our cities...will not 'go gentle into that good night,'" Rohatyn enthused. "Let us try to create an economic and social chain reaction."

Just days after Rohatyn's declaration of war, the revamped Securities Exchange Commission (SEC) released a massive report documenting alleged improprieties in the "disclosure" of the "true facts" concerning New York City's financial viability. The report specifically charges Mayor Abraham Beame with improprieties, saying he failed to inform both the public and prospective investors in city securities of the city's dire financial condition prior to the fiscal crisis of spring 1975. The timing of the report's release and the ensuing media coverage show, however, that its real purpose has nothing to do with "improprieties." The report appeared just two weeks before the Democratic mayoral primary. Immediately, every media outlet in the city declared Mayor Beame a liar and crook, a "corrupt political boss" unfit for re-election.

As Rohatyn's op-ed makes clear, the lower Manhattan investment house crowd cannot tolerate another Beame administration. Although he has dutifully imposed the banks' dictates of massive austerity and cutbacks in New York over the past two years, Beame has refused to relinquish elected city government to the absolute control of Rohatyn's Municipal Assistance Corporation (MAC) or the Emergency Financial Control Board (EFCB). He has drawn the line on further cutbacks of city services, and at one point even demanded that maintenance of vital services take priority over debt service payments. What Rohatyn is pressing for is a beefed-up EFCB to totally run the city, with the new mayor being a mere figurehead who will quietly acquiesce to Rohatyn's plans.

Those plans call for further cutting of the standard of living of New York's population, the relocation of ghetto and unemployed layers to "industrial parks" and energy projects at below minimum wage levels. Key to this goal is the complete cooperation — or obliteration — of the trade unions. While such outright labor agents as Victor Gotbaum and Jack Bigel conspire toward this end in the Bankers-Labor Working Group, most of the unions' leadership and rank-and-file have endorsed Beame, who is the only Democratic candidate with significant labor support. A Beame victory, then, would severely hamper Rohatyn's plans.

As of this writing, Abe Beame is fighting back, albeit defensively. Correctly terming the SEC report on New York City a "hatchet job", he charged the banks with being the real culprits in New York's crisis when they dumped city securities and abruptly shut the city out of the bond markets. He has scandalized his "clean" *New York Times*-endorsed opponent, Mario Cuomo, by revealing that a member of a top law firm that is backing Cuomo participated in the writing of the report. He has also charged the SEC with political motivation because of its failure to release a report on an investigation of the bankrupt Urban Development Corporation, a report that would implicate then-Governor Nelson Rockefeller on the same charges of which Beame is accused.

The Labor Department Offensive

Rohatyn and Mondale have activated another front to finish off the labor-traditionalist machine alliance and

SEC On Warpath

In addition to the Securities Exchange Commission's New York City report, the SEC is also hitting 450 bank holding companies with "queries" about loans to company officials and executives, in the wake of the Lance banking scandal. At the same time, the *Wall Street Journal* reports that the SEC is going after "public companies whose executives are able to obtain loans on particularly easy terms." The investigations have the objective of watergating both politicians and banking executives who refuse to acquiesce to the Reuss-Proxmire scheme for a banking reorganization that is to serve as key to a bailout of the debt-ridden dollar monetary system.

Simultaneously, the SEC is conducting what one agency official calls a "smash-and-grab" enforcement program, designed to scandalize insurance companies and bring them under vastly increased federal i.e., Mondale faction regulation. The SEC action is complemented by similar maneuvers by the Federal Trade Commission, the Department of Justice, and the Senate Antitrust Subcommittee chaired by Senator Edward Kennedy.