# EIR Economics

# Rohatyn Steals Public Property Coast to Coast

by Marcia Merry Baker

As of this Summer, 22 out of 50 states have made changes in their laws to permit the sell-off of various of their public works to private parties. At least 43 such sell-off deals are up before state legislatures for consideration—from city- or state-owned real estate (parks, housing, hospital sites, museums), to ports, airports, and especially highways. The City of Chicago recently sold a 90-year lease on its Skyway for merely $1.3 billion in upfront cash. On June 30, Indiana signed off on a 75-year private lease to its northern Indiana Turnpike for $3.85 billion. A 50-year lease on the 8.8-mile Pocahontas Parkway in Richmond, Virginia was let earlier this year for $522 million.

Lyndon LaRouche, reviewing the picture, stated the principle involved: "These projects were built with public funds. They cannot be privatized. And anyone who does it, is going to be accused of theft. No one should pay tolls on privatized public highways. They shouldn't pay them. They should defy the tolls!

"This was paid for by the public. It's public property. You cannot sell public property in this way. It is immoral. It is illegal. No one should pay a toll on a privatized public highway."

Leading the charge for the sell-off of public infrastructure is Felix Rohatyn, in league with his longtime financial house, Lazard, and related circles, who are the very same networks actively destroying U.S. industry to begin with, and thus, the economic base of local government. Why? There is the obvious loot to be made off jacking up tolls, utility rates, fees, speculation, and stealing in all kinds of ways. Multibillions of dollars are involved. Just picture in your mind, if every 20 miles, a new private investor's toll booth appears on your highway: Lazard, Goldman Sachs, Blackstone Group, Merrill Lynch, Morgan Stanley, and so on.

But beyond greed, stripping down infrastructure is an attack on the nation-state itself. That is what's at stake. Rohatyn is acting on behalf of the interests of those financial networks opposing nations and the public welfare outright. Their history traces back directly to the 1920s and 1930s cartels and banking circles that backed Hitler and fascist economics. *EIR* has "written the book" on this.*

You can see the same point in Dick Cheney's behavior, acting in service of the same networks. His pursuits of war against Iraq, Afghanistan, and now threats to Iran, are not simply in furtherance of gross profiteering for Halliburton and the like—which are crimes enough. Cheney is out to destroy the very system of nation-states itself. He personally has been working with Rohatyn and George Shultz to privatize huge parts of the U.S. military since 1991.

If you take away public infrastructure services—transportation, communications, water, power, housing, sanitation, cultural facilities, public security, and defense—the conditions of existence for the benefit of present and future popula-

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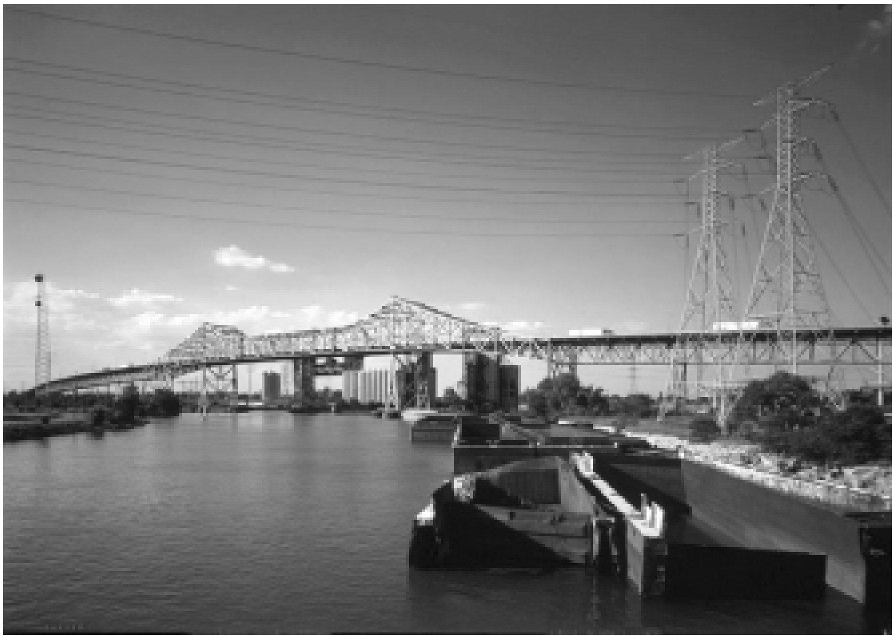
* The Rohatyn/Lazard nexus of companies connects back, by direct lineage and policy, continuously with its predecessor cartels and financial powers that backed Nazi economics in the 1920s and 1930s, in France, Germany, Italy, Spain, Britain, and elsewhere. Lazard itself, and Rohatyn's senior and mentor at Lazard, André Meyer, were identified explicitly by U.S. intelligence in the 1940s, as part of the Hitler-backing financial crowd, called "Synarchists."

The dossier on this, "Rohatyn's Fascist Roots Are Showing" (*EIR,* June 30, 2006), is now in mass circulation in a LaRouche Political Action Committee pamphlet, "Time Is Running Out For the U.S.A." (July 2006. See www.larouchepac.com.) This title, from a statement by LaRouche, refers to how the Congress, and key institutions, beginning with the Democratic Party, are so far still refusing to act in the face of the crisis and *who is causing it.* In particular, Congress is turning its back on the takedown of the auto/machine-tool sector, the heart of the industrial existence of the United States.



*The 7.8-mile Chicago Skyway opened in 1958, built originally as a shortcut to Indiana and the steel mills, from the southeast side of Chicago. This 1999 photo shows some of the characteristic features of the elevated highway. It goes above the waterways and railways; its course is marked by dense communications and power lines. The corridor has had farm commodity storage, processing and transshipment—the grain elevators are visible in the distance—heavy industry, and it is a throughway for dense interstate traffic. Chicago sold a 99-year lease for the Skyway in January 2005, for $1.82 billion, cash up front. Chicago Mayor Richard Daley announced the deal in December 2004; it was finalized in January 2005. Goldman Sachs advised on the sale, making a reported $9 million.*

*The buyers are Macquarie Infrastructure Group (MIG) and Cintra Concesiones de Infraestructuras de Transporte, S.A., operating as one conglomerate here called, State Mobility Partners. Cintra-Macquarie are to keep up the structural integrity and do maintenance of the Skyway, for which they collect tolls for 99 years. Already, they reduced the hourly wage of toll operators from $20 per hour, to $10-12. Chicago's bond ratings jumped up to their highest levels in about 25 years after the sell-off of the city-owned Skyway. Their $5.5 billion of general obligations bonds went to AA.*

tions, the nation-state will not exist. Look at how the United States grew as a young nation, by the impact of policies of internal improvements of all kinds, fostered as government policy. For example, modes of transportation were successively improved, from the first canals and corduroy turnpikes, to the railroads, mass urban transit, and airways. Now we see the principle involved under direct attack.

In fact, the infrastructure sell-off is a violation of the Constitution. The Constitution gives sovereignty to the Federal government, and you can't privatize the Federal government. The general welfare cannot be privatized.

Even British law outlaws this, LaRouche likes to point out, when it comes to a privatized toll road that was paid for originally by the people. "It belongs to the people. There can be no tolls on it. It's the public highway. Even the British law—even that which was adopted under King John the First, the Magna Carta—even the Magna Carta outlaws this. The King's Highway cannot be usurped!"

## 'Benito Mussolini Laws'

**Figure 1** names the 22 states where laws have been changed to allow the private infrastructure grab. Texas amended its state transportation code in 2003. Many states made changes only in 2005 or since. The battles have been fierce, as in Indiana, where the private-sale authorization for the state toll road was passed by only one vote in the legislature. The entire Pacific Coast, the Southeast, and the Gulf States, except for Mississippi, have now passed enabling laws. Illinois has not yet passed such laws; Chicago sold off its Skyway, which was municipally owned.

LaRouche called these new state law changes, "Benito Mussolini Laws." And if Mussolini is here, can Hitler be far behind?

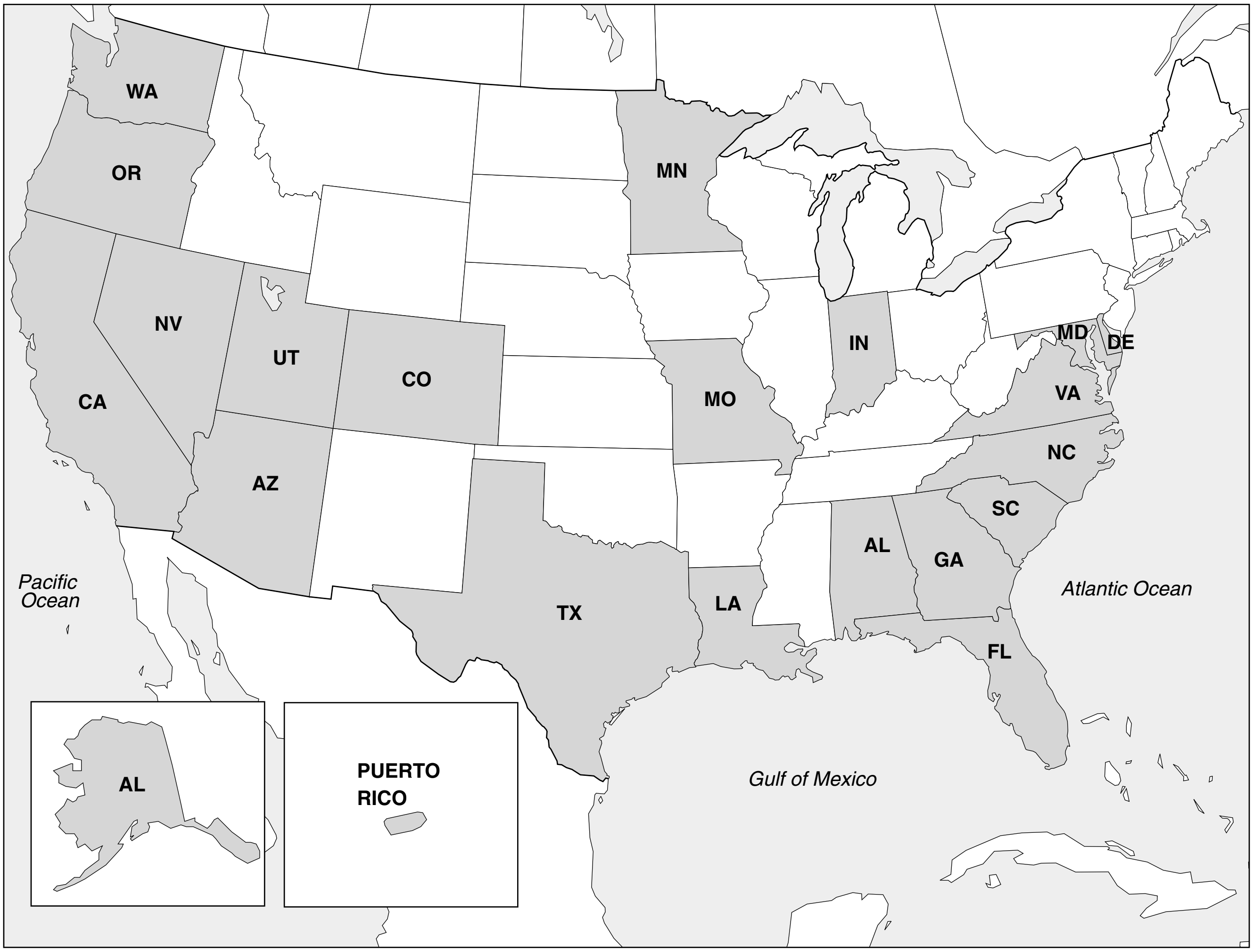
The Mussolini era was characterized by the most extreme privateering of bridges, housing, and every kind of public works. He advocated privatization of telecommunications and the post office. One Mussolini quote presents his view: "Fascism should more appropriately be called Corporatism because it is a merger of state and corporate power"—that is, private corporations take over. Mussolini's early Finance Minister, Giuseppe Volpi, later took what he considered a much more important post, as president of the Fascist Federation of Industrialists.

How does Rohatyn come off promoting Mussolini Laws? He has a special double-speak lexicon for law changes, saying that governments must allow new "public private partnerships" (PPPs) for government services and infrastructure. He avoids saying, "privatization," which is now a has-been term, because of public disgust over the many cases of swindles and looting of public property over the 1990s—from water systems to schools.

The state law tally mapped in Figure 1, comes from the website of the National Council for Public-Private Partnerships (PPP) at ncppp.org. They are keeping close tabs on legal changes, because they represent the firms lined up for the buyouts, ranging from Bechtel Infrastructure Corp., to Lehman Brothers, Merrill Lynch, Morgan Stanley, United Water/ Suez, Veolia Water, to dozens of others, including government entities. The PPP Council uses the expression, "PPP Enabling Laws" and is in high gear to coax or coerce state

FIGURE 1

**States With 'Mussolini Laws' for Private Takeovers of Public Infrastructure, May 2006**




Source: State law review on National Council of Public-Private Partnerships, ncppp.org.

and local officials to give up governmental rights.

In particular, state laws commonly need to be changed for takeovers of localized links in the 47,000-mile national interstate highway grid—now the infrastructure takeover-of-choice for the swarm of multinationals in the game. For years, privateers have already been active in buying and looting public assets that are owned by cities and counties, especially municipal water and sewage systems.

On Sept. 21, 2005, a Congressional PPP Caucus was announced, headed by Sen. George Allen (R-Va.) and Rep. Chris Cannon (R-Utah). Virginia, where Allen was Governor (1994-98), is considered one of the national models for PPPs. It is home to the 14-mile privately owned Greenway Toll Road, the first one in the nation since the 1800s. In 1988, a planned Virginia Department of Transportation highway extension westward past Dulles Airport was instead authorized for a privately owned highway. The road didn't open until 1995; the state lost funds outright on the so-called public-private partnership; a sequence of private owners gained. In 2005, the giant Macquarie Infrastructure Group took it over. The toll is now $3.20 for a one-way, 14-mile trip.

Yet Allen said at the PPP Caucus inauguration, "PPPs have resulted in the savings of hundreds of millions of dollars for the state." Now running for President, Allen is known in Virginia as the "PP candidate—a diaper boy for Rohatyn."

On March 27 of this year, Rohatyn staged a PPP event in Washington, D.C., with former Sen. Warren Rudman, the co-chairman with Rohatyn of a group he founded in 2004, the Commission for Public Infrastructure, to promote government infrastructure sell-off. They released their "Guiding Principles for Strengthening America's Infrastructure," whose language makes the classic pitch:

"Deeper capital markets and greater experience in infrastructure have dramatically improved the ability of the private


*The Indiana Toll Road: Shown is Interchange 10, adjacent to the Grand Calumet Viaduct, in northwest Indiana. The Toll Road, opened in 1956, stretches westward 156.9 miles across the northern part of the state from Ohio to Illinois. It is the main connection to the Chicago Skyway, going to southeast Chicago; it is the main route linking Chicago to the entire Eastern Seaboard. As of June 2006, a 75-year lease was sold for $3.85 billion upfront, to the consortium partnership called ITR Concession Co. LLC, made up of Macquarie Infrastructure Group (MIG) and Cintra Concesiones de Infraestructuras de Transporte, S.A. (This was approved by only a one-vote margin in the state legislature earlier this year.) Gov. Mitch Daniels, who forced it through, was former Bush Office of Management and the Budget director.*

sector to play a central role in infrastructure provision. The old public works dichotomy—the public sector buys and manages while the private sector builds—is being replaced by new types of *public-private partnerships.* Increased private sector activity will continue to improve the efficiency of infrastructure markets. Entrepreneurs should be encouraged to put their capital at risk in order to create infrastructure that meets the needs of users" (emphasis added).

Among the 12 signators were California Gov. Arnold Schwarzenegger, Texas Gov. Rick Perry, Iowa Gov. Tom Vilsack, and representatives of buy-out companies including Bernard Schwartz, retired chairman and CEO of Loral Space and Communications, and Frederick B. Whittemore, advisory director of Morgan Stanley.

## The Sell-Offs

Along with highways and water systems, the range of public works installations targetted for privatization includes all kinds of government property that can be converted to what the PPP market calls, "saleable assets"—from ports and airports, to swimming pools, skating rinks, and zoos. Up for sale are concessions and long-term licenses for government services ranging from police and health care, to data processing, parking-meter collections, even for fees on High Occupancy Vehicle lanes.

Running parallel with the yard sales for civic and public works, is the push to privatize military logistics and services. This was kicked off in 1992, with a $9 million report on privatization of the military's civil logistics by then-Defense Secretary Dick Cheney, carried out by Halliburton's subsidiary KBR.

Many of the current infrastructure deals involve government sell-off of the rights to construct future facilities, in exchange for long-term private control of revenue streams from tolls, fees, or billings of other kinds. Texas is the leading case right now.

In 2002, Gov. Rick Perry (R) announced his "Trans Texas" transportation and utility corridor plan, calling for a grid of toll-ways, rail, and utility routes for water and power, across the state. This June, the first contract was signed to construct a designated stretch of the Trans Texas Corridor Toll Road, by a consortium that is 65% Cintra Concessiones Infraestructuras SA of Spain, and 35% Zachry, a Texas firm. The conditions include the consortium investing an initial $1.3 billion in the first segment, for which it gets a 50-year concession on the tolls. More multibillion-dollar commitments and private concessions are in the works.

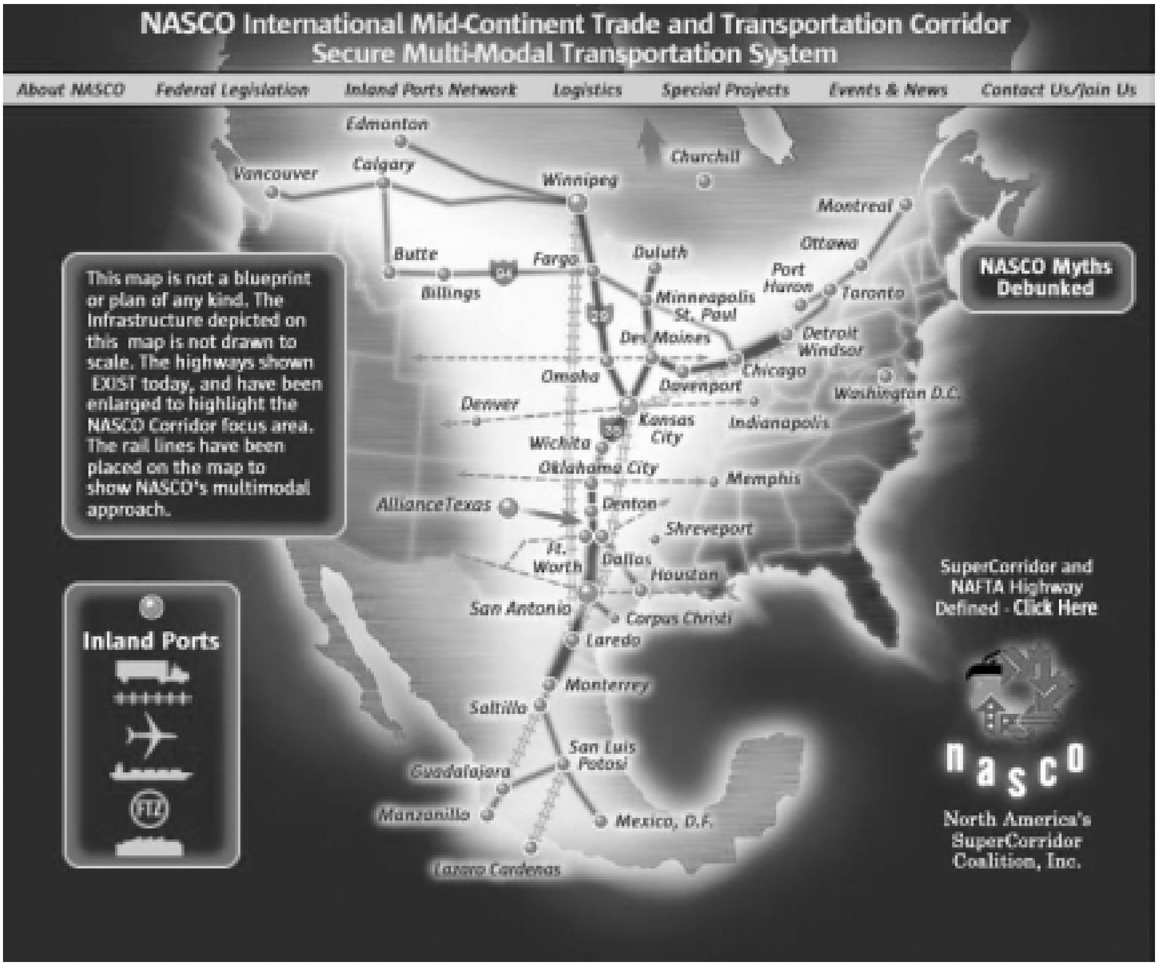
In revolt, Texas counties and municipalities have taken to passing opposition resolutions and seeking other recourse, because Congress is so stalled out. The Texas Transportation Department has over 50 public hearings scheduled on the potential rights-of-way.

**Figure 2** shows a continental scheme—North America's Super Corridor Coalition, Inc.—for major highways connecting Canada, the United States, and Mexico. In today's free-trade domain, this constitutes the blueprint for the "NAFTA Highway," with sub-sections being prime targets for "PPP takeovers."

On June 29, outgoing Transportation Secretary Norman Mineta, speaking to the Chamber of Commerce in Washington, D.C., praised the NAFTA Highway concept by name, when extolling the recent sell-off of the 7.8-mile Chicago Skyway, and the connecting 157-mile Indiana Toll Road as key links in the superhighway route from Canada to Mexico. Within a week of leaving government, Mineta took up a new job as vice president of Hill-Knowlton, the public relations giant, to specialize in the transfer of public transportation systems to private ownership.

At least 18 major U.S. transportation system sell-off deals are under discussion nationally, involving some $25 billions. Critical links in the 47,000-mile U.S. interstate

FIGURE 2
## North American 'SuperCorridor'




Source: North America's SuperCorridor Coalition, Inc. www.nascocorridor.com.

*This map is the website homepage image of NASCO—North America's SuperCorridor Coalition, Inc. While controversy rages over whether it does, or does not constitute a "NAFTA Highway," given the radical free-trade practices now destroying Canada, the United States, and Mexico, key links of it (Chicago, Indiana, Texas) are already being sold off to the Rohatyn globalists, along with choice links throughout the entire 47,000-mile U.S. Interstate highway system.*

highway system are up for grabs.

**New Jersey.** A legislator proposes selling a 49% share of the New Jersey Turnpike and the Garden State Parkway.

**New York.** Gov. George Pataki is proposing that a lease be granted to a private firm for taking over the Tappan Zee Bridge, spanning the Hudson above New York City. It needs to be repaired or replaced; he wants it privatized.

**Pennsylvania.** Turnpike officials have met with Macquarie Infrastructure Group about a PPP deal for the Mon-Valley Expressway and the Southern Beltway in the Pittsburgh area.

**California.** A legislative panel is considering a $16 billion plan for privately run toll roads.

**Virginia.** Widening the Route 81 corridor in the Shenandoah Valley is considered a potential PPP deal.

**Chicago.** The city-owned parking system, the largest in the nation, with four garages having almost 9,200 spaces, is expected to be put up for sale. At least 13 bids are already in the works, involving Maquarie-Cintra, Goldman Sachs, Morgan Stanley, and Merrill Lynch.

Municipally owned Midway Airport has been mooted for potential sale.

**Ohio.** Ken Blackwell, the scandal-ridden Republican gubernatorial candidate, proposes that the Ohio Turnpike system should be sold off for $6 billion. His 2005 book *Rebuilding America,* co-authored with Jerome R. Corsi (who wrote *Unfit for Command: Swift Boat Veterans Speak Out Against John Kerry*), is described by its publisher, Cumberland House, as putting forward "new techniques of public finance—not dependent on new taxes—to enlist financial insti-


EIRNS/Stuart Lewis

*Toll stations for the 14-mile Dulles Greenway Toll Road in 1995, the year it opened. It runs westward from Dulles International Airport, through the northern Virginia commuter belt. Greenway was built as a private toll road from scratch. It came about when, in 1988, a syndicate of investors was granted a 40-year concession agreement to build a private extension of a highway past Dulles International Airport, instead of allowing the Virginia Department of Transportation to proceed as intended on its already planned roadway extension. The project was then marked by delays, financial losses foisted on the state, insolvency, a shuffling among shareholders—including by Kellogg, Brown & Root/Halliburton—and a sequence of three private operators. The state kicked in an additional 20-year toll concession, and in 2005, Macquarie Infrastructure Group acquired the roadway, getting more than 51 years of tolls remaining. Despite all this, the Greenway is still called a "national model" for toll road PPPs. The charge is $3.20 for a one-way, 14-mile trip.*

tutions in deploying new urban capital into rebuilding our cities. The goal is to work with established and newly formed corporations. . . ."

## The Rohatyn Takeover Crowd

Among the leading names involved in the purchase, financial structuring, investment, and other functions connected with sales of infrastructure and government service concessions are: Macquarie Bank/Macquarie Infrastructure Group, Lazard Infrastructure Fund, Goldman Sachs, Loral, Cintra, Bechtel Infrastructure, Suez (Ondeo/United Water), Morgan Stanley, and Transurban. In addition, many of these operate together in joint ventures for various purposes of buyouts, stocks, fees, and leases.

Rohatyn is active in these personally, and through Lazard, for which he was senior officer from the 1960s through the 1990s. Look at two of the world's foremost takeover corporations—Suez, infamous for water swindles; and the Macquarie Bank group, infamous for toll road takeovers. From 2001 to 2004, Rohatyn served on the Board of Suez. With the Macquarie Bank/Macquarie Infrastructure Group, Lazard has three joint investment ventures:

**Suez.** The multinational based in France dates back to the 1850s Suez Canal construction. In recent years, it came to rank as one of the top multinationals involved in global water system takeovers, along with Vivendi Water (Lyon, France) and Thames Water (Reading, England). These, along with Bechtel and a few others, have bought out water systems from South America, across Europe, the United States, and in Southeast Asia. Suez has a record of spectacular takeovers, and spectacular disasters.

In 1998, the City of Atlanta, Georgia sold a 20-year lease to Suez for $438 million—then the largest such water utility deal ever. Within four years, the system was in breakdown; pipes were breaking; brown water came out the taps. Yet the customer rates were hiked over 30%. The city broke off the contract with Suez, but Atlanta's water system is a wreck. Argentina cancelled the Suez franchise this year, for what it did to water services there. Bolivia kicked Suez out of the country too.

**Macquarie.** The leader of the pack in transportation is the Macquarie Infrastructure Group (MIG), head of the consortium which last year bought the Chicago Skyway and the Virginia Dulles Greenway Toll Road, and this year, the Indiana Toll Road; it now owns thousands of miles of toll roads around the world. In Britain, its toll road holdings include the new $2 billion M6 Expressway. Macquarie's External Affairs Manager became infamous when his comment became public on Macquarie policy: "We can put up the tolls by whatever we like and, almost as importantly, we can start the tolls on day one by whatever we like. . . . If [motorists] don't complain about it being too high, then we won't have done our job." He was fired, but Macquarie policy remains.

Based in Australia, Macquarie Infrastructure Group is part of Macquarie Bank Ltd., with a pedigree going straight back to the heart of the historical Synarchy International (see accompanying article). At large, the Macquarie Bank Ltd operates three investment partnerships directly with Lazard: Macquarie Lazard Master Global Equities Fund, Macquarie Lazard Asia Pacific Share Trust, and Macquarie Lazard International Share Trust.

In February 2006, Lazard Asset Management launched its own Lazard Global Listed Infrastructure strategy, with a special focus on "North American infrastructure stocks," that are opportunities as once-government-owned infrastructure is sold off. Lazard's own description of this in February states:

"Infrastructure assets are the basic physical systems needed for the functioning of a country or community, including utilities, roads, airports, ports, railroads, and communications systems. Historically, a large component of global infrastructure has been developed and owned by governments, but there is an increasing trend to listed and unlisted public ownership [meaning shares]. Infrastructure assets can have attractive investment characteristics, including long duration, low risk of capital loss, and inflation-linked revenues. . . ."

Macquarie stands in line to buy out the Eurotunnel. Now that the Chunnel filed for bankruptcy on July 13—after a preventable failure of financial restructuring—a consortium including Macquarie, Goldman Sachs, and Barclays plans to buy out the 70% holdings of the senior debtholders.

These corporate snapshots characterize all the players in the infrastructure grab. Goldman Sachs is reportedly raising a $3 billion fund to be able to vastly expand into the hot deals for privatizing public infrastructure. The company is said to have raked off $9 million in fees advising the City of Chicago on the sell-off of its Skyway in 2005, and $19 million for the 2006 Indiana deal to sell off the 75-year lease on its toll road. Mark Florian, a Goldman Sachs managing director, said they have discussed similar sales with 35 states.

LaRouche summed up the character of these networks and their menace, in a reponse he wrote to a December 2005 article by Rohatyn and Warren Rudman ("It's Time To Rebuild America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure"): "What Rohatyn represents, and represents this in a fully conscious way, is a globalized system of imperial rule by a global combination of super-gigantic slime-molds made up of many private financier interests. They intend to eliminate what they regard as the former power of 'big government,' by either governments which are mere lackeys, errand-boys for financier slime-molds, or, for most cases, no real government at all."


EIRNS/Dan Sturman

*Felix Rohatyn and his Lazard investment bank are leading the charge for the sell-off of public infrastructure to private interests. Highways are the most prominent target, but other urban infrastructure is next in line.*

## Rohatyn's Record

The process of mass theft and deliberate destruction of government described here, is just what Felix Rohatyn has been working overtime to bring about. A timeline of some of his recent public activities documents his role.

### 1999-2001

In **January 1999,** when Rohatyn was the U.S. Ambassador to France, he addressed the U.S. Conference of Mayors, at its 67th Winter meeting in Washington, D.C. At the time, cities were in acute crises over depopulation, loss of industrial base, lack of revenue, and decrepit infrastructure. Rohatyn's theme? Look to "European investment" as the solution. In other words: Private financing takeovers by the synarchists. He stressed this for cities in the United States and Europe alike. For the future, he said, mayors would have to learn to work in partnership with the private and voluntary sector, and to "compete internationally in new ways."

Rohatyn then invited the mayors present to work with him and John Kornblum, then U.S. Ambassador to Germany (and subsequently, a Lazard vice president), to convene a U.S.-German-French mayors meeting in **April 2000,** in Lyon. Over the 2000-01 period, the "Transatlantic Mayors Initiative" was led by Rohatyn and Kornblum, drumming on the public-private theme for selling off government assets and sovereignty. At the same time, the Rohatyn networks targetted U.S. state and local leaders for compliance (see accompanying article).

In **August 2001,** Rohatyn published an opinion column in the London *Financial Times,* entitled "Back to Bretton Woods." His Delphic message came at a time when cities, and the U.S. economy generally, were reeling under the impact of the newly deregulated electricity markets. The out-of-control energy prices—backed by the Cheney Task Force—focussed attention on the dangerous condition of the unhinged, speculative world financial system. Rohatyn's letter was a pretense of addressing this. LaRouche responded by an open letter to Rohatyn to clarify his view of a new monetary system, vis-à-vis LaRouche's own long-standing proposal. Rohatyn never answered.

### 2002

In **April,** Rohatyn addressed the Spring meeting of the U.S. Conference of Mayors. Occurring soon after the 9/11 attack, the mayors not only met in Washington, D.C. as usual, but took a side-trip to New York City. These events became the occasion for the Rohatyn crowd to imbue local officials with the sense that private takeovers were the order of the day, especially because of the new security needs. The topic of the New York gathering was "International Summit on Terrorism and Travel/Tourism." Rohatyn gave the greeting and keynote address. The trip was sponsored by United Water of Ondeo Services Company, a subsidiary of Suez, the Lazard-related, France-based synarchist company. United Water Chairman and CEO, Michael L. Chessier spoke, besides Mayor Michael Bloomberg and others.

At the Washington, D.C. part of the conference, the topic addressed was, "Mayoral Strategies To Ensure Safety and

Security for Their Cities: Special Events, Water and Border Security," and again, a United Water/Suez official spoke—Patrick Cairo, Vice President for Strategic Issues.

## 2003

On **Nov. 12,** Rohatyn addressed a national summit of mayors and business leaders in New York City, on " '04 Metro Agenda on Infrastructure and Jobs." He advised the group "to look at new institutional arrangements that would allow for greater and longer term investment of pension funds in infrastructure development." Rohatyn downplayed the importance of the rising U.S. deficit as "not the immediate concern." Instead, "restoring business investment is of paramount importance."

A report was released prepared by Global Insights, Inc. Key figures at the meeting were Detroit Mayor Kwame M. Kilpatrick, chairman of the Council for Investment in the New American City.

## 2004

Rohatyn founded the Commission on Public Infrastructure, as part of the Washington, D.C. Center for Strategic and International Studies (CSIS). His co-chair was former Senator Rudman. In standard double-speak, the Commission said that it "seeks to raise public awareness and dialogue on the subject of America's mounting infrastructure problems, and to help lead the country towards making more innovative investments in public infrastructure."

The eight Commission on Public Infrastructure members include Frederick B. Whittemore, an "Advisory Director" with Morgan Stanley, where he has been for over 30 years. A Morgan Stanley official is also a top official for the National Council for Public-Private Partnerships.

On **Oct. 9,** Rohatyn and George Shultz teamed up to address a conference on "The Privatization of National Security," held on the campus of Middlebury College in Vermont, sponsored by Shultz's Princeton Project on National Security, and the Rohatyn Center for International Affairs at Middlebury College. The theme was to outsource to private multinational corporations, virtually all national security and military functions, including all non-combat and some core combat functions of the military itself. The message was summed up by one speaker, Peter Feaver, the director of the Triangle Institute for Security Studies at Duke University, who gushed: "In fact, what we're seeing is a return to neo-feudalism. If you think how the East India Company played a role in the rise of the British Empire, there are similar parallels to the rise of the American quasi-Empire."

Rohatyn spoke on the final panel, pronouncing the inevitabiliy and superiority of privatization. "I will address this issue as privatization and what goes with it—not if it's good or bad—because I think it is here to stay and there's no point in arguing that issue. And also because I think it will grow. I don't think for a moment that privatization will stop with security services. . . . I believe it is inevitable that more and more ranking officers will leave the Pentagon and go with private companies, and then go back to the military as contractors, with businesses that have far greater market values. Because one actor that you haven't included here are the securities markets. And privatization, which is a dogma as well as a process, usually brings with it two other elements. One is deregulation and the other is a need for transparency. . . ."

## 2005

**May 1:** Rohatyn signs, as President of Rohatyn Associates LLC, an agreement with Delphi Corp., to advise on their pre-bankruptcy strategy. By 13 months later, 47,000 Delphi and GM auto worker jobs were gone through buy-outs, and numerous plants were shut down—the loss of crucial capacity for infrastructure building.

**June 16:** Rohatyn authors an opinion column in the *Wall Street Journal* entitled, "A Trust Fund for America," which uses citations from Thomas Jefferson, James Madison, and FDR's Tennessee Valley Authority, to try to sell his PPP for privatizing public works.

**Sept. 21:** The formation of a Congressional PPP Caucus was announced in Washington, D.C., by co-chairmen Sen. George Allen (R-Va.) and Rep. Chris Cannon (R-Utah). Senator Allen spoke of his time as Governor, and his use of PPPs for transportation, and for real estate/economic development. He said that PPPs "resulted in the savings of hundreds of millions of dollars for the state." At the announcement of the meeting, specific PPP enabling actions for water supply were extolled:

- HR 1708 would remove caps on Private Activity Bonds. The example was given of the Tampa Bay desalination plant (a sizable project), which used all the annual Florida state allowance for PABS for three years in a row. Conclusion: Don't cap private bond issuance.
- S-1400, the Water Infrastructure Financing Act, has clauses to promote PPPs.

Future PPP Caucus sessions were promised, to review private management of Federal installations, "enhanced use" leasing, and transportation.

**Dec. 13:** Rohatyn co-authors an opinion column in the *Washington Post,* with Warren Rudman, entitled, "It's Time To Rebuild America, A Plan for Spending More—and Wisely—on our Aging Infrastructure." The Rohatyn now-standard format is used, to review the decay in infrastructure, and call for PPP takeovers.

## 2006

**March 27:** The Washington, D.C. Commission on Public Infrastructure National Press Club event had Rohatyn and Rudman as featured speakers.

A "Guiding Principles" document was released with 12 signators, including Iowa Gov. Tom Vilsack (D), former Nebraska Sen. Bob Kerrey, and others.