

Geithner Exposed Again, Took Delphi Pensions

by Paul Gallagher

Aug. 20—A bipartisan group in the House and Senate has moved in the past weeks to join a three-year effort by 20,000 white-collar employees of Delphi Corp. to find out who ordered their pensions eliminated in the Obama Administration's 2009 "packaged bankruptcy" of General Motors. It looks like Obama Treasury Secretary Tim Geithner gave that order, and this is raising Congressional concern from both parties. Geithner and the White House auto task force are charged with deciding which worker benefits to "cherry-pick" to be maintained in the bankruptcy, with United Autoworkers Union pensions fully guaranteed, and non-union employees losing both their pensions and their health-care plan.

The new exposé of Geithner comes as GM itself is now cutting pensions and health care, in both the U.S. and Canada, with some rumors the automaker is in existential financial trouble again.

E-mails obtained by the *Daily Caller* reveal that Geithner's Treasury was the driving force behind terminating the pensions of the salaried employees at the Delphi auto parts manufacturing company. They contradict sworn testimony, in Federal court and before Congress, given by several Obama Administration figures. They also indicate that the Administration misled lawmakers and the courts about the sequence of events surrounding the termination of those non-union pensions, and that Administration figures violated Federal law.

The White House and Treasury Department have consistently maintained that the Pension Benefit Guaranty Corporation (PBGC) independently made the decision. The PBGC is a Federal agency that handles pri-

vate-sector pension benefits issues. Its charter calls for independent representation of pension beneficiaries' interests. Under 29 U.S.C. Section 1342, the PBGC is the only government entity that is legally empowered to initiate termination of a pension.

Former Treasury official Matthew Feldman and former White House "auto czar" Ron Bloom, both key members of the Presidential Task Force on the Auto Industry during the GM bailout, have testified under oath that the PBGC, not the Administration, led the effort to terminate the non-union pension plan. The e-mails appear to show the opposite.

One dated Thursday, April 2, 2009, shows PBGC staffer Joseph House discussing a meeting that he and his colleagues were anticipating with the entire auto bailout team the following day. House e-mailed PBGC colleagues Karen Morris and Michael Rae that during the Friday morning meeting, the "agenda is everything leads off with Chrysler, then we'll get into GM/Delphi." Morris had written earlier that day that the PBGC team would "probably get invited to the Monday meeting at tomorrow's meeting," and that the Monday meeting would involve "talks" on the GM and Delphi portions of the bailout plan.

But after the Friday meeting, House e-mailed PBGC staffers Karen Morris and John Menke. "We've been



White House/Pete Souza

Treasury Secretary Tim Geithner is believed to have ordered the wipeout of pensions for Delphi workers, as part of Obama's 2009 "packaged bankruptcy" of General Motors. A bipartisan Congressional group is investigating.

disinvited,” he wrote. “Who unin-
vited us?” Morris replied. “Trea-
sury,” House responded.

Another e-mail chain between
House and Feldman, then a Trea-
sury official and a key member of
the Obama Administration’s auto
task force, show that the PBGC,
rather than being independent and
in charge, believed it needed to
clear auto-bankruptcy decisions
and action plans through senior
Administration officials.

Ohio Republican Rep. Mike
Turner told the *Daily Caller* that
he thinks that Geithner is ulti-
mately responsible for the deci-
sion that terminated 20,000 pen-
sions and health-care plans.
Geithner—allocating the bailout
money from the TARP—was a
member of the Auto Task Force
bailout team, and a board member
of the PBGC.

‘We Decide What Is Fair’

On Aug. 14, Michigan Republican Rep. Dave
Camp, chairman of the House Ways and Means Com-
mittee, requested that Obama Administration officials
provide all records, including e-mails to or from the
U.S. Treasury and the PBGC, the Executive Office of
the President of the United States, and the Departments
of Labor and Commerce that relate to Delphi and Gen-
eral Motors’ interest in Delphi.

GM was responsible for the workers’ pensions at
Delphi, its former subsidiary. The Delphi workers who
lost 50-70% of their pensions were non-unionized,
white-collar workers from engineering to accounting
professions. They also lost their health-insurance plans.
Those who still have their pensions are blue-collar
workers in the United Autoworkers Union—Obama’s
auto task force and GM decided to honor a 1999 pen-
sion guarantee for the union workers’ pensions, even in
bankruptcy.

Obama and his surrogates repeat ad nauseam while
campaigning, “Everybody gets a fair shake, everybody
plays by the same rules, and everybody pays their fair
share.”

But at a July 10 hearing in the Ways and Means



White House/Pete Souza

*Obama has consistently sided with the Wall Street banksters, as in the so-called auto
“bailout,” in which thousands were laid off, losing pensions and health-care benefits.
Here, Obama grandstands at the GM plant in Hamtramck, Mich., July 2010.*

Committee—the first held on the subject—Obama’s
former “auto czar” Ron Bloom told the committee that
the White House auto task force’s view had been that
“It doesn’t have to be equal; we determine what is fair.”
Bloom has a strange history with the United Steelwork-
ers Union; but his original career was at Wall Street’s
Lazard Frères investment bank, as a protégé of Felix
“the Fixer” Rohatyn, who first advised Delphi manage-
ment (in 2005) to put the company in bankruptcy and
shed the pensions.

The push to expose what Geithner’s Treasury did to
the Delphi white-collar pensions is bipartisan, espe-
cially in Ohio, where most of those workers were em-
ployed. Rep. Sherrod Brown (D-Ohio) “backs the
recent bipartisan call for stronger probes into a Depart-
ment of Treasury scandal that left 20,000 non-union
Delphi retirees without their pensions after the 2009
General Motors bailout,” reported his office. There are
reports that Rep. Tim Ryan (D-Ohio) “also signaled
some distrust with how the Treasury Department and
PBGC have handled this issue. Last week, he wrote his
own letters to Geithner and PBGC director Josh Got-
baum asking that they provide Congress with ‘addi-
tional documents and full transparency,’” according to
CNN. Gotbaum is also a protégé of Lazard’s Felix Ro-
hatyn, and the son of New York 1970s labor leader

Victor Gotbaum, who was Rohatyn's partner in austerity cuts against city workers in New York's bankruptcy crisis then.

Now, parent company GM, with encouragement from the White House, is moving to cut the pensions of its already retired workers. The reason is the return of serious financial problems, and a collapse in the stock value of GM, which even have sparked some wild Wall Street rumors of a threatened "second bankruptcy." The automakers' profits fell 41% in the second quarter; it has a very large manufacturing and sales presence in the European Union, where all auto sales are getting killed by the debt collapse; and it is lagging the other automakers in the U.S. market. But it is seeking to "solve" the problem by going after pensions.

GM said in June it would cut its total pension obligation by \$26 billion, by offering lump-sum pension termination payments (pension "buyouts") to about 42,000 retirees. Those who don't get bought out of their pensions, will have them shifted by GM to the insurance giant Prudential Financial Inc., in effect, replacing the workers' pensions with life-insurance policies. And General Motors Canada is doing the same thing with its

retirees' health insurance plan—turning it into a lump-sum annuity. Perhaps not coincidentally, this bears a strong resemblance to the Paul Ryan/Tea Party "vouchers for Medicare" scheme.

NAWAPA 1964



Released on Thanksgiving 2011, the LPAC-TV documentary "NAWAPA 1964" is the true story of the fight for the North American Water and Power Alliance. Spanning the 1960s and early '70s, it is told through the words of Utah Senator Frank Moss. The 56-minute video, using extensive original film footage and documents, presents the astonishing mobilization for NAWAPA, which came near to being realized, until the assassination of President Kennedy, the Vietnam War, and the 1968 Jacobin reaction, killed it

... until now.

<http://larouchepac.com/nawapa1964>