WHO IS BANKRUPTING AMERICA?

Felix Rohatyn's 'al-Qaeda' Destroyed American Industry

by EIR Staff

What international investment bank has consulted in the disappearance of every formerly major American steel company? Felix Rohatyn's Lazard Frères.

What investment bank set up the infamous United Airlines employee ownership plan of 1994—which lost each employee's every dollar of stock—and has "consulted," altogether, seven major airlines into bankruptcy and/or liquidation? Lazard Frères.

What investment bank put together the mergers that created, and then advised, the monster Enron? Lazard.

What investment bank has been the strategic advisor to each of the big auto supply companies which has gone into bankruptcy; has advised both GM/Ford *and the UAW* on the ongoing shutdowns of auto plants and jobs; and developed the strategic bankruptcy plan for Delphi Corp., the worst industrial outsourcing in U.S. corporate history? Rohatyn's Lazard Frères, again. And, in the case of the Delphi outsourcing plan, the crime was done by Felix Rohatyn personally (see *EIR,* June 16).

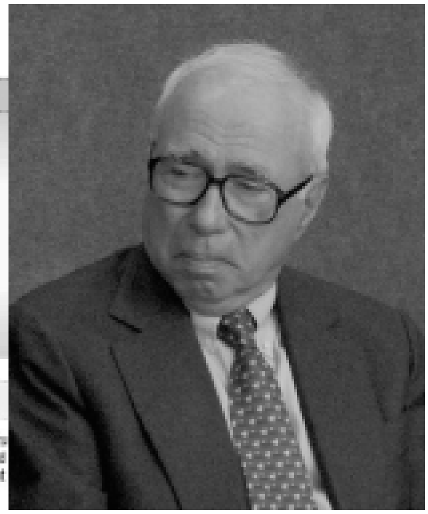
But don't get the idea that this is a project by one greedy individual. Rohatyn himself is simply the front-man for a tightly-knit network of private financier institutions—investment houses, commercial banks, and their allied law firms and consulting firms—that have systematically moved to shut down the entire industrial base of the United States over the past 30 years, and have now nearly succeeded in wiping it out altogether. They have implemented globalization-through-fraud, taking advantage of a corrupt rewriting of America's bankruptcy laws, which, in effect, hands life-or-death decision-making power over to this financial cartel, and a new generation of thieves they've created, like Delphi chief Steve Miller, and "former" Rothschild agent Wilbur Ross.

In effect, what has occurred is a foreign take-down of the United States, led by an international Synarchist network which has always hated the United States, and set out to destroy the legacy of Franklin Delano Roosevelt as soon as his heart stopped beating in 1945. We have published documentation on Rohatyn's Nazi roots before, and we provide further evidence in these pages. Those who collaborate with such a network, are, as LaRouche has emphasized, acting as traitors, or worse. At the point where the last bastion of productive machine-tool capability, including skilled manpower, is about to be destroyed, there is no excuse for not acting to reverse this process. We are at the crisis point, where the future of our nation will be determined.

The Rohatyn Record

Like an al-Qaeda of Wall Street, Felix Rohatyn's investment banks and their network of partners have closed and destroyed more factories, firehouses, and police stations in the past 35 years than terrorists have ever dreamed of—while adopting the pose of Democratic Party funders, and friends and advisors to labor unions.

Ever since taking control of New York City in 1974 and shrinking its municipal services by 25-40%, and taking hold of its unions' pension funds to pay out to its bank creditors, Felix Rohatyn has claimed that this looting job was a model for all of industrial America. He and his Democratic Leadership Council friends have claimed that New York emerged stronger and better, for having been looted by Rohatyn. With



EIRNS/Dan Sturman

Felix Rohatyn's Lazard Frères investment bankers have been the "consultants" in almost every step in the deindustrialization of the U.S. economy, from the airlines, to steel, and now to auto.

partners and protégés pulled out of the socialist labor movement and made into bankers, this leading synarchist fascist has made Lazard, and his own Rohatyn Associates bank, the top deindustrializers of America.

As the saying goes, "You can look it up." With Lazard as bank consultants and strategists, the interlocked Rothschild, Inc. as the bankruptcy specialists, and JP Morgan Chase bank organizing the "debtor-in-possession" financiers who have ruled corporate bankruptcy courts since 1978, Felix Rohatyn's network have been the bank consultants in almost every airline bankruptcy, pension liquidation, every aerospace/defense shutdown, every step of the disappearance of the steel industry, and now every major auto bankruptcy. They amused themselves along the way, by creating Enron and electricity deregulation.

Over the past decade or so, Rohatyn's and Lazard's industrial terrorists have been joined by a new species of "foreign fighters." These are hedge funds grouped around Rothschild funds and banks, which have specialized in attacking, buying, and looting industrial companies and unions weakened by global low-wage competition—and by taking Felix Rohatyn's advice.

With these monsters as allies, Rohatyn's network are now "advising" the dismantling of the auto industry—the last bastion of machine-tooling and deep industrial capability left in the United States. If Congress doesn't rapidly intervene to stop their feast on auto—a necessary first step in reversing the destruction of the economy by globalization—the United States will be left with the industrial capacity of a Third World country. In order to stop this, Democratic Congressional leaders, in particular, will have to stop taking the money and advice of "Rohatyn Democrat" moneybags like Wilbur Ross, Michael Steinhardt, Steven Ratner, and Felix himself. Seen through the eyes of citizens of Ohio, Indiana, or Michigan, watching factory after school after hospital shuttered, machines auctioned off, plants knocked down by wrecking balls, these Congressional leaders might as well be taking money and advice from Osama bin Laden.

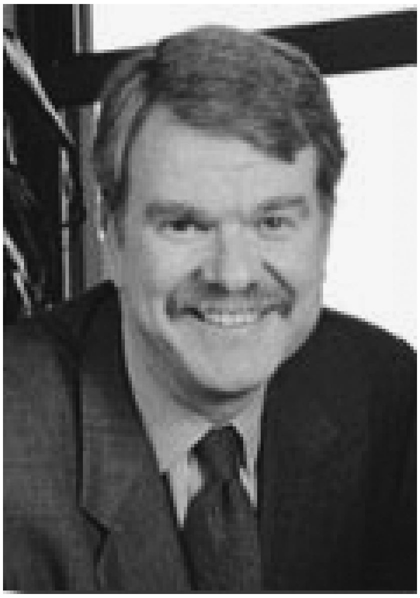
We present, here, a shorthand picture of just three areas of U.S. industry and infrastructure: airlines and aerospace, steel, and auto. These sectors of the economy represent the core of the machine tool capacity of the economy, and their destruction would spell death for the U.S. economy. There can be no delay in neutralizing the immediate, mortal threat to the U.S. economy posed by the actions of the Rohatyn/Lazard gang.

Airlines and Aerospace

Overall results: Aerospace employment in the United States fell from a peak of 900,000 during the late 1980s to 550,000 now, a 40% drop; 60 million square feet of aerospace/defense capacity was shut down from 1990-97 alone, and its machinery sold off at auctions.

The Case of Joshua Gotbaum

During the 1980s, there were about 20 prime military contractors, and more than 130,000 scientists and engineers working on aerospace research and development, according to the Aerospace Industries Association. With the end of the Cold War as the pretext, there took place a drastic downsizing



Joshua Gotbaum led the dismantling of the defense/ aerospace sector.

of both the high-technology, machine-tool-rich defense/aerospace industry and U.S. military forces, initiated by Dick Cheney, when he was Secretary of Defense from 1989 through January 1993.

Today, there are only five major prime military contractors, and only about 30,000 scientists and engineers working on aerospace R&D.

In the mid-1990s, the downsizing and dismantling of the defense/aerospace sector was led by the little-known Joshua Gotbaum, a protégé of Felix Rohatyn at Lazard Frères, and the son of New York City labor leader Victor Gotbaum, himself a close collaborator with Rohatyn in the razing of New York City public services in the 1970s under "Big MAC"—the bankers' Municipal Assistance Corporation.

During 1975-82, Rohatyn, with the indispensable cooperation of the senior Gotbaum, brutally cut vital public services—fire, police, hospitals, and transit—by 15% to 40%, driving out much of the city's poorer population in the process. As a reward for his father's collaboration, Joshua Gotbaum was made a banker by Lazard Frères in 1981. By 1990 he was a general partner, and was entrusted to serve as the Managing Director of Lazard's London office from 1989-92.

In 1994, Joshua Gotbaum was suddenly named to a newly created Pentagon position, Assistant Secretary of Defense for Economic Security, with a 260-person staff and considerable powers. At a time when defense expenditures were being slashed, Gotbaum applied pressure to shut down aerospace factories. During the 1990s, more than 250,000 aerospace production workers were axed, and more than one-third of the aerospace sector was liquidated in the process of "consolidation." With it, went much of the industry's irreplaceable advanced machine-tool capacity.

Gotbaum outlined his mission in an interview in the November-December 1995 issue of *Program Manager* magazine, headlined: "Survival of the Fittest," and "Which Defense Firms Will Survive—Meet the Man Who Helps the Pentagon Decide."

Asked about his experience at Lazard in putting through mergers and bankruptcy restructurings, Gotbaum stated, "As the defense industry itself restructures, companies that have been our suppliers for years are combining; they are restructuring, combining plants, laying off employees, etc., so there is an industry restructuring. Similarly, as the defense budget declines, the Department of Defense is itself restructuring. . . . [W]hat we've discovered now is that in some respects the defense industry is undergoing restructuring that other manufacturing industries . . . began in some cases, 10 or 15 years ago." He couldn't help but boast: "I spent a lot of time in restructurings."

Gotbaum also pushed to implement Cheney's 1992-initiated policy of outsourcing and privatizing military functions. He led the Pentagon's development of the list of base closings that were sent to the Base Realignment and Closure Commission (BRAC) in 1995, and he then implemented the closings approved by the BRAC and Congress. In the *Program Manager* interview, Gotbaum pontificated, "The BRAC is another arena in which the Department of Defense is reconciling itself to the new realities. The way we fight wars is changed. . . . So we consider base closing to be necessary—but very painful."

Airlines Shot Out of the Sky

Closely related to the areospace industry, is the commercial airline sector, whose destruction was also crafted and facilitated by Lazard Frères and Joshua Gotbaum. Listen to the description in the Jan. 7, 2004 *Honolulu Star-Bulletin:* "Gotbaum was an investment banker with Lazard Frères & Co. in New York and London, providing advice to airlines on mergers, acquisitions, bankruptcies, and restructuring. He consulted with Eastern, Braniff, Pan American, British Airways and Air France."

This is quite a record: Eastern, Braniff, and Pan American each went bankrupt and was eventually liquidated.

In addition, in 2003 Gotbaum was appointed the operating Trustee for Hawaiian Airlines, after it filed for reorganization under Chapter 11. His was an extremely rare position; normally, the existing management continues to operate a company (as "debtor-in-possession") in a Chapter 11. Hawaiian was *not* bankrupt; its reason for filing bankruptcy was to force concessions from its employee unions and to renegotiate its aircraft leases with Boeing. The head of the Air Lines Pilots Assocation correctly called it a "sham bankruptcy."

The outcome, for which Gotbaum demanded almost $10 million in fees, was that 1) creditors got paid in full (very unusual); 2) shareholders saw their stock actually increase in value, instead of being wiped out, as is normal; 3) employees made concessions and give-backs in wages, benefits, and

Air & Space magazine.

Airplanes in a storage yard in California, grounded by the bankruptcy of the airlines.

work-rules; and 4) pilots had their pensions frozen and revamped.

That's only part of the picture. Overall, there were at least nine airlines to which Lazard and Gotbaum were consultants. Seven of the nine ended up in bankruptcy, most of which included "restructuring" consulting by Lazard.

Here we must introduce the role of another Rohatyn protégé at Lazard, also a close associate of Joshua Gotbaum: Eugene Keilin.

Keilin started as a lawyer working in the New York City budget office, and first represented the City in its negotiations with Big MAC and New York State during the budget crisis of the mid-1970s. Rohatyn then picked up Keilin and installed him as Executive Director of Big MAC in 1976; two years later, Rohatyn offered him a position at Lazard, where he became a general partner in 1984, specializing in employee buyouts of bankrupt or near-bankrupt companies—known as Employee Stock Ownership Plans (ESOP).

As a Lazard partner, Keilin was an advisor to the pilots' union at United Air Lines (UAL), and was the architect of the employee buyout of UAL, which was implemented in 1994, after a number of failed earlier attempts starting in 1987. UAL pilots and machinists received shares of stock, in exchange for major salary and work-rule concessions, while Keilin and other advisors were allegedly getting huge under-the-table payments in connection with the ESOP negotiations. Additionally, Stephen Wolf, the United CEO who had hired Lazard to advise United's Board of Directors during the buy-out negotiations, was in turn hired by Lazard as a consultant, after the ESOP deal was consummated.

All illusions about "employee ownership" evaporated over the next few years, and in December 2001, United went into what was to become the biggest and longest U.S. airline bankruptcy. The stock held by employees, for which they had taken significant wage cuts, ended up worthless.

After the UAL deal, Keilin officially left Lazard Frères, to start up his own "labor-friendly" investing and consulting firm, specializing in ESOPs and corporate restructurings, on behalf of hedge funds and private equity firms.

Steel

Overall results: U.S. steel production has fallen 35% since 1975, from 145 million tons to 95 million annually; the per-capita production drop was 50%, and most of what remains is produced from recycled scrap in electric-arc "mini-mills." Employment in the industry has fallen more than 50% over the same period.

Lazard and its operatives continually appear and reappear in the take-down and reshaping of the U.S. steel industry, and in their wake follow layoffs, reduced benefits, and a decline in steel production—a process which culminated in the foreign takeover in 2005 of 40% of the U.S flat-rolled steel capacity, used in manufacturing military equipment, trucks, and automobiles.

Weirton

In 1984, Lazard and the Keilin-Gotbaum team played a key role in crafting the employee buy-out at West Virginia's Weirton Steel; this became a model for the methods which Lazard and its spin-offs have used to cannibalize workers' pensions and other resources to this day.

The buy-out was precipitated in 1982, when National Steel announced that it would not invest further in its Weirton branch. Lazard VP's Keilin and Gotbaum were the advisors to Weirton managment and the Independent Steelworkers Union on the ESOP plan. When the deal was concluded, Weirton Steel became the nation's sixth-largest integrated steel mill, and the largest wholly employee-owned steel com-

An abandoned Bethlehem Steel plant in 1999. Scavenger Wilbur Ross picked up parts of the company, which once employed 13,000 workers.

pany, with over 6,000 employees.

From that point on, the basic trajectory of Weirton was downward, punctuated by layoffs and cutbacks. When the company finally filed for bankruptcy in 2003, it was down to 3,500 employees, and it had gone through two major reorganizations, which reduced wages, froze pensions, and slashed health benefits.

What remained of Weirton was ultimately acquired by senior Rothschild figure Wilbur Ross's predatory International Steel Group, and was then handed over to the London-based Mittal Steel, which promptly shut down the mill's blast furnaces and reduced the work force to under 900.

Weirton's parent company, National Steel, declared bankruptcy in January 2003, and was subsequently acquired by U.S. Steel, which then announced that it was planning to lay off over one-fifth of the employees of the augmented company, and would not assume the contractual obligations for retiree health benefits. Lazard was National Steel's investment advisor during the bankruptcy proceedings.

LTV/Bethlehem

Lazard's early involvement with Cleveland-based steelmaker LTV is of particular interest, since this paved the way for Wilbur Ross's purchase of LTV, as his first step toward creating the International Steel Group (ISG).

LTV Steel was the nation's second-largest steelmaker in 1984, a result of Ling-Temco-Vought's takeover of the Pittsburgh- and Cleveland-based Jones & Laughlin steel company, and then a merger with the Cleveland-based Republic Steel. In 1986, the United Steel Workers of America hired Lazard to initiate an audit of LTV—conducted by the Arthur Young accounting firm—which pronounced the company bankrupt! By the end of the year LTV had filed its first Chapter 11 bankruptcy. While in Chapter 11, LTV pioneered the practice of dumping its pension obligations onto taxpayers, as well as cutting back on health benefits.

In 1989, Lazard, working with the USWA, designed an ESOP for the bar steel division of LTV, which was then spun off as Republic Engineered Steel.

After LTV emerged from bankruptcy in 1992, it took a U.S. Supreme Court decision to force it to reassume its pension obligations. Over the decade after its 1984 bankruptcy, LTV reduced its steel-making capacity from 24 million tons a year, to 10 million.

Bankruptcy Code Revamped To Wreck Industry, Labor

Reorganization of a distressed company under Chapter 11 of the U.S. Bankruptcy Code—once an instrument for the protection of the General Welfare—has become perverted in recent years into a tool by which "vulture capitalists" and foreign financiers such as Felix Rohatyn's Lazard Frères, can take over industrial firms, dump their pensions and health-care programs, tear up union contracts, and then sell off the assets at a handsome profit.

The modern form of corporate reorganization under Chapter 11 came into being as part of New Deal legislation under Franklin Roosevelt. The intention was to provide an equitable mechanism, by which the dead weight of old debt could be put aside, allowing an otherwise-viable firm to continue in business and to keep its employees working—for the benefit of the common good. The priority was put on keeping the factory's doors open and its workers employed, if the company was viable but for the burden of past debt.[1]

Today, as the case of Delphi shows, this has been turned on its head. The 1978 Bankruptcy Reform Act allows the management to continue operating a company

1. "A Short History of Chapter 11: Model for a Bankrupt Economy," *EIR*, Jan. 25, 2002.

In 2000, LTV declared its second bankruptcy, and, as part of its liquidation, it sold its Cleveland and Chicago production facilities in 2002 to the vulture fund WL Ross & Co., which soon became the International Steel Group. Bottom-feeder Ross, executive managing director of Rothschild Investments LLC for 26 years, specialized in "distressed" companies.

In the short time that Ross owned ISG, it was used as an instrument to decimate what remained of the U.S. steel industry and its workforce. After Ross acquired the assets of LTV, the scavenger then rapidly picked up pieces of Acme Steel, Bethlehem Steel, Weirton Steel, and Georgetown Steel, all between 2002 and 2004.

Bethlehem was the big plum of Ross's acquisitions, with its 13,000 workers and a large portion of the remaining U.S integrated steel-making capability. Earlier, in 1996, when talk of at least a partial shutdown of Bethlehem was already in the air, the USWA had hired Eugene Keilin to represent its interests.

Lazard Is Steve Miller's Daddy

In 1984, Felix Rohatyn co-authored, along with AFL-CIO President Lane Kirkland, and DuPont CEO Irving Shapiro, a policy paper called "Restoring American Competitiveness: Proposals for an Industrial Policy." The report states at the outset that "Professor Lewis B. Kaden of the Columbia University School of Law served as the Director of our Study Group. We are also grateful to the assistance provided by Eugene Keilin and Josh Gotbaum, Lazard Frères & Co."

Kaden, who joined the old-line Wall Street law firm of Davis Polk & Wardwell at that time (1984), was brought onto the Board of Bethlehem Steel in 1994; during his decade on Bethlehem's Board, its stock price plunged from $24 a share, to nine cents. Then, in 2001, Kaden recruited Steve Miller—now the CEO in charge of destroying Delphi (see below)—to become CEO and Chairman of Bethlehem Steel. Miller, naturally, knew nothing about the steel industry, but he knew a lot about what the bankers wanted. Within three weeks,

as a "debtor-in-possession" (DIP), rather than having a court-appointed trustee run the firm, and its gives an almost absolute priority for repayment, to interim loans made to a company in Chapter 11 reorganization, over all other creditors, including employees. Today, any big firm going into Chapter 11 reorganization already has new financing from major banks lined up at the point of filing its Chapter 11 petition.

Utilizing these changes in the law, Wall Street law firms and investment banks have taken over bankruptcy proceedings involving large industrial corporations. By using "debtor-in-possession financing," and/or by buying up claims, they are scooping up manufacturing firms at the heart of the U.S. economy, trashing union contracts, dumping health-care and pension plans, and then stripping their assets and selling them off to the highest bidder.

In an interview last year with *EIR,*[2] professor and author Mark Reutter described how this looting process emerged. "This began in 2001 in the steel industry, and resulted in major changes in that industry, and then has spread to the airline industry—where today, four of the seven major U.S. carriers are in Chapter 11—and is now spreading, in recent weeks, to the auto-parts industry," Reutter said. "And the people who are involved in the voluntary bankruptcy of auto-parts maker Delphi Corp., are the very same people who profitted enormously from the Chapter 11 bankruptcies of the steel industry three years ago."

Reutter spoke of "a new breed of corporate manager," personified by Steve Miller, now the head of Delphi, who "makes his living taking large companies in and out of bankruptcy." Reutter noted that Miller had previously put Bethlehem Steel in and out of bankruptcy, and that he was also instrumental in putting Eastern Airlines into bankruptcy.

And on the "receiving end" of the bankruptcy, Reutter pointed out, are "vulture capitalists" such as Rothschild's Wilbur Ross, "a billionaire, who made well in excess of $500 million buying Bethlehem Steel from Steve Miller, and then selling it, several months ago, to the Mittal Steel Corp. in the Netherlands."

"Delphi has millions of dollars of cash flow coming through its system every week," Reutter said. "These vulture capitalists want to get that flow directed to them."

In the accompanying article, we cite the case of the bankruptcy of Hawaiian Airlines, run by Joshua Gotbaum, where the *sole purpose* of the bankruptcy was to break existing leases and contracts; creditors got paid in full, stockholders saw their shares *increase* in value, and Gotbaum and other parasites running the reorganization walked away with millions in their own pockets.

But there is more than mere greed at play here.

In the case of Lazard's Rohatyn, and Rothschild's Wilbur Ross, we are looking at evil operatives who are literally agents of a foreign power: the Synarchist financial oligarchy which is strategically committed to destroying the United States as an industrial power.

—Edward Spannaus

2. "The Delphi Case and the Misuse of Bankruptcy Law," Interview with Prof. Mark Reutter, *EIR,* Nov. 11, 2005. An expanded version of the *EIR* interview is posted on Prof. Reutter's website: www.makingsteel.com.

Miller had put Bethlehem into bankruptcy.

In 2003, Miller sold Bethlehem's steel-mill assets to Wilbur Ross's ISG, only after the bankruptcy court had allowed Miller to scrap employee health-care benefits, and to dump its pension costs on the Federal government.

Following major layoffs in his newly acquired companies, Ross bragged before a March 2003 hearing of the International Trade Commission that ISG was producing a ton of steel in one man-hour, whereas two years earlier, with essentially the same plant and equipment, it took 2.5 man-hours. This was attributed not to the introduction of new technologies, nor to investment in new plant and equipment, but to radical streamlining of the workforce—meaning collapse of job classifications, changed work rules, and other speedup practices.

Ross identified as a key aspect of the ISG revolution in the steel industry, the introduction of "profit-sharing" into all areas traditionally subject to collective bargaining by the unions. For example, the much-trumpeted voluntary health benefit plan, which ISG set up for retirees of its predecessor companies, is entirely dependent on certain levels of profit being reached. Wage scales for current workers are also increasingly tied to a "bonus" system. And, as Ross indicated, this new model was not limited to ISG, but was incorporated into all the new contracts negotiated by the Lazard-penetrated USWA and its International President Leo Gerard, who claimed credit for pioneering this at the same hearings, and who did not dissent from Ross's observation that the model should be extended beyond steel, to all of U.S. manufacturing.

By 2005, Ross had done his job on the U.S. steel industry, with the continuing help of Lazard and its stable of graduates like Keilin. In this short 2003-05 period, the Bush Administration adopted steel tariffs, with the strong proviso that the steel industry take the opportunity to rationalize and restructure, in order to eliminate the alleged over-capacity in world steel production. Steel production in the U.S. declined by 10 million tons.

In April 2005, with ISG the largest steelmaker left in the United States, with 40% of the nation's flat-rolled steel capacity, Ross sold ISG to the London-based Mittal Steel Company, headed by Lakshmi Mittal, an India-born, British-based buy-out artist. Upon completion of the deal, Mittal announced that "Mittal Steel is now the world's premier steel producer and also the largest producer in the North American market."

Ross now sits on the Mittal Board of Directors, along with Lewis Kaden. Kaden also became Citigroup vice-chairman shortly after the ISG-Mittal merger; since then Citigroup has loaned Mittal $9 billion. Also on the Mittal Board is Nathaniel (the 5th Baron) Rothschild, a Lazard banker. Today, Kaden and Nathaniel Rothschild are promoting the merger of Mittal and Arcelor, Europe's largest steelmaker; if successful, the merged companies would control 10% of world steel production, making this the most dominant steel cartel in world history.

Auto: Always the Same Wrecking Crew

Overall Results: the automobile industry has lost 240,000 (20%) of its jobs, net, since 2000, and will lose approximately 300,000 more by the end of 2008 at latest, if the announced shutdowns of 67 major plants are not reversed. 75 million square feet of capacity is being shut—more than in the past 30 years combined—and its machine tools sold off at auctions.

The actions of Felix Rohatyn in making the strategic plan for the complete outsourcing of Delphi—its "globalization by bankruptcy"—were exposed by *EIR* in its June 16 edition, and in a special White Paper distributed by LaRouche PAC beginning June 9. *EIR* published the May 1, 2005 proposal to Delphi management signed by Rohatyn personally, and other proofs that Rohatyn—now through his own bank, Rohatyn Associates, and working with Rothschild—is responsible for the ongoing destruction of Delphi's plant, machine tools, and workforce and the transfer of its American production overseas.

This is but the worst example of Rohatyn's wrecking operations in auto, and those of his Lazard "al-Qaeda."

In the first major elimination of jobs, benefits, and capacity in the industry—the 1979 reorganization and "government bailout" of Chrysler Corp.—Lazard advised both Chrysler CEO Lee Iacocca, *and* UAW head Doug Fraser, as bank consultant. Felix Rohatyn personally handled the planning for Chrysler during 1979 until, according to Robert Reich in his book *New Deals,* Chrysler management forced Rohatyn to withdraw because he was demanding that he run the company, as de facto CEO. (He had, after all, been acting as dictator of New York City.)

Lazard Bank remained Chrysler's and the UAW's consultant, however; under Lazard's advice, Iacocca had brought in from Ford the then-obscure, but now well-known, Robert "Steve" Miller as his general factotum for "sacrifice from everybody." It is notable that Lazard's advice, again, brought Miller onto United Air Lines' board 15 years later, during the disastrous UAL "employee buyout"; that Rohatyn's collaborator Lewis Kaden brought Miller in as CEO of Bethlehem Steel in 2001, in order to quickly take it bankrupt, tear up its employee benefits, and sell it off to Rothschild's Wilbur Ross; and that Felix Rohatyn's strategic plan for Delphi brought Steve Miller in as that company's CEO in July 2005, for the same purposes.

Rohatyn himself, in 1979, after withdrawing from direct advice to Chrysler, worked through Fed Chairman Paul Volcker and Treasury Secretary G. William Miller, to make sure the Carter Administration put excruciating pressure on Chrysler for deep cuts—it did—in exchange for the eventual $1.5 billion "bailout" loan announced at the end of 1979.

The results, from 1980-83: The UAW gave up $1.2 billion in wage and benefit "givebacks"; Chrysler closed 30 U.S.


Delphi Corporation
As of May 1, 2005
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If the foregoing correctly sets forth the understanding and agreement among the Advisors and the Company, please so indicate by signing the enclosed copy of this letter, whereupon it shall become a binding agreement between the parties hereto as of the date first above written.

Very truly yours,

ROTHSCHILD INC.

By:______________________
David L. Resnick
Managing Director

ROHATYN ASSOCIATES LLC

By: Felix Rohatyn
Name: FELIX ROHATYN
Title: PRESIDENT

Accepted and Agreed to as of
The date first written above:

DELPHI CORPORATION

Felix Rohatyn is the chief architect of the Delphi bankruptcy, as indicated by his signature here on the company's May 1, 2005 bankruptcy filing.

plants, reduced its production workforce from 98,000 to 45,000, cut its salaried workforce from 40,000 to 22,000, and wiped out 40,000 jobs in the Detroit Metropolitan Area alone.

In 1997 it was Daimler-Benz which hired Lazard to advise on its 1998 takeover of Chrysler, which resulted in the second, 1999-2001 wave of Chrysler shrinkage.

'Bring Me Your Bankrupts . . .'

In the current wave of bankruptcies of major auto supply companies, all have the same virtual al-Qaeda of consultants taking the companies, union contracts, and workforces apart. In the Tower Automotive bankruptcy in February 2006, Rothschild, Inc. is investment banker, Lazard are bank consultants "for strategic issues," Kirkland and Ellis the restructuring law firm, and JP Morgan Chase the lead bank providing debtor-in-possession (DIP) financing. Tower has demanded the bankruptcy court throw out its contracts with the UAW and other unions, and has declared bankrupt only its U.S. operations. Sound just like Delphi's strategic plan? All Delphi's consultants are exactly the same, except that its law firm is Skadden Arps.

Collins & Aikman, for its bankruptcy, is advised by Lazard, Kirkland and Ellis, and Rothschild, with JP Morgan Chase providing DIP financing. Again, "None of the company's affiliates outside the U.S. were included in the filing," said its bankruptcy announcement on May 17—the same "strategic bankruptcy" strategy.

Dana Corporation, for its bankruptcy, was advised by Lazard, Kirkland and Ellis, and JP Morgan Chase for DIP financing. It is now largely controlled by Rothschild veteran Wilbur Ross's private equity funds.

Not to be outdone, the UAW hired Lazard on July 21, 2005 to consult on GM's demands for retiree health insurance give-backs; it hired Lazard on Nov. 1, 2005 to consult on Delphi's bankruptcy; and it hired Lazard on Nov. 4, 2005 to consult on Ford's demands for give-backs. In each case, *the company paid* for Lazard's advice to the UAW. A Dec. 8, 2005 UAW letter to members and retirees makes clear that it took Lazard's advice to give in to Ford's demands; it apparently got the same advice from Lazard on the demands of GM and Delphi.

Lazard's own SEC filing at the end of the first quarter of this year, shows that just at that moment, it was simultaneously running: the restructurings of Tower, Collins & Aikman, and Meridian (another large auto supplier); advice to the UAW on all three cases noted above; the Cerberus hedge fund's takeover of GM's finance arm, GMAC; and the bankruptcy of Northwest Airlines, which has broken its pilots' group, slashed its employees' salaries, and dumped its pensions on the Pension Benefit Guaranty Corp.

At the same time, March 31 of this year, Lazard was also advising Whirlpool on its takeover of Maytag, a vicious operation in which the company took over its competitor solely in order to close it down almost completely. In the process, 5,000 skilled industrial jobs were wiped out in Iowa at a stroke.

And while Rohatyn Associates had, by then, "withdrawn" from the Delphi outsourcing/restructuring which Felix had planned, Rothschild, Inc. was continuing to plan that disaster, while the group of hedge funds and equity funds associated with Wilbur Ross was waiting to pick up the "distressed pieces" and combine them into new, entirely global, auto supply companies.

Stop the End-Game

When you look at this picture of the destruction of U.S. industry—which is now at end-game—you have to conclude that Synarchist banker Felix Rohatyn, Wilbur Ross, and Steve Miller make al-Qaeda look like pikers. These Synarchist financiers are inflicting far greater destruction on the United States, than any terrorist gang, or war-time saboteurs, could ever hope to do.

If we do not stop this treason against America now, very soon there will be no United States economy left, only colonial outposts of the international Synarchist cartel.

By Edward Spannaus, Paul Gallagher, Patricia Salisbury, and Richard Freeman, with additional research by Mark Bender and Roger Moore.