



Written by [Thomas R. Eddlem](#) on June 7, 2009

## Chrysler-Fiat Deal: U.S. Government as “God”

Under [terms of the Chrysler/Fiat “alliance”](#) (it’s not a full merger), Fiat will inherit none of Chrysler’s debt and will put no capital into Chrysler but will get a 35 percent stake in Chrysler (50 percent if Fiat shares valuable technology with the “new” Chrysler). Chrysler, which is expected to run in multi-billion dollar deficit for years, will be funded by the U.S. government (along with a little from the Canadian government). Chrysler officials doubt Fiat’s willingness to share technology with them, and in company e-mails have claimed Fiat “is trying to be squirrely” (sic) about sharing technology. Treasury bankruptcy lawyer Matthew Feldman wrote back: “We know.” Chrysler officials have come to believe that they are in “in bed with a shady partner.”



Meanwhile, investors in Chrysler stock and bonds have been completely shut out financially and will get pennies from the billions in federal bailout funds, but federal courts have allowed the merger to go through despite the “shady” partner. “The alternative to the approval of the sale is liquidation,” U.S. Circuit Judge Amalya Kearse [proclaimed](#) at a June 5 hearing approving the deal.

The fact that the hearing itself occurred on June 6 was due to direct presidential intervention, [according to Manny Lopez of the Detroit News](#):

The bankruptcy judge hearing the Chrysler case said Friday he wasn’t going to rule on the asset sale until today or Tuesday, but a call from the White House must have prompted him to move faster because he ruled in the wee hours of this morning.... Remarkably, Gonzalez got all his work done just in time and filed his opinion after midnight to save the show. I’m sure we’ll hear today when questioned that the White House had nothing to do with that timing, just as we’ve heard that it is not making management decisions at GM or Chrysler.

Douglas McIntyre of the *Wall Street Journal* [noted on his blog](#) that this is not the first time that the federal government has interfered with companies in the marketplace: “It should not be a surprise to anyone that the Obama administration forced Chrysler into a marriage with Fiat. The government has forced changes in bank boards and pushed the head of GM out of his job. Former Treasury chief Paulson even forced the Merrill Lynch deal on Bank of America.” McIntyre is putting it lightly. Former Secretary of Treasury Hank Paulson and Federal Reserve Chairman Ben Bernanke [committed securities fraud](#) in the Bank of America/Merrill Lynch merger by withholding key financial data from stockholders before the vote to buy Merrill Lynch. And it’s important to note that Paulson (Bush’s Treasury Secretary) threatened to replace the board of Bank of America if they didn’t go through with the merger. Bank of America was on solid financial ground until the forced merger, and has since received taxpayer bailout funds.



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"The Chrysler deal is done now, water under the bridge. The government's heavy hand in business probably is not," Douglas McIntyre of the *Wall Street Journal* [wrote on his blog](#). "It is impossible to say when or if the use of the government's 'god-like' power will end."

The only real way to tell that it is going to end is when the American people elect a Congress that demands it come to a stop.

*Photo: AP Images*



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