

MANZULLO: WHY DO AMERICANS WHO LOST THEIR RETIREMENT HAVE TO PAY AIG?

Congressman Donald Manzullo (R-IL) read this line in Tim Geithner's opening statement to the House Financial Services Committee today.

AIG directly guarantees over \$30 billion of 401(k) and pension plan investments and is a leading provider of retirement services for teachers and educational institutions.

And this line in Ben Bernanke's opening statement.

Workers whose 401(k) plans had purchased \$40 billion of insurance from AIG against the risk that their stable value funds would decline in value would have seen that insurance disappear.

Manzullo asked why it is that the Americans who have lost up to half their own 401(k)s or IRAs because of the decline in stock markets are paying to make sure the 401(k) and pension holders insured by AIG don't lose any value in their retirement funds.

I understand the point Bernanke tried to offer in response. This is just a loan, it probably will be repaid, these aren't the same things.

But the exchange was another example of the complete tin ear about how this looks to Americans who are struggling. And Bernanke's refusal to answer "yes" or "no" simply made it worse.