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Free Enterprise: Auto bailout is perfect car wreck

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Detroit's Big Three automakers are running out of road - and out of excuses.

The doomsday testimonies before Congress this week by the heads of GM, Chrysler and Ford (in order of reported financial distress) did not gain traction. One of them, GM Chairman and CEO Richard Wagoner, actually had the temerity to try to get mileage out of the dreaded "depression" scare. He suggested policymakers explain to their constituents that this is the only way "to prevent the United States from entering into an economic depression."

However, the CEOs sputtering replies to questions about what exactly \$25 billion would buy "bailout wary" taxpayers put speed bumps into the path to government handouts. Add to that the spat about the CEOs' decision to come "hat in hand" to Washington on three separate private company jets, and one had the makings of a perfect car wreck.

Putting aside that the self-serving grilling of the CEOs regarding their travel habits was just another contemptible example of congressional grandstanding, any excuse to stop the handing out of "free checks" was a good one for this country's long-run economic health. Especially if one keeps in mind that the "Not So Big Three Anymore" have already been promised \$25 billion for "green retooling."

The sad truth is that this is going to end in a pileup either way. The only question is how big of a pileup and how many jobs will be lost as a result. The CEOs testified that they have not seriously looked into bankruptcy scenarios because that would - according to them - ensure that nobody would buy any of their cars anymore and thus reduce revenues to near zero.

However, it is difficult to see such expedient explanations as anything other than the refusal to engage in the painful adjustments that bankruptcy proceedings usually entail for all stakeholders involved.

Obviously, Americans will keep buying cars; fewer, perhaps, but millions of them nonetheless. One may want to be wary of a situation in which political influence decides from whom they are purchasing them. What would be so wrong with Toyota, Honda, Kia and other foreign carmakers - who also employ hundreds of thousands of Americans in well-paying jobs - picking up the slack?

Congress, thankfully, has just used a Thanksgiving rest stop to slow down the race for government

intervention. It has asked the three automakers to come back with a road map to survival that would make additional nationalizations in an economy built on free-market principles more palatable.

Policymakers should use the break to be realistic about the government's (in)ability to actually run an economy as large as ours. They also need to get back to basics and consider the tradeoffs involved in selectively using taxpayer money to rescue certain companies.

Helping GM, Chrysler and Ford would likely just delay the inevitable reckoning and the need for restructuring. "Bridge-loans to nowhere" are not the solution.

Congress may also want to take a road trip with those other carmakers in the land that are not asking for handouts.

They seem to be cruising along just fine, if not happily. Perhaps, they have simply made better business decisions in the past. That, in the end, should decide who is allowed to stay on the road to the future - and who gets bumped off.

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