

Backfires in Motown

by The Indianapolis Star

General Motors Corp. and Chrysler LLC are back for more of your money. The two companies want a combined \$22 billion more in government loans on top of the \$17.4 billion they received gift-wrapped from Congress right before the holidays.

Their argument: If the government doesn't cough up the money, it will cost more, because the two automakers will be forced into bankruptcy. GM has said it alone might need as much as \$100 billion in government financing if it went through a conventional bankruptcy process. Bankruptcy experts don't believe it would be that expensive.

It's time to quit pretending. These two companies are bankrupt, and they have their own poor decisions to blame.

Neither has built cars that consumers wanted to buy in enough numbers to justify their bloated operations. GM, in particular, failed over many years to streamline its dealer network and, more recently, misjudged the public's appetite for fuel-efficient cars. The reliability of its fleet, while better in recent years, long has been a problem. The recession has hastened the inevitable.

The government should offer more assistance only after a prepackaged bankruptcy filing. In bankruptcy, the automakers could free themselves of their strangling contracts with the United Auto Workers and do the sort of restructuring that has long been needed. Even the Obama administration, which dares not breathe the "b" word for fear of angering its labor supporters, seems to understand this and is quietly moving to arrange debtor-in-possession financing for the automakers, which would be needed were they to file in federal court.

The government should take care of the thousands of autoworkers who have lost their jobs or will soon be out of work. Generous retraining money is needed for them, along with other services.

But it's time to face facts in both the auto and banking industries: Stop pretending that these wounded Goliaths can survive without the tough love of reorganization.

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