President should stop badmouthing Big 3

by The Detroit News

President Barack Obama's promise of aid to the auto industry is welcome, but it would also be helpful to the Detroit automakers if he stopped badmouthing them.

The president late last week said he expected to provide additional assistance to the struggling manufacturers, but he added that they couldn't expect to rely on building more sport utility vehicles and depend on continued low gasoline prices.

He also said the auto companies, including shareholders, creditors and workers, would have to recognize that the current economic model of the auto industry is "unsustainable."

General Motors Corp. and Chrysler LLC have already received more than $17 billion in federal aid and are seeking about $22 billion more. And they are well aware they will have to undergo drastic restructuring. They're in the process.

In reports submitted to the federal government last month, GM outlined plans to eliminate 47,000 workers this year, including 20,000 in the United States. It proposes to close down a total of 14 plants during the next three years and whittle to four its core vehicle brands.

Chrysler has already started the groundwork for an alliance with Italy's Fiat, will slash 3,000 jobs, cut its plant capacity for 100,000 vehicles and put $300 million in assets on the auction block.

They get the message Washington is sending.

While Obama acknowledged the huge slump in auto sales that is hampering the recovery of the auto firms, he still implied that they're not making vehicles the public wants.

That's just not true.

As The News reported last month, total small car sales actually declined last year by 2 percent. Much-touted fuel-sipping hybrid vehicles accounted in 2008 for 2.4 percent of total sales, and they're projected to grow to only 5.3 percent of the North American market by 2012.

Last month, the top-selling vehicles were the Ford F-series pickups. In third place were Chevy Silverado pickups.

If the federal government wants to get people into smaller vehicles, it will have to either outlaw SUVs and light trucks or slap a much bigger tax on gasoline.

Other than that, if the president is serious about seeking to preserve a domestic auto industry, he'll slow the administration's rush to impose more stringent fuel economy rules on the industry than currently required by Congress, and he'll reject bids by California and other states to impose their own piecemeal emissions and fuel economy regulations.

Obama is right to worry about throwing "good money after bad" in aiding the auto industry and Detroit firms should be held accountable for their use of assistance funds.

But his repetition of conventional but erroneous views of Detroit automakers and their products won't help the cause of preserving the industry.

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