

A blunt instrument

by A blunt instrument

The Obama administration got the attention of America's boardrooms with its largely symbolic firing recently of Rick Wagoner, the General Motors Corp. chief executive. Other CEOs, particularly at the nation's biggest banks, should be wary. There's a new boss in town.

Treasury Secretary Timothy Geithner said Sunday on the CBS talk show "Face the Nation" that if banks get "exceptional assistance," there might be a need for a management change.

Wagoner may have richly deserved his fate and the same may be true of some of those bankers but the administration's willingness to oust a leader of a private business should give pause to anyone who cares about a free-market system.

GM's track record under Wagoner was woeful, and after Treasury plowed billions of dollars into GM, there is a case for greater accountability. There's even a case for dismissal in some instances we don't oppose the government wielding such a club if actually needed. But it must use this club sparingly. Wagoner's dismissal smelled of politics a sop to public anger. His replacement, Fritz Henderson, after all, is a longtime GM executive not exactly an outsider.

We've advocated a bankruptcy filing for GM and Chrysler, in part to insulate the companies as much as possible from political meddling. Both companies need to restructure to survive, but, equally as important, they have to make vehicles that Americans want to buy and make them at competitive prices.

Government bailout money should give taxpayers a say there is nothing wrong with attaching strings to a bailout. But the feds need to draw a bright line between business dealing and political dealing. And it should spell out an exit strategy from such intense government oversight. Otherwise, the risk is that GM and Chrysler will become political beanbags.

One area where that could happen is fuel efficiency. We'd love to see more fuel-efficient cars on the road - we've long supported increased fuel economy standards but simply mandating that the automakers produce such cars is no guarantee that the public will be enticed.

The Wagoner firing was probably overdue. GM's board should have seen that months ago. Likewise, the ouster of Ken Lewis at Bank of America might make perfect business sense. But we'd be more comfortable if those actions were taken by the boards running those companies with the advice of shareholders and the federal government in the case of bailed-out companies than unilaterally by the Obama administration.

Reprinted From The Milwaukee Journal Sentinel. Distributed By Creators Syndicate Inc.

A blunt instrument by A blunt instrument