

**PREPARED STATEMENT FOR THE RECORD OF
CONGRESSMAN PAUL E. KANJORSKI
COMMITTEE ON FINANCIAL SERVICES
HEARING ON REVIEW OF PLANS TO STABILIZE THE FINANCIAL CONDITION
OF THE AMERICAN AUTOMOBILE INDUSTRY**

DECEMBER 5, 2008

Mr. Chairman, we meet again with some very familiar faces to determine whether they are truly “driven” to succeed. Each of these automotive executives has now agreed to accept an annual salary of one dollar, and this time they did not arrive on corporate jets. These necessary, albeit symbolic, actions are appreciated, even if their initial conduct remains baffling.

We must now decide whether or not the viability plans they have submitted justify the provision of massive governmental assistance. However, before answering this question, we must ask if America needs its own automotive industry. In my view, the answer is yes. I have always owned American cars. I believe in the American men and women who make the automobiles on which we rely. They do not fly on corporate jets, and they certainly do not make millions of dollars. Instead, they work hard to make a good product.

To survive, our workers now deserve a fair shake, but in return they must share in the sacrifice. If we hope to keep this industry viable, all other interested parties must also make concessions, including suppliers and dealers. Additionally, because the credit crisis and weakened demand are global problems, many foreign countries are now debating rescue packages for their own troubled automakers. Likewise, we must protect the competitiveness of the American automotive industry.

We all surely agree that the industry teeters on the precipice of a disaster. Most agree that the global economic crisis has greatly contributed to this misfortune. American automakers have also appropriately acknowledged and owned up to their share of the blame. They seem to finally recognize the urgency of undertaking substantive changes in their corporate structures and practices through their long-term viability plans.

The Congress must also establish a number of conditions in any package to help American automakers. First and foremost, American money must benefit American workers. The taxpayer’s money cannot be used to outsource jobs to Brazil or open a plant in Mexico.

We must also protect taxpayers by ensuring that they get paid back first, rather than other creditors. Moreover, we must strictly oversee the disbursement and allocation of all government funds, including possibly establishing an overseer to expedite corporate restructuring in lieu of a bankruptcy proceeding. Additionally, even though the CEOs have now voluntarily agreed to slash their salaries, the Big Three ought to pay their top 20 executives no more than the salaries earned by their more successful foreign counterparts. Further, we must establish contingency plans in the bill, in the event that a company fails after receiving federal assistance.

As we continue to debate federal assistance, the Chrysler bailout law offers great insight and guidance. That plan included a “certainty of success” formula and required frequent reporting. We should do the same here. Finally, I believe that we ought to consider a buy-in incentive program, whereby Americans become vested in the future success of these companies.

In sum, I look forward to discussing these viability plans. I also remain committed to working to reestablish a strong and thriving American automotive industry.

