

Opening Statement Submitted for the Record
Rep. Ed Perlmutter (CO-07)

Three questions determine whether federal assistance should be made available to the domestic auto industry. If the answer to these questions is yes, the Congress should immediately act.

1. Is the Domestic Auto Industry essential to the welfare of the United States of America?
 - The corollary is, would the loss of the Domestic Auto Industry be too damaging to the country?
2. Is there a way to maintain these companies in the short run so they are competitive and successful in the long run?
 - The corollary is, is there a way forward that does not result in good money being thrown down the toilet.
3. Can the Congress, through Constitutional legislation, protect the American taxpayer in maintaining and sustaining the domestic auto industry?

The companies' testimony and business plan presented several weeks ago did not instill much confidence or desire to assist them. The proposals presented for this hearing are more complete and professional. They also admit and acknowledge reality. By doing so they are taking the first step toward recovery.

The proposals paint an economic picture that currently is bleak, but they also describe actions which have been taken or which can be taken to create a much brighter, successful and profitable future, including developing technologies which create fuel-efficient 21st century vehicles. However, based upon the business proposals, it is clear that without immediate financial assistance from the only entity lending money, the USA, the domestic auto industry will never get to the successful/profitable future.

So, if the industry is essential to the country because of jobs, national security, and desire to limit the misery attendant to widespread unemployment, then how do we give the industry the best chance to succeed and assure the protection of the taxpayers as lenders and venture capitalists? The Congress needs to develop legislation that either allows or forces, where necessary, concessions from all interested parties, including lenders, suppliers, unions, management, retirees, dealers, shareholders, and boards of directors.

The legislation must place any federal loans or advances in a first and senior position to all other parties and it could provide for an oversight board similar to that suggested by GM in its proposal to manage and protect the federal funds and assist the companies in returning to the profitability and repaying the taxpayers.