

## Opening Statement of Ranking Member Spencer Bachus Full Committee Hearing Entitled Stabilizing the Financial Condition of the American Automobile Industry

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November 19, 2008

Thank you, Mr. Chairman.

If U.S. automakers did not play such a central role in the American story, we would not be here today. The Big Three stand as emblems of the American Dream and they have been an integral part of the American economy for generations. Because of that they are special to us. GM, Ford and Chrysler have hit hard times and are now asking for taxpayer help. Even though all Americans want this industry to succeed, I cannot support a plan to spend taxpayer money to bail them out.

My initial problem justifying these loans to the Big Three automakers when I speak to my constituents is the fairness issue. The vast majority of my constituents are not making anywhere near what General Motors and Ford pay their employees. Even with recent changes, the average hourly wage at General Motors is still \$75 an hour. That's 50%, 100% more, and in some cases three or four times what my constituents are making. My constituents do not understand why their tax dollars should go to support what they consider inefficient, non-competitive businesses.

And that raises the second issue, which is that a bailout is not solution to the fundamental problems of the big three automakers. A bailout of the auto industry will just push the problem further into the future. To survive, the Big Three are going to have to change and become more efficient and competitive. I am not sure that management and labor are willing to make that sacrifice. Both management and labor at the Big Three have pay and wage scales that are substantially higher than their competitors. That's not being anti-management or anti-union, it is just being truthful.

A bailout to me raises fairness issues, does not solve the problem and, additionally, a bailout is not good economics and it is not the American way. We believe in fair competition and free markets. Markets are unforgiving and they can be hard. But they are very good at showing business the path to long-term success.

The American way to solve this problem is not to depend on the government for a solution. The government handing them taxpayer money and telling them how to run their business will only prolong the pain. The American way to solve it is for all the parties involved to sit down at the table and hash out a solution that will make these companies competitive for their long-term survival. That is what I believe can and needs to happen. Unfortunately, the parties have not had the fortitude and foresight to make the admittedly difficult decisions that needed to be made. Unfortunately, in the case of the Big Three the parties have been unable to make some of the difficult decisions that could have strengthened their businesses. It is important that management and the unions stop kicking the can down the road and sit down and resolve these important issues. Sacrifices are required as in the case of all challenges and changes.

If we continue down the path of taking money from more efficient and competitive companies and giving them to

companies which are less efficient and in trouble because of bad management and bad decisions, our overall productivity as a country will continue to suffer. While we avoid a certain amount of pain in the short term, we make the situation far worse in the future. By rewarding failure, we send a signal to the marketplace that we will live to regret.

Finally, we need to protect the taxpayer. During this financial crisis many believe that throwing taxpayer money at the problem will resolve the issue. We continue to go down a dangerous road where firms are beginning to rely on the taxpayer when their action threatens the survival of their company. The American people have bailout fatigue. During hearings and again yesterday, I said that we need an exit strategy from the string of bailouts. We still do.

I yield back the balance of my time.

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