

Michigan lawmakers plead for car industry

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Politicians, investment bankers and automotive executives are pulling out all the stops to alleviate the crisis that is engulfing the Detroit motor industry.

A group of Michigan lawmakers has urged the Treasury and the Federal Reserve to provide more aid for the industry, including possibly taking an ownership stake in the most troubled carmakers and their suppliers.

The 16 members of Congress asked Treasury secretary Hank Paulson and Federal Reserve chairman Ben Bernanke in a letter "to use your broad regulatory authority ... to take the necessary steps to promote liquidity in the US auto industry".

Automotive News reported that some members of the group have suggested the government buy stock warrants in the companies, as it did when it rescued Chrysler in 1979.

Congress last month approved \$25bn in low-cost loans to help carmakers and their suppliers modernise their plants. But their plight has deepened since then.

The depth of the industry's problems was underlined yesterday by Chrysler's announcement that it plans to cut its white-collar workforce by a quarter, with the loss of 5,000 jobs.

Earlier in the week, General Motors gave notice that lay-offs among salaried staff and contract workers are in the offing later this year and in early 2009.

These cuts would be in addition to a voluntary buyout programme announced in July, under which GM aims to trim 15 per cent of its US salaried employment costs, equal to roughly 4,800 of its 32,000 white-collar workers.

The three Detroit-based carmakers - GM, Ford and Chrysler - have already cut about 100,000 jobs over the past three years.

The belt tightening has far-reaching implications for parts suppliers, dealers and many local communities, especially in states such as Michigan, Ohio and Indiana. Michigan's unemployment rate, at 8.7 per cent, is already the highest in the country.

Tens of thousands more job losses are in prospect if a deal emerges from talks currently underway between GM and Cerberus Capital Management, Chrysler's controlling shareholder. The two companies have several overlapping products and analysts say a merger makes sense only if it is followed by deep cost cuts.

One person close to the talks said that government involvement, if any, could take the form of a "backstop" of the two companies' combined balance sheet rather than a direct capital infusion. "There's a lot happening," he said.

The pressure for a deal has been ratcheted up by plummeting new-vehicle sales, which are expected this month to tumble well below 12m units, at an annualised rate, compared with 12.5m in September and 16.1m in October 2007.

GM said yesterday that it would delay the unveiling of a new Buick LaCrosse car that it had planned to show at the Los Angeles auto show next month, in part to reduce costs.

Fonte: Financial Times, London, October 25 e 26 2008, Primeiro Caderno, p. 9