

Congress warns on Detroit shake-up plans

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US lawmakers are building roadblocks to the rapid restructuring of General Motors and Chrysler, arguing for more scrutiny of plans to shut the carmakers' dealerships and plants.

President Barack Obama said this week that the government was a "reluctant" shareholder in both companies and pledged that his administration would not interfere with day-to-day operations.

But there were increasingly loud complaints on Capitol Hill Wednesday as senators cross-examined Fritz Henderson, chief executive of GM, and Jim Press, president of Chrysler.

"I never would have believed . . . that the United States government could buy General Motors without a hearing, without a vote 'yes' or 'no'," said Mike Johanns, Republican -senator for Nebraska, at a Senate commerce meeting hearing focused on dealership closures.

Mr Johanns said he would attempt an amendment, barring the government from using money from the troubled asset relief programme to acquire equity stakes in companies.

The Treasury's automotive task force, headed by Steve Rattner, has defied the expectations of outside legal observers with the speed of Chrysler's passage through bankruptcy.

People familiar with GM believe the carmaker could exit Chapter 11 even before the 60 to 90-day target set by the task force, following Chrysler's planned exit this week after less than 40 days. It is believed speed is essential to reassure US consumers that the "new" companies are viable.

It has had the side-effect of limiting the opportunity for Congress to weigh in on the restructuring, which will see the US government take 60 per cent of GM's equity in return for \$50bn of financing.

John Rockefeller, the Democratic chairman of the commerce committee, on Wednesday expressed concern about a "short and insufficient transition period" for dealerships, which will endure drastic cuts. Chrysler said it will close about 800 dealerships and GM said it would close more than 2,000 in an efficiency drive.

Mark Warner, Democratic senator for Virginia, said: "If I would have ever thought in my business life that I would see a group of senators trying to micromanage the workings of an industry like GM and Chrysler, I would have said, 'never going to happen'. However, he said Congress had a "right and responsibility" to ask questions.

Outside the hearing, Darrell Issa, lead Republican on the House oversight committee, demanded documents from the task force in a letter to Mr Rattner, in which he accused the team of a "lack of transparency".

John Dingell, a Democratic representative from Michigan, asked Mr Henderson of GM to reverse a planned closure of a transmission plant.

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