

Right Idea, Wrong Target

by Jeff Reinke, Editorial Director

In this segment, our editors square off on timely issues relating to industrial maintenance and plant operation. The editorial staff would like to stress that we are not intending to specifically endorse any one viewpoint, however our intent is only to encourage dialogue by showing a point-counter-point on contentious issues.



"I don't have a problem with some sort of government support for the automotive industry, but it shouldn't be for the powers residing within the plush offices and private jets of the Big 3."

Over the past 16 years I've owned six vehicles, five of which have been Chevrolets. I like the vehicles, am loyal to the brand and trust them to carry the most precious cargo imaginable - my two daughters. That said, I think GM, Ford and Daimler-Chrysler should be forced to face whatever consequences befall any company which has failed to keep pace with its competition. And more than anything else, that is what this bailout is about - the Big 3 getting beat on the retail battlefield.

We live in and have, for the most part, thrived in a 200+-year-old capitalist economy founded on the basic principle of survival of the fittest. If the Big 3 take a bullet because they were slower to adapt to changing market conditions than other vehicle makers, then this is the natural progression for a collection of companies that have been in desperate need of right-sizing for more than 10 years.

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However, just because these companies have failed to understand basic supply and demand principles, i.e. don't build exponentially more than you can sell, I don't think it make sense from an economic perspective to have thousands of hard-working plant engineers, blue-collar workers and an entire supplier base suffer the same consequences. I don't have a problem with some sort of government support for the automotive industry, but it shouldn't be for the powers residing within the plush offices and private jets of the Big 3.

Rather, if funding is to be allocated, it should go to automotive workers that will be displaced because of downsizing and for suppliers who will have to close their doors because of losses from an automotive freefall. While I'm not advocating some sort of customized welfare program, I do feel that significantly fewer dollars could produce exponentially greater economic impact by providing training and educational opportunities for the unemployed. These programs would help them develop job skills that are in demand in other markets, such as medical, aerospace or consumer electronics, instead of simply placing a greater burden on unemployment collections.

In order to ensure these people will have an actual place to go, funds could also be allocated to automotive suppliers so they could invest in new machinery for servicing other marketplaces, stimulating capital equipment manufacturing in the process. The negative ramification here would be government-funded competition in these other fields, but it's also important to remember that the automotive marketplace is not completely disappearing.

Companies like Toyota and Honda are still producing vehicles, and while it will take some time for Ford, GM and Daimler-Chrysler to get back on their feet, they will not be completely halting production. However, if time is not so kind and these companies do need to shut their doors, there is still opportunity in the automotive realm upon which other, more progressive companies can capitalize. The number of vehicles on the road is not decreasing, nor is the number of drivers. People will still need vehicles, but fewer outlets could add greater value throughout the supply chain. In the end, the economy could be strengthened not by bailing out struggling corporations that failed to adapt and change in a timely manner, but by taking care of its people.

Comments? Email anna.wells@advantagemedia.com [1]

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