

Pelosi: Big 3 Bailout An Automotive 'Renaissance'

Ken Thomas, Associated Press Writer

DETROIT (AP) — House of Representatives Speaker Nancy Pelosi and top Obama administration officials on Monday defended last year's federal bailout of the auto industry, citing optimism that General Motors and Chrysler had made strides only months after exiting bankruptcy.

"What we see here today is a renaissance," Pelosi said. "A renaissance, a phoenix — a rebirth."

Pelosi and more than a dozen lawmakers traveled to the auto industry's annual showcase. They inspected General Motors' Chevrolet Volt, a plug-in electric vehicle, as well as engine technologies under development by Chrysler LLC and its Italian partner, Fiat Group SpA, and fuel-sipping small cars from Ford Motor Co.

Transportation Secretary Ray LaHood also toured the show. He said the administration made the right decision to save GM, Chrysler and auto lender GMAC Financial Services with about \$80 billion in aid, along with a separate \$3 billion Cash for Clunkers program that boosted auto sales during last summer's doldrums.

"This was a good investment of taxpayer dollars in an industry that needed a little bit of an infusion of resources," LaHood said. He noted that GM, which received about \$50 billion in aid, had recently repaid the government \$1 billion in loans and was showing signs of recovery.

Shiny new cars and trucks usually command all the attention at the auto show, but Pelosi and her congressional colleagues were mobbed by dozens of reporters, cameramen and hovering boom microphones as they toured the vehicle displays.

Pelosi's trip was aimed at showing support and optimism for the auto industry and Michigan, which has been ravaged by the economic downturn. GM and Chrysler were forced into bankruptcy and many automakers and suppliers faced painful job losses and a sharp decline in auto sales.

Michigan's jobless rate has hovered around 15 percent and the state has held the nation's highest unemployment rate for much of the past four years.

"I see a lot of flickers of hope here," said Labor Secretary Hilda Solis.

During a luncheon with Michigan Gov. Jennifer Granholm, Detroit Mayor Dave Bing, lawmakers and industry officials, Pelosi acknowledged that the government's intervention in GM and Chrysler and the economic stimulus was met with resistance.

But Pelosi and others said it was critical to preserving the nation's manufacturing

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base and developing renewable energy sources. Pelosi said she planned to return to Detroit for the 2011 auto show to chart carmakers' progress.

The U.S. government owns about 61 percent of General Motors and nearly 10 percent of Chrysler. GM has said it will repay nearly \$7 billion in loans by June and is working to conduct a public stock offering, which could lead to the repayment of some of the billions.

GM Vice Chairman Bob Lutz said Monday that the automaker could not repay the U.S. government with one stock offering and may issue two in an effort to repay the money.

"I don't think we've given any thought to how big the first wave would be and when we'd do the second wave," Lutz told reporters. "I think it's fair to assume that we couldn't go the whole \$50 billion all at once."

Government watchdogs have expressed doubt that the government will get all its money back. The Congressional Oversight Panel reviewing the \$700 billion Troubled Asset Relief Program said last year that most of the \$23 billion initially provided to GM and Chrysler was unlikely to be repaid.

Pelosi said GM chairman and interim CEO Ed Whitacre Jr. assured her that "he's a taxpayer and he wants his money back. We feel that we're on the right path now. I think this represents real change."

Whitacre has projected a positive outlook for the company, telling reporters last week that GM could be profitable this year depending on economic factors. "We're going to make you proud," Whitacre told Pelosi. "You're going to like what we do."

Providing more help, the Energy Department announced \$187 million in funding for projects to boost the fuel efficiency of heavy-duty trucks and passenger vehicles. General Motors, Chrysler and Ford Motor Co. were among the beneficiaries.

Government leaders took a prominent role on the first day of the North American International Auto Show, a major industry showcase with wall-to-wall vehicle unveilings and thousands of journalists. The government's influence was apparent — even a local coffee company served "organic bailout blend" in the media lounge.

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