



Editorial: An Advance Copy of Obama's Speech on June 1, 2009

By Robert Huebscher
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On March 31, President Obama announced his plan to provide the automakers with additional time to restructure their businesses – 30 days for Chrysler and 60 days for GM. In his speech, he ordered General Motors and Chrysler to accelerate their restructuring efforts and brace for possible bankruptcy.

We have taken the liberty of preparing a speech that Mr. Obama is welcome to deliver at the expiration of GM's deadline, on June 1.

My fellow Americans, I am here today to talk to you about the future of the American automobile industry. This industry has been a cornerstone of our economy for the past 100 years, and it will remain so in the future. Nonetheless, it is clear to me that major changes are needed for this industry to move forward in the way we all hope and believe it can.

As you know, at the end of March we gave Chrysler a 30-day deadline to work out a deal with Fiat. It was clear that Chrysler was not strong enough to succeed without a partner. Unfortunately, too many obstacles prevented Chrysler from partnering with Fiat. We needed the accession of Chrysler's owners and creditors, and we needed concessions from the United Auto Workers, but these groups proved unwilling to get on board.

We cannot and will not force concessions upon these constituencies. A merger without the full support of these constituencies is doomed to failure.

We decided the best path for Chrysler was through bankruptcy. This was not an easy decision, and it certainly was not one that we took lightly. But it was the right decision, and today, with the help of accelerated processing through the bankruptcy system, Chrysler is being restructured into a formidable company and a sound strategic partner.

Bankruptcy is not an admission of failure. It is a process whereby companies can rid themselves of burdens created by a bad economy and by bad decisions. The American bankruptcy system is unique in this respect. In any other country, a Chrysler would have faced no choice but to liquidate, creating an unfathomable burden for its employees, suppliers, and the national economy. Our bankruptcy system allows us a better alternative – restructuring.



Today, I have decided that bankruptcy is the best option for GM as well. Over the past 60 days, we have worked tirelessly with GM's creditors, shareholders, and the United Auto Workers. Although these groups made generous and significant concessions, a deal could not be reached.

We believed that GM needed new leadership and we made that change. I commend Fritz Henderson for his efforts to reach a consensus. My task force has monitored this process closely over the last 60 days, and it is clear that Mr. Henderson made a heroic effort to reach a resolution. But he was ultimately unsuccessful.

Let me be clear: Providing more time will not resolve the situation. We are at an impasse. I am unwilling to commit further taxpayer funds to extend the deadline I gave 60 days ago.

GM's creditors lent money to GM in good faith, expecting to be repaid. Many of those creditors are the pension funds, mutual funds and investment firms that manage your retirement accounts and 401(k) plans. To force these firms to accept a deal that they believe is unfair would be unfair to all Americans who have worked and saved for their retirement.

The United Auto Workers made generous concessions in these negotiations, as they have in the past. But, without the full support of GM's union and GM's workers, GM cannot move forward as a company. And that support was not possible.

As we did with Chrysler, the government will provide financial support to GM to see it through the bankruptcy process. This support, known as debtor-in-possession lending, will enable GM to continue to operate its business as it has in the past.

Many have questioned whether people will buy cars from a company in bankruptcy. We have proven this is not the case with Chrysler. In the last 30 days, Chrysler has continued to sell and service its cars. In fact, Chrysler's customers can be more confident now in their purchases, knowing that the US government is committed to the successful completion of the bankruptcy process, and has provided the financing to ensure a successful outcome.

The GM that will emerge from the bankruptcy process will be very different from the GM that exists today. It will be smaller. It will claim fewer brands and fewer dealers. But it will be a viable company – one that will be profitable and able to provide a continued and secure livelihood for its workers, who I know are among the finest workers in America.

People will lose their jobs. That is a tragedy and an enormous burden for families to bear. But we must reshape GM into a profitable company, and that cannot be achieved without reducing the size of its workforce.



I will ask Congress to extend unemployment benefits to enact new job training programs to provide for the future of GM's employees. No children will go unfed, no families will be left homeless.

The automobile industry is an important part of the future of the American economy. But so are other industries and other technologies – solar and wind power among them – that will make us less reliant on foreign oil. We must invest in these industries, so that they can create new jobs and opportunities for the American workforce. I am committed to that goal. That is an integral part of America's future.

We cannot and will not subsidize failing industries with taxpayer money. When all is said and done, we will have a powerful and successful automobile industry, alongside other industries that will reshape our future, and we will emerge from this crisis stronger and more resilient.

The American people are being tested in ways our generation has never experienced. We will overcome these challenges. We will emerge a stronger and better nation, and a nation of compassion and moral purpose. We will look back at this moment and say that it was the turning point for an industry that has been the backbone of America. We will see this moment as the beginning of a reemergence of Detroit, the Midwest, and the American heartland.

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