

Senator Michael F. Bennet
Senate Committee on Banking, Housing, and Urban Affairs
The State of the Domestic Automobile Industry: Impact of Federal Assistance
Wednesday, June 10, 2009 – 2:30 p.m.; Dirksen 538

OPENING STATEMENT

I'd like to thank Mr. Bloom and Mr. Montgomery for appearing here today. Both of these witnesses have an extremely difficult and delicate task of confronting the severe financial condition of our domestic automobile industry, and assisting the communities that are grappling with staggering job losses.

A liquidation of our domestic auto industry would have devastated our already struggling economy, caused painful job losses and impacted countless other business sectors, which depend on the continuing vibrancy of the Big Three.

All of this being said, however, I'm extremely concerned about the rapid increase in our budget deficit. Our fiscal trajectory is unacceptable in the long run. The CBO recently concluded that the debt held by the public could reach 62% of the GDP in 2011 and that's assuming that our economy continues to recover. I look at my three daughters and worry that our inability to control our deficits today will affect their opportunities and their children's opportunities. There is enough blame to go around. Washington in recent years simply did not act to secure

the nation's fiscal health. And now, with this economic emergency leading to unexpected spending, we need to be thinking beyond the near term. As our economy turns around, we'd better have a plan for restoring the fiscal health of this country.

Given this backdrop, we must think very carefully about the government's future involvement in the domestic auto industry. The Auto Task Force must begin planning now for how to remove the government from the auto business. 'Exit strategy', a term that has rightly been applied in other contexts, is an appropriate topic here today also. I think an exit strategy from the auto industry ought to encompass three basic goals:

- (1) seek to reform and repair the auto industry so it can compete in the long run,
- (2) get out as soon as is practicable, and
- (3) retrieve as much of the taxpayer investment as is practicable.

I'd like to elaborate for a moment on this third goal of protecting the taxpayer investment. Our exit strategy from GM and Chrysler should seek also to minimize any further financial exposure to the American taxpayers. This will not be an easy task given the government's substantial stake in GM and the weakened condition of the company.

I look forward to hearing from our witnesses about how to make this work. Also, I will be listening for testimony about the specific components of the restructuring. It is extremely important that we get this right—both from the perspective of the American taxpayer and the tens of thousands of people whose livelihoods depend upon a functioning domestic auto industry. If we don't do this correctly, we will only have increased the national debt and invited even more taxpayer subsidies.

Thank you Mr. Chairman.