

Statement of Senator Sherrod Brown
Hearing, State of the Domestic Automobile Industry: Impact of Federal Assistance
Wednesday, June 10, 2009

Thank you, Mr. Chairman.

I want to thank our witnesses, Mr. Bloom and Dr. Montgomery, for joining us. I appreciate your service.

Over the past few months, I have had several conversations with each of you because the auto industry crisis is a crisis for my state.

This crisis hit home in Mansfield, Ohio, where GM has one of its best stamping plants. Workers at this plant were asked to make concessions over the past two years, and they did. They were asked to produce in an exceptionally efficient manner, and they now rank at or near the top across a range of performance standards. Mansfield played by the rules, did all that was expected of them, and made it to the top ranks of GM stamping plants. Yet GM has decided to close this facility.

This crisis hit home in Twinsburg, where Dr. Montgomery recently visited. Twinsburg is home to the most modern stamping plant in Chrysler's network. It ranks among the highest in safety and productivity. Yet Twinsburg workers and their families got the rug pulled out from under them last month.

The crisis is playing itself out every single day as auto suppliers struggle to find credit. If a manufacturer has auto customers, banks seem to put them on a "black list" and do not want to extend any loans, even those backed by the Small Business Administration (SBA).

The crisis is playing itself out in Warren and Dayton where Delphi salaried retirees played by the rules are left without the pensions they deserve.

These stories from Mansfield and Twinsburg are unfortunately not unique.

There are more stories... stories from small Ohio towns like Trotwood, Van Wert, and Greenwood, and from other areas across Ohio and throughout the Midwest.

That is why it angers me when I hear these restructuring proposals for Chrysler and GM portrayed as giveaways to the United Auto Workers. They are far from giveaways; American autoworkers, their families, and their communities are taking it on the chin.

Just three years ago, there were 250,000 members of the UAW. After these GM and Chrysler restructurings, the number of members will be below 100,000.

Those are men and women like you and me. They work hard, they support their families, and they are watching as their chance at the American dream goes up in smoke.

It's an American tragedy. And anyone who dismisses it should be ashamed.

Wages have decreased, and for entry level workers wages have frozen. Key health care benefits were eliminated for both active and retired workers.

These concessions, combined with swapping GM's contributions owed to the VEBA with stock, a step that will increase risks for retirees, will save GM billions.

Every facet of this restructuring has an impact on hard-working Americans, on their communities, their states, and the nation as a whole.

It is absolutely critical that there are no missteps that victimize Americans, jeopardize the industry's recovery, or shortchange our economy.

I look forward to hearing Mr. Bloom's thoughts on the Treasury Department's strategy for using TARP funds to aid the auto industry.

I also look forward to Dr. Montgomery's vision for the auto communities he is dedicated to assisting.

In moving forward today, I'd like to pose a couple of thoughts and questions for Mr. Bloom and Dr. Montgomery's consideration.

Is the government doing everything it can to protect and create American jobs?

Is the government ensuring that top-performing segments of Chrysler and GM aren't sacrificed because of information gaps, expediency, or politics?

I held a conference call with mayors from auto communities. Nearly all of them raised the fact that they may need to eliminate

police and fire personnel because of the shortfall in tax revenue from plant closings. Some mayors already have.

The worry from these mayors reminds us we are talking about more than jobs and bottom lines. In short, what kind of return do the American people deserve on this investment?

Thank you again for your service, and I look forward to your testimonies.