

## Statement by Congressman Michael N. Castle on HR 7321 Auto Industry Financing and Restructuring Act -- December 11, 2008

"I do not believe that government holds the key to rebuilding a business or an industry and I abhor the practice of turning to taxpayer dollars in order to lessen the hardships of our economy. I have been dismayed by management plans from GM, Chrysler and Ford and have expressed my frustration for over a decade with them in effort to urge further innovation and fuel efficiency in order to compete with the global auto market.

"However, people are struggling. It would be irresponsible to look away from the individual workers or families that have done nothing wrong and would face job loss, health care cost insurance challenges, and frankly-- more foreclosures. Over 250k American jobs are directly employed by the three auto companies and another 2 million work for parts and suppliers to the Big Three or are receiving pensions from them. Once you consider losses of dealerships, and the implications that the failure of one supplier is likely to have on American and foreign assembly plants like, we are facing job losses of over 3 million workers. While we still maintain several hundred auto related jobs in Delaware, we have lost nearly 2,000, and have even more retirees who continue to rely on the American auto industry.

"HR 7321 provides federal loans of up to \$14 million to Chrysler, GM and Ford, although in the initial stage, only General Motors and Chrysler are expected to receive the short-term assistance. The bill creates a "Car Czar" to review the lending program, who would bring together the auto companies, unions, creditors, and other players to negotiate long-term restructuring plans that would lead to financial viability of the companies. The plans would have to be submitted by March 31, 2009. The federal government would receive non-voting stock in the companies receiving the loans, and the companies would be barred from paying dividends, large bonuses, and "golden parachutes" for their highest paid employees.

"I supported this legislation in hopes that these companies are able to pull through this with sound management and innovation so we can save as many jobs as possible."