Congressman Steve King made the following statement today about legislation that would provide a taxpayer-funded bailout package for the “Big Three” domestic auto manufacturers. The House may vote on the proposed legislation on Wednesday.

“Over the past few weeks, the Big Three and the UAW have blitzed Capitol Hill and spent millions of dollars to lobby Congress for a taxpayer-funded bailout, yet refused to commit to any meaningful reforms. Giving Detroit and labor unions billions in taxpayer dollars without serious changes in their business practices is like giving an irresponsible teenager a credit card. American taxpayers should not have to pick up the tab for managerial mistakes, and Washington cannot afford to rescue every struggling sector of the American economy.

“Creating a national car czar and giving the federal government a stake in American companies will damage free enterprise and harm taxpayers. Over 110,000 hard-working Americans are employed by automakers outside the Big Three, and these companies earn solid profits. Subsidizing the mistakes of poorly-managed automakers will penalize Americans working on successful production lines and send a message that our government supports market socialism over economic freedom.

“If the Big Three and the UAW are not willing to make real concessions, such as self-providing some funding from excesses in pension funds, why should taxpayers help them? It is time for the UAW to put some skin in the game and make real concessions.”

BACKGROUND:
According to today’s Wall Street Journal, “under terms of the draft legislation, which continued to evolve Monday evening, the government would receive warrants for stock equivalent to at least 20% of the loans any company receives. The company also would have to agree to limits on executive compensation and dividend payments, much like those contained in the government's $700 billion rescue of the financial industry.”

Additionally, the Journal states, “The program would be overseen by an official, tapped by President George W. Bush, whom congressional aides and lawmakers describe as an ‘auto czar.’ This person would act as a kind of trustee with authority to bring together labor, management, creditors and parts suppliers to negotiate a restructuring plan. He or she also would be able to review any

transaction or contract valued at more than $25 million."

The article goes on to state that, "in a sign of how messy the reorganization could become, the United Auto Workers union is seeking to attach strings to any concessions it makes for the Big Three. Marc McQuillen, president of UAW Local 2404 in Charlotte, N.C., said the union is looking for an equity stake in GM and likely a seat on the company's board."