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“Bailing Out the Big Boys”

by
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Well, a couple of weeks left before Thanksgiving and I hope everyone remembers to give a great big thank you for the price of gasoline coming down below \$2.00 a gallon. Of course even this good news did not brighten the hopes of those whose mood swings determine the rise and fall of the stock market. If only fear, greed and worry could be taken out of the formula for determining when to buy and when to run away... I know it sounds ‘Pollyanna-ish’ but it would definitely lead to fewer panic and heart attacks for those who have invested their life savings on Wall Street.

I don’t know how we, as a country, can continue to bail out the GMs, Fords, etc.. How long can the citizens of this nation continue to pay for the ineptness of management and excessive demands by the UAW. If General Motors doesn’t get a fast \$25 Billion they’ve indicated they will go bankrupt, which couldn’t be good for those union members who continue working and whose union’s demands have contributed to the financial morass that is surrounding all our auto makers. I thought the UAW could have learned something from the Japanese automakers and their relationship with their employees over the years, but apparently they haven’t.

A friend of mine living in Florida and retired from Ford Motor Co. advised me that he was almost ashamed of his 40 year career with Ford. When I asked him why he said, “If you were to add up all the hours that I actually worked during that 40 year period it would probably total no more than 5 years actual service.” Seems the Union had mandated the auto companies require only a small amount of required production quotas from its members each day that they would regularly gather in the cafeteria, or break rooms, and play cards after their daily production quota was filled. Shame on the Union and the companies for allowing it.

Ford holds a 33.4 percent stake in Mazda, a Japanese carmaker and sources have said Ford is talking about plans to sell off most of its Mazda shares to secure funds for its financial reconstruction. However, if Ford cuts ties with Mazda, which has technological advantages in manufacturing compact cars, the U.S. automaker's development capability may be weakened, according to industry experts.

Even though Japanese management seems to be doing a better job than their American counterparts, the Japanese automakers could still be hurt with the slowdown of American car sells because the Japanese use many of the same auto parts makers that GM, Ford and Chrysler do and the Japanese may be forced to find new suppliers if the American firms go under. The Japanese are used to finding a supplier and staying with them forever so looking for new ones could slow down their production in the United States as well.

Many have said de-regulation has created the situation in which we find ourselves but if the truth could only come out we would find that the Democrat controlled House in the last several years has stonewalled against any changes in the lending habits of Fannie Mae and Freddie Mac that Federal Regulators recommended, and insisted that there was no evidence of malfeasance in these two pivotal companies.

The auto bailouts are one of those ‘damned if you do-damned if you don’t scenarios and we can only hope that the new administration will decide correctly on what should be done.