

THE GIANT PISSING CONTEST OVER THE AUTO BRIDGE



(Mackinaw Bridge photo from Three if by Bike)

Ian and Jane described the solution Dems are crafting on the auto bailout: Roughly \$15 billion from the DOE funds (originally intended to help automakers retool to make more efficient cars) would be repurposed into providing bridge loans for Chrysler and GM. After President Obama and the new Congress come in, that money will be replaced with TARP money, and a longer term plan will be developed to see the companies through this crisis.

Keep in mind though: this is just one battle in a giant pissing contest that is far from resolved. There have been three original positions in this pissing contest:

- Pelosi, Dodd, and Frank (and, presumably, Obama): Give the aid from TARP; save the environment **and** the domestic auto industry
- Bush, Paulson, and McConnell: Give the aid from the DOE funds after asking for the first born of every union worker
- Shelby and Corker: Bust the union and to hell with Toyota's domestic competition and the Democratic voters it employs

A couple of events set the background to hearings in the last two days. Hank Paulson has

begun calling for the second half of the TARP funds, as he has blown through most of the first \$350 billion. Yet Democrats want to force Paulson to start bailing out homeowners struggling to avoid foreclosure, rather than just bailing out Paulson's friends on Wall Street. And since Paulson wanted to avoid spending any TARP funds on the auto industry, he wanted to avoid discussing TARP before the auto crisis was resolved.

In fact, in a stunning bit of arrogance that no one besides Jane really reported, **Dodd had asked Paulson and Bernanke to attend Thursday's Senate hearing on the auto crisis—and they refused!**

These assholes, who are preparing to ask Dodd for another \$350 billion of our money, refused to show up before Congress, presumably because they simply didn't want to talk about using TARP funds for bridge loans to the auto industry (note: at the hearing GAO agreed with Dodd that the auto loan request would qualify under TARP guidelines). I suppose because they simply believe the auto industry doesn't fall under their mandate to keep the economy healthy?!?!

And then, of course, yesterday's jobs report came in, with the news that our economy is hemorrhaging jobs. Which is reportedly when Pelosi blinked, and agreed to use the DOE funds.

Yet, in spite of the news that a deal has been reached, that deal has only been struck between the Democrats and Bush. Mitch McConnell, who has supported using the DOE funds for a bridge loan in the past (and whose state's Toyota factories are planning longer holiday closures than before), refuses to comment on this deal.

The Republican leader, Senator Mitch McConnell of Kentucky, said Friday he would have no comment on the Democratic proposal until after the details are released.

Kit Bond and George Voinovich have already supported this deal, but to avoid a filibuster,

this deal is going to need the support of McConnell and a number of other Republicans.

Which brings me to the third side in this pissing contest: Shelby and Corker. The villagers are only now catching up to Jane and me in noticing that two anti-labor senators have been the chief opponents of any assistance to America's domestic auto industry.

News reports are dominated by quotes from two Republican Senators, Richard Shelby and Robert "Bob" Corker who come from states with large Japanese automaking plants and who, surprise or surprises, oppose a bailout of American firms. And the network news echoes propaganda about overpaid American autoworkers. CBS's Katie Couric (whom I had to started to watch after the Sarah Palin interview, but am now thinking better of it) has been trumpeting the \$70 vs. \$24 an hour **canard** that our Jonathan Cohn has so artfully exposed.

I would like to see Couric and other networks consider two relevant questions about the auto industry. First, haven't Japanese and South Korean auto companies benefited from enormous government help themselves—and subsidies were the least of it. For decades, Japan—and currently South Korea—kept out American car companies. And the United States turned a blind eye, respecting the desires of these countries to have their own industries. Why should we begrudge our own companies a modicum of what we have tolerated from Japanese and South Korean companies?

Second, are these foreign auto companies engaged currently in lobbying people like Corker and Shelby to shut down their American competitors?

Shelby and Corker are, I think, feeling pretty

good about their propaganda campaign so far, and I think they will press for ridiculous further concessions from the UAW. In fact, Corker even threatened to make any assistance to GM contingent on its acquisition of Chrysler, basically forcing that company to make a shitty business decision so Corker can bail his conservative buddies at Cerberus out of their own bad business decision (do read that article—it'll make you spit).

The question, then, is whether Bush and McConnell—who seem to be responding to Corker's and Shelby's goading of late—will serve as honest brokers for that middle position, agreeing to a real solution and allowing it to pass the Senate?

And all the while, Frank and Dodd are still wrestling with Paulson over whether he'll ever begin saving the homes of the 10% of homeowners who are facing foreclosure. We maybe short one President, but that's not preventing the Bush Administration from holding an economy at risk of slipping into a Depression hostage, while they try to force more conservative dogma down our throats.