

# THE IDEOLOGICAL BATTLE OVER THE AUTO OVERHAUL HEATS UP

I wanted to draw your attention to two statements about an auto bailout to show where this is going to go ideologically. First, Richard Shelby:

The financial straits that the Big Three find themselves in is not the product of our current economic downturn, but instead is the legacy of **the uncompetitive structure of its manufacturing and labor force**. The financial situation facing the Big Three is not a national problem, but their problem. I do not support the use of U.S. taxpayer dollars to reward the mismanagement of Detroit-based auto manufacturers in such a way that allows them to continue and compound their ongoing mistakes. [my emphasis]

Note his emphasis on "competitive" structures of doing business—and paying labor.

What Shelby doesn't mention, of course, is that Alabama is a right to work state. Shelby also doesn't mention that Alabama is home to Honda, Toyota, Hyundai, and Mercedes plants. Shelby also doesn't reveal that many of the cars those manufacturers make in Alabama, without unions, are precisely the kind of behemoths critics attack Detroit for making—only these have foreign nameplates: M-Class SUV, GL-Class SUV (a new model), Pilot SUV, Santa Fe SUV, plus engines for Tacoma and Tundra pick-ups and Sequoia SUVs.

In other words, Shelby isn't opposed to car companies that are stupidly committing and recommitting to SUVs. Rather, he's just opposed to car companies that make SUVs with union labor.

Meanwhile, here's Jennifer Granholm's spin supporting a bailout.

Beyond the massive job loss, beyond the potential collapse of an entire economic sector, Congress and the Bush administration need to provide immediate assistance to the auto industry because America's energy independence is a critical national need. And the U.S. auto industry is the sector to lead the way to that energy independence.

How? The car you drive will be the storage unit for your energy needs. Your home, your car, your appliances can all be powered through the advanced battery that will sit inside your plug-in electric vehicle. Today, most batteries come from Asia, and much of the oil comes from the Middle East. It is a national-security, energy-security imperative to produce advanced batteries and next-generation biofuels here at home.

[snip]

Supporting the automotive industry through the current crisis and steering a clear transition to a low-carbon future will create millions of middle-class jobs that are vital to a strong economy while reinvigorating American technological superiority.

What's more, the Department of Defense Science Board Task Force has determined that reducing military fuel demand a national defense priority. According to the Defense Department, our military's dependence on foreign oil increases risks, degrades operational capability and compromises mission success. Advanced battery technology and electric military vehicles would reduce fuel demand and cost, afford tactical flexibility and decrease operational

risks.

No mention, of course, of the auto executives past bone-headed decisions. Not even a mention, incidentally, of the legacy costs that really make the difference between Shelby's constituents' SUVs and Granholm's.

Granholm's not going to succeed, of course, in papering over all the problems of the Michigan auto industry, precisely because there are real questions about whether the industry is capable of delivering on Granholm's promises that the behemoths can lead the country to an energy efficient future.

The Big Two and a Half's need for a cash infusion is real. But so is the fight between those states with domestic auto manufacturers and those with foreign manufacturers, each fighting for a competitive advantage for their state's employers.