

THE POLITICS OF CAR DEALERS

Thanks to Nate Silver and KO for debunking the claims about political favoritism in which car dealers get closed under the Chrysler and GM bankruptcies. Here's Nate:

A meme that is currently picking up traction in the conservative blogosphere is that the list of dealerships to be shuttered as a result of Chrysler's bankruptcy contains a disproportionate number donors to Republican candidates. There have been furious efforts to prove this contention by looking up campaign contributor lists at the Huffington Post, Open Secrets, and other places.

There is just one problem with this theory. Nobody has bothered to look up data for the control group: the list of dealerships which aren't being closed. It turns out that all car dealers are, in fact, overwhelmingly more likely to donate to Republicans than to Democrats – not just those who are having their doors closed.

[snip]

Overall, 88 percent of the contributions from car dealers went to Republican candidates and just 12 percent to Democratic candidates. By comparison, the list of dealers on Doug Ross's list (which I haven't vetted, but I assume is fine) gave 92 percent of their money to Republicans – not really a significant difference.

There's no conspiracy here, folks – just some bad math.

There's one more thing that needs to be added to this story. Not only are car dealers

disproportionately Republican. But political donations from the auto industry disproportionately come from car dealers. OpenSecrets explains:

The Big Three automakers may be the public face of the American automotive industry, but they are far from its biggest campaign givers. Auto dealers – not manufacturers – are the biggest source of campaign funds from this industry, which also includes truck and auto parts makers, auto repair services and car rental agencies.

It shows that in the 2008 cycle, the National Auto Dealers Association gave \$2,990,500 to federal candidates and parties, whereas Ford, the biggest donor among manufacturers, gave \$892,533. And note how prominently some individual car dealers show on that list. In this cycle, OpenSecrets show, donations to Democrats are approaching parity, whereas they have preferred Republicans by wide margins in the past, but that's largely because of a shift in the giving patterns of the trade group, the NADA. Also note that the CEO of the largest dealer in the country, Auto Nation, Mike Jackson, has consistently spoken favorably of the bailout, but that's because their dealers are barely affected by the closings.

And the prominence of car dealers explains a lot about how the bailout ended up like this. Back in November when Bob Corker was getting a lot of props for putting a pretty face on his attempts to bust the UAW, I noted that Corker had left concessions from dealers entirely off the table.

Best as I can tell from the speeches, the takeaway from Bob Corker's cynical "compromise" bill is this. The US Congress would ask the auto industry's creditors to take a "hair cut" as follows:

- *The suppliers would not*

*be asked to make a
deadline-certain
concession*

- *The bond-holders would
not be asked to make a
deadline-certain
concession*
- *The dealers (who are
important constituents
in every congressman's
district or state)
would not be asked to
make a deadline-certain
concession*

But..

- *The workers had to make
a deadline-certain
concession—to lower
their own wages so as
to compensate for the
fact that their
employers had signed
contracts to—and
planned to honor—their
commitments to retirees
who had worked for the
in years past*

The Republicans in the Senate are
risking crashing the world economy
simply because hundreds of thousands of
real workers wouldn't make concessions
that the local owners and white collars
bankers weren't asked to make.

Now, far far too late, we've got an amazing show
of bipartisanship as Congressmen call on Obama
to slow the closures of the auto dealers.

Thirty-six members of Congress, mostly Republican, told the White House they were troubled by the work of the auto industry task force appointed by the president earlier this year. The panel has worked with GM and Chrysler to try to restructure the companies.

Six months after Congress punted on a bailout, they're now realizing that more than just union workers will be asked to sacrifice to save the American auto industry.

Mind you, the closure of these dealers is just as tragic as the loss of all those union jobs; it is just as heartbreaking to see a third generation dealership close as it is a third generation GM or Chrysler worker lose her job. But those closures are taking place against the background of the huge donations dealers make—which is probably why no one has considered addressing the huge surplus of dealers in a more politically popular way before.