

THE LOBBYISTS THAT BROUGHT YOU TELECOM IMMUNITY

Tucked into an article on GM CEO (and former AT&T CEO) Edward Whitacre's promise that GM will return to profitability is this tidbit:

Last month, G.M. hired two former AT&T executives who had worked with Mr. Whitacre to run its Washington office.

Mr. Whitacre said he felt G.M. needed to improve its image with some lawmakers who had opposed its government bailout. "I think we need to take a new look at our relationship with Congress," he said.

Whitacre retired from AT&T on June 3, 2007, just as the industry redoubled its efforts to win immunity for cooperating with the Bush Administration's illegal wiretap program. So presumably, these two people are the same people who managed to win AT&T immunity for its crimes. Back on the job, buttering up Congress on cars.

Now, to be fair, I absolutely agree with Whitacre that some members of Congress opposed the GM bailout out of ignorance, particularly, of GM's already-started efforts to turn around. As well as an overall ignorance of how the auto industry works (not that I'm confident that either Whitacre or these telecom lobbyists know anything about that yet).

That said, Whitacre seems to have tied Congressional support to reversing the decision on closing some of the GM dealers.

Mr. Whitacre also said he expected that "a large number" of G.M. dealers who had been jettisoned during bankruptcy were likely to be reinstated through an appeals process approved by Congress.

He said that G.M. made "some mistakes" when it cut more than 1,000 dealers, and that some would be welcomed back if they were reinstated through appeals.

Other dealerships that were cut might not get the same welcome, even if they win their appeals. "If they were a lousy dealer with a lousy storefront and they are put back, that wouldn't be a good thing," he said.

As I've explained before, the need to close dealers stems not only from a need to get rid of the "lousy" dealers, but also to trim a bloated dealer network to better compete with manufacturers that have newer, smaller dealer networks, like Toyota and Honda. Yet Whitacre here seems to have given up that goal in an effort to placate Congress.

The best way to improve Congress' (and consumers') impression of GM is to improve the overall brand. And one thing contributing to GM's crappy brand image (as well as its crappy profitability) is the fact that consumers expect to get huge rebates every time they walk into a GM dealer, which is partly caused by the bloated dealer network. That's why you need lobbyists in Congress – to explain why GM needs to trim both lousy and average dealers if it wants to be competitive with the Japanese manufacturers. But it doesn't look like that's what Whitacre has in mind.

Note: I'll be spending quite a bit of time early next week with GM folks at Detroit's North American International Auto Show. Anything you want me to ask about your taxpayer-owned auto company?