

AUTO INDUSTRY FINANCING AND
RESTRUCTURING ACT

SPEECH OF

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 2008

Mr. VISCLOSKY. Mr. Speaker, I rise today in support of H.R. 7321, the Auto Industry Financing and Restructuring Act.

I voted twice against the Emergency Economic Stabilization Act of 2008, more familiarly known as the Wall Street bailout, because I felt that it was an irresponsible use of \$700 billion of taxpayer dollars. There was no concrete plan for how those funds would be used or what specifically they would accomplish. I opposed the Wall Street bailout because it was in essence a blank check.

So I thought long and hard about the proposed use of \$15 billion in hard-earned taxpayer dollars to provide assistance to auto manufacturers. I have concluded that these are substantially different circumstances, and that the Auto Industry Financing and Restructuring Act represents a practical and fiscally responsible approach to saving millions of jobs and a key pillar of our fragile economy.

I want to emphasize that the approach taken in this measure is in sharp contrast to the Wall Street bailout. I continue to believe that it was a mistake to blindly hand Wall

Street everything it wanted, and to rush to such a decision in just seven days. The Government Accountability Office released a report on December 2, 2008, that shows that the proper and effective distribution of those funds remains impaired by a lack of adequate transparency and accountability.

Congress has taken a more measured approach to addressing our struggling automotive industry. Congressional leaders correctly turned down the auto manufacturers' initial request for tens of billions of dollars with no strings attached. We sent the auto manufacturers back to the drawing board to develop specific plans to restructure their operations and to provide a credible account for how they would use federal funds to build a viable industry, with quality jobs, while protecting taxpayer investments.

I am encouraged by the auto manufacturers' good faith efforts since that time, and I am pleased that this Act would provide the transparency and accountability that should have been built into the Wall Street bailout. In addition to strong independent oversight by the GAO and a Special Inspector General, the auto assistance funds would be subject to rigorous oversight with the government having full information access and veto powers over large industry expenditures. Auto executives will be held accountable for implementing their restructuring plans and complying with Congress' terms. The funds also would be subject to strict conditions, such as requirements that innovation funding be set aside to build ad-

vanced technology vehicles with improved efficiency and carbon emissions. Additionally, this measure establishes hard deadlines for progress in restructuring, and includes provisions for cutting off aid if these deadlines are not met.

For example, companies receiving assistance would not be allowed to pay dividends to their shareholders until they repay the loan, and the government could require immediate repayment from any company that does not make adequate progress by February 15, 2009. Further, unlike the Wall Street bailout, taxpayer dollars would not simply be given to executives to line their pockets. These companies would be explicitly prohibited from giving their highest-paid employees large bonuses or golden parachutes.

It is true that \$15 billion is a significant investment. However, given that this assistance is only two percent of the amount given to Wall Street, under the circumstances I believe that we have no choice but to view this as a moderate approach to preventing catastrophic job loss. It is my hope that this sober-minded package will function as a bridge to keep the auto manufacturers functioning into the next Administration, and provide additional time to figure out how to save the domestic automotive industry.

Having said that, I intend to carefully follow the implementation of this program, to ensure that taxpayer money is spent properly.