



STALLED MOTORS

Just Like The Stimulus, President Obama's Auto Industry Experiment Continues To Fail Boding Ill For His Next Proposed Government Takeover

"General Motors Co. Says It Lost \$1.2 Billion From The Time It Left Bankruptcy Protection Through Sept. 30..." (Tom Krisher, "GM Reports \$1.2B 3Q Loss, Says It Shows Progress," [The Associated Press](#), 11/16/09)

GM'S CONTINUED STRUGGLES FOLLOW OBAMA'S "UNPRECEDENTED" EXPERIMENT IN AUTO INDUSTRY

Obama Claimed US-Assisted Restructuring Of GM Would Help American Workers. PRESIDENT OBAMA: "But I also recognized the importance of a viable auto industry to the well-being of families and communities across our industrial Midwest and across the United States... It was also clear that if G.M. and Chrysler remade and retooled themselves for the 21st century, it would be good for American workers, good for American manufacturing and good for America's economy." (President Barack Obama, [Address On The State Of The Auto Industry](#), Washington, DC, 6/1/09)

But NYU Business Professor Edward Altman Says "It Is A Big Uncertainty If The Company Will Do Well. The Potential Biggest Loser, Unfortunately, Is The U.S. Taxpayer ..." (Greg Miles And Caroline Salas, "Biggest Losers In GM May Be Taxpayers, Altman Says," [Bloomberg](#), 5/29/09)

Obama's GM Takeover Represented An "Extraordinary Gamble" With Taxpayer Money. "What comes next represents an extraordinary gamble for Detroit and for Washington, which has decided GM can be saved. A massive restructuring will be worked out under Chapter 11 protection, with the government owning 60 percent of the company that once symbolized American-style capitalism as it dominated sales." ("GM To Seek Bankruptcy Today," [Chicago Tribune](#), 6/1/09)

U.S. Government Took "Unprecedented Role In Reshaping The Auto Industry" With 60% Ownership Stake In General Motors. "It will be the largest industrial bankruptcy in U.S. history and the fourth-largest overall ... A New York dealership owned by General Motors Corp. filed for bankruptcy protection early Monday, beginning the wave of court filings expected in Manhattan bankruptcy court as the automaker starts a complex reorganization that the government insists can be completed within three months. The government will end up with a 60 percent ownership stake and an unprecedented role in reshaping the auto industry." ("General Motors Files For Bankruptcy Protection," [The Associated Press](#), 6/1/09)

Obama Took Over General Motors With \$36 Billion In Taxpayer Funds, Only To See Company Shed As Many As 13,000 Jobs After Shutting Down Saturn. "General Motors said today it would shut down Saturn after respected Detroit businessman Roger Penske shocked GM and 350 Saturn dealers by saying that his plans to buy the storied brand had fallen apart. The announcement came a day before GM and its dealers expected the deal to be finalized. The failure could cost as many as 13,000 jobs at dealerships nationwide and GM." (Tim Higgins, "Penske-Saturn Deal Collapses After Renault-Nissan Backs Out," [Detroit Free Press](#), 9/30/09)

OBAMA'S STIMULUS EXPERIMENT FAILED TO RESCUE ECONOMY OR CREATE JOBS

Obama Administration Predicted That Without Stimulus, Unemployment Would Rise Over 8 Percent This Year. "In January, the incoming administration predicted in a white paper study that without a huge stimulus package, unemployment

would reach just over 8%, and would be contained at under 8% with a stimulus package.” (Jake Tapper, “President Obama Predicts Unemployment Will Hit 10% This Year,” [ABC News’ “Political Punch” Blog](#), 6/16/09)

- **Since Obama's \$787 Stimulus Bill Passed In February, Over 2.8 Million Americans Have Lost Jobs And Unemployment Has Climbed To 10.2 Percent.** (U.S. Bureau of Labor Statistics, www.bls.gov, Accessed 11/13/09)
- **49 Of 50 States Have Lost Jobs Since Stimulus Passed In February.** (U.S. Bureau of Labor Statistics, www.bls.gov, Accessed 11/13/09)

Obama Promised Stimulus Would Have “Responsibility and Accountability.” “What I will need from [U.S. Mayors] is unprecedented responsibility and accountability on all of our parts,” Obama said. “The American people are watching.” (Michael D. Shear, “Obama To Watch Cities’ Stimulus Spending,” [The Washington Post](#), 2/21/09)

- **But GAO Says Transparency, Oversight Lacking When Keeping Track of Stimulus’ Effectiveness.** “The Government Accountability Office said in a report that increased transparency and better oversight is needed to track stimulus money being sent to state and local governments. The report noted that keeping track of stimulus money and effectiveness wasn’t necessarily easy under the current methods. ‘Questions remained about how to count jobs and measure performance under Recovery Act-funded programs,’ the report said.” (Rich Edson and Joanna Ossinger, “GAO: More Transparency Needed To Track Stimulus Money,” [Fox Business](#), 7/7/09)

Harvard Economist Martin Feldstein Says Stimulus Will Do Little To Deal With Root Causes Of Economic Downturn. “The current outlook for an economic recovery remains precarious. Although the stimulus package will give a temporary boost to growth in the current quarter, it will not be enough to offset the combined effect of lower consumer spending, the decline in residential construction, the weakness of exports, the limited availability of bank credit and the downward spiral of house prices.” (Martin Feldstein, Op-Ed, “Tax Increases Could Kill The Recovery,” [The Wall Street Journal](#), 5/14/09)

- **And Points Out That “Danger Remains Of A Serious Slowdown.”** “The danger remains of a serious slowdown after this and a possible double dip’ of the economy in 2010, he said.” (Rich Miller, “Obama Bridge To Lasting Expansion Risks Going Nowhere,” [Bloomberg](#), 10/30/09)

CAN GOVERNMENT HEALTH CARE EXPERIMENT REALLY BE TRUSTED?

House Dems Rammed Through \$1.2 Trillion Health Care Bill. “The House of Representatives passed legislation for the first time Saturday night that would provide health coverage to almost every American after nearly a century of false starts and un-kept campaign promises. ... The bill has a steep cost - both in dollars, \$1.2 trillion, and political capital - but Democrats hailed its passage as the next chapter in a governing legacy that produced Medicare and Social Security.” (Patrick O’Connor, “House Passes Historic Health Bill,” [Politico](#), 11/7/09)

Health Care Bill Paid For By \$730 Billion In Tax Hikes. (“Estimated Revenue Effects Of Possible Modifications To The Revenue Provisions Of H.R. 3962, The ‘Affordable Health Care For America Act,’” [Joint Committee On Taxation Publication](#), 10/29/09)

- **Including \$460 Billion Income Tax Increase That Will Hit Many Small Businesses, Killing Jobs.** “This [surtax] would hit job creators especially hard because more than six of every 10 who earn that much are small business owners, operators or investors, according to a 2007 Treasury study... America’s successful small businesses would pay higher tax rates than the Fortune 500, and for that matter than most companies around the world ...” (“Estimated Revenue Effects Of Possible Modifications To The Revenue Provisions Of H.R. 3962, The ‘Affordable Health Care For America Act,’” [Joint Committee On Taxation Publication](#), 10/29/09; Editorial, “The Small Business Surtax,” [The Wall Street Journal](#), 7/14/09)
- **An 8 Percent Payroll Tax On Businesses Who Can’t Afford To Cover Their Employees, Making It More Difficult For Them To Hire Workers They Need.** “[E]mployers who do not offer ‘affordable’ coverage to employees would have to help pay the cost of such benefits for their low-income workers ... The Center on Budget and Policy Priorities, a liberal research and advocacy group, said this proposal ‘could unintentionally discourage the hiring of lower-income people,’ by adding a new ‘health surcharge’ to the cost of employing them.” (House Committees On Ways & Means, Energy & Commerce, And Education & Labor, “Detailed Summary Of Affordable Health Care For America Act,” [Fact Sheet](#), 10/29/09; Jeff Zeleny & Robert Pear, “Obama Says Government Health Coverage Plan Would Not Hurt Private Insurers,” [The New York Times](#), 6/23/09)

- **And A Tax On Medical Devices That Would “Jeopardize Thousands Of High-Paying” Jobs.** “The proposed tax would have a significant and unfair impact on our industry, a worldwide leader in biomedical innovation ... Such a rate would dramatically increase our overall effective tax rate, and, in turn constrain resources used for research and development and investment in physical manufacturing capacity. In short, the tax would jeopardize thousands of high-paying scientific and engineering jobs ...” (House Committees On Ways & Means, Energy & Commerce, And Education & Labor, “Detailed Summary Of Affordable Health Care For America Act,” [Fact Sheet](#), 10/29/09; California Health Care Institute et. al., [Letter To Sen. Dianne Feinstein \(D-CA\)](#), 9/18/09)