

Auto Industry Bailout—Here's a Better Idea

As Congress is debating and grilling auto industry executives about whether or not to give them financial life support to help them maintain their companies through this economic mess, I have to reflect on some of the thoughts I've had about our domestic manufacturers over the years:

- They're always trying to make cars bigger and bigger, probably because they can charge more for them, which leads to increased profits.
- Their cars never seem to hold together very well, certainly compared to the less costly products from Japan, and now even Korea. Why can't they ever get it right?
- With less quality built in, higher operations costs, more repair bills, and higher gas bills, I can't imagine what interest anyone would have in owning most American cars - with very few exceptions.

And now enough people have turned away from the American products to cause them real survival problems. Or have they? Perhaps instead this is a rare chance at renewal. Maybe they should go into bankruptcy to give them a chance to right so many of the wrongs in their traditional operating model - labor cost differentials, years of bad decision making on model selection and manufacturing quality, etc. - allowing the industry as a whole to be entrepreneurial again.

An excellent article on this subject was written by Mitt Romney, former governor of Michigan and son of the former CEO of a major car company. Here's the link to his article published by the NY Times:

<http://www.nytimes.com/2008/11/19/opinion/19romney.html?hp>

Personally, I agree with the governor, although I'd prefer a better, more balanced economic environment for it to happen - that is, one not so sensitive to any negative news. Still, the opportunity of a (whole industry's) lifetime may be right now.

Best wishes,

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