

THE BEGS: FORD'S POLITICAL REQUESTS

I'm going to do a series of posts on what the automotive companies are asking for—and then I'll do a summary (probably with questions some smart folks in Congress should ask). I'll start with an interesting series of political requests Ford made.

No CA-Specific CAFE Standard

This is cheeky. In its first political request, Ford basically takes on an issue dear to the Speaker.

First, Ford was proud to support stronger CAFE standards, and we are absolutely committed to meeting them. However, we urge Congress to maintain one economy-wide set of national standards on fuel economy. A patchwork of standards would place enormous financial and engineering burdens on manufacturers and have the effect of reducing consumer choice – all for little or no environmental benefit.

Of course, if I were Pelosi or Waxman, I'd turn around and say, "good, we'll raise the national rates to the levels CA wants."

I'm not surprised Ford made this request—at the very least, it will spark discussions of why state-specific levels make it harder on auto makers to work efficiently. I **am** surprised that Ford led with this request, since it's sure to piss a few people off. I guess Ford hasn't given up its tin ear.

A Trade-In Incentive

Next, Ford asks for something that has been proposed around the blogosphere: a program, attached to the stimulus bill next year, offering incentives to consumers to trade up in terms of efficiency.

Second, in developing a stimulus bill to drive our country's economic recovery, we ask Congress to consider incentives for consumers to trade in older vehicles and move to more fuel-efficient vehicles.

This makes sense, particularly for Ford, as it would create market demand for their cars, as they often now lead segments for efficiency. And it'd get consumers into car showrooms to buy.

Note that there's no discussion of what happens to these trade-ins, though. That needs to be part of the equation, as no one wants these cars in the used car market.

Ongoing R&D Assistance

I'm not sure precisely which R&D incentive Ford is referring to here—but they want it to continue.

We also ask that continued R&D incentives be considered: the automobile industry spends \$12 billion annually on research and development – more than any other industry.

I'm guessing this will be a totally uncontroversial request and will open discussions about what cool things the automotive industry is already doing on R&D.

Health Care, Health Care, Health Care

All you folks who have been asking why the Big Two and a Half don't support healthcare reform? Here you go:

Third, we look forward to working with Congress on comprehensive health care reform that will improve patient care, bring greater transparency, utilize new health information technologies and drive down costs.

Now, if I were writing this beg, I'd put this

one first, if only because the Democrats in Congress would see the possibilities of the Big Two and a Half leading the calls for reform. This isn't, of course, support for single payer, yet. Though at least this will advance the debate.

Take on the Yuan

Ford doesn't mention China specifically here, but they're basically suggesting they're being slammed by suppliers working in China.

Fourth, currency is the medium in which trade occurs – it can be as important a determinant of trade flows as the goods themselves. Currency values must be fairly determined – through an open market – not predetermined by governments to support their domestic industries.

I'm actually a touch surprised by this—Ford does use Chinese suppliers. I guess they're using far less than competitors (though I'm not sure which competitors), or they're simply using more domestic parts than their competitors.

And this is only going to happen within larger discussions of international responses to the crisis—and I'm skeptical if it will get done even then.

Fair Trade

Damn, these guys are almost sounding like Democrats. They're demanding level playing fields on trade deals.

Finally, we support free trade, but it needs to be fair trade. Agreements such as the recent US-Korea trade pact hurt domestic manufacturers because they maintain non-tariff barriers to U.S.-produced goods and prevent a level playing field.

This is another (slight) surprise. There was a

time when Ford and the lobbyists that BushCo dumped into the industry was getting interested in a trade deal with Thailand. That's because there is a high quality plant or two assembling cheap cars in Thailand. I've long suspected that Ford intended to import Rangers once it closes its St. Paul plant.

But, particularly with the market for pick-ups cratering, I imagine Hyundai represents a far greater challenge to Ford right now, as it is picking up market share in many of the segments in which Ford competes. It'd be nice if they said that specifically, if only because it would give me another reason to beat up Richard Shelby and his state's Hyundai plants.