

OBAMA'S 100 DAYS OF AUTO BAILOUT

I've been asked by several people to comment on Obama's first 100 days (I'll put up links later). But no one has asked me to comment specifically on his 100 days of auto bailout. Reading this article, though, made me want to do a post addressing the auto bailout specifically. Thus far, I'd give Obama a A-.

To explain my thinking, let me first remind you of what I said when Obama first inched Chrysler and GM closer to bankruptcy:

Let me start by saying I'm non-plussed by the call for Rick Wagoner's head. I think Wagoner was making the right moves recently, but he was also responsible for years of inaction. So I'm not sorry to see him gone. In any case, Obama is forcing out the entire board of GM, so Wagoner would have had to go anyway. **[ed: this last bit was incorrect—they've been changing part of the board membership]**

[snip]

Thus far, it's tough to tell whether this is a good plan or not. As far as Chrysler, they can't survive alone. So the forced marriage gives it one chance to avoid bankruptcy that otherwise seems inevitable. I don't think Fiat will take the deal, so I expect Chrysler to enter bankruptcy within the next month.

As for the GM plan, they are finally talking about dealer concessions (which a "quick rinse" bankruptcy would help, too), which was the element that everyone had thus far ignored. And some of this tough love with GM seems to be a logical next step given bond-holders' intransigence since December. GM had been, thus far, unable to get its bond-

holders to accept the losses they had told GM, in November, they would take, so Obama is threatening to use a court to make them do so—followed by UAW concessions.

At the time, I believed this was the right (albeit incredibly painful) decision. I was skeptical that the auto task force could pull off anything viable with Chrysler. Things are still mighty uncertain, just a day before the deadline. But analysts increasingly believe that Chrysler will avoid liquidation, which impresses me.

As far as GM goes, I went to GM's Tech Center yesterday to test drive the Volt (I'll do a couple of posts on that on Friday and next week). And while the GM restructuring is, in some ways, even more intractable than the Chrysler one, I came away yesterday believing (for the first time in a long while) that "as goes GM so goes the nation." And—speaking as someone who watched from a close vantage point when Alan Mulally almost immediately provided leadership at Ford in 2006, which largely explains why it has avoided the plight of GM—I got the sense that Fritz Henderson (who replaced Wagoner) was exercising that kind of leadership now at GM.

Finally, don't forget, Obama's appointment of Ed Montgomery to focus on making this process less painful for the auto states than it otherwise would be. I plan to do a follow-up on what he's been doing, but the appointment demonstrated a commitment to help the auto states through this period.

So, thus far, I feel Obama made not only the right decision, but has implemented that decision better than I expected.

Now, the NYT article reminds many of the reasons I believe Steven Rattner is a conflicted asshole who doesn't know shit about cars. My visit to the Tech Center only reinforced the opinion that

task force members still have some things to learn about how the auto industry works.

But when I read this quote from John Dingell, I couldn't help remember some conversations with the Dingells during the primary and early general election period.

“At this point, the administration is just playing poker,” Mr. Dingell said. “If he gets the damn loans and saves the industry, I guess I won't be able to complain.”

During the election, they rightly raised very real concerns about whether the Reagan Democrats in Michigan would support Obama—concerns that, if my district caucus was any indication—were really well-founded. As it happened, though, Obama cleaned up in Michigan and convinced Stanley Greenberg the Reagan Democrats are a thing of the past.

Overall, I give Obama a lower grade than on the auto bailout—the bank bailout needs to be treated more like the auto bailout. The continued shielding of Bush era criminality, both through State Secrets and a distaste for legal accountability, is a real problem. Obama's done really important things with the environment and he is actually engaging with the rest of the world. And while I'd have liked the stimulus package to be more stimulus and fewer tax cuts, the investments they did make were really sound investments. So it's a mixed bag.

That said, I am pleasantly surprised with the auto bailout so far.