



Bluegrass Beacon

BY JIM WATERS

Automaker crash ahead – yield to taxpayers

By Jim Waters

Some things really are inevitable.

It's inevitable that the universities of Kentucky and Louisville produce competitive basketball teams each year – if for no other reason than the sheer pressure applied to the players and coaches by “dedicated” fans.

However, much of what gets forced upon Kentuckians as “inevitable” really translates to sleight-of-hand socialism, which, as the great free-market economist Ludwig Von Mises wrote, “derives its strength from . . . ethical, political and economic-political challenge.”

Dealing the marked cards recently is a Bowling Green Daily News editorial trying to convince readers that if the “Big Three” automakers don't get a \$25-billion handout from taxpayers, an economic collapse is inevitable. All the shallow arguments it offered did was further strengthen my convictions against such corporate welfare.

No one questions that the auto industry makes up a huge part of the economy. Bowling Green is home to General Motors' Corvette plant and many suppliers with fortunes – literally – tied to the plant.

However, the editorial writer fails to consider the long-term consequences of his position. Regionalism clouds his thinking and results in a position filled with inconsistencies and contradictions.

For example, the editorial states that the government bailed out Chrysler some years ago.

“This model worked well,” the editorial concluded.

Yet, it also names Chrysler as one of those automakers “standing at the cliff peering over the edge.” So how can a model work “well” if the busted

company returns to the brink of bankruptcy with its hand poised to pick the pockets of taxpayers via another bailout?

The editorial also claims that even though public money does the mouth-to-mouth, the government should “resist mandating that Ford, Chrysler, and GM build green cars as a condition for bailing them out.”

But what the article ignores is that it’s impossible for government to not interfere with companies attached to the public-dole teat. Barely a month after the \$700 billion bailout, government officials started griping about the way financial institutions used the money.

The editorial raised, but failed to answer, these questions:

If government meddles in areas where it doesn’t give billions in bailouts, how realistic is it to believe that automakers will receive bailouts without Washington telling them how to run their companies?

Can you name ONE thing with which government involved itself – especially if that activity or policy previously had been the function of the private sector – that it didn’t botch?

How can it be fair to bail out GM, Ford and Chrysler, all of which qualify for a spot in Dinosaur World Inc. near Glasgow, and not do the same for Toyota?

Why aren’t we hearing about the near demise of Toyota, one of the most successful companies in Kentucky?

Even though the auto manufacturer has had a slowdown of late, Toyota executives haven’t been scurrying off to Washington with their hands out wanting politicians to bail them out because of bad management and antiquated labor practices. They’ve been too busy improving operations back home in order to continue to thrive.

Punishing such success by rewarding the failure of Toyota’s competitors would be about as fair as spotting the University of Georgia basketball team a 20-point lead when it comes to Rupp Arena — just because the media pundits picked the Bulldogs to finish dead last in the Southeast Conference’s Eastern Division.

Even with a 20-point pad, it's not inevitable that Georgia would win, is it?

Without better management and eliminating labor-union debauchery, the only inevitably – if American automakers get handouts from Washington – is that these manufacturers will go the way of the dinosaurs ... and take our hard-earned money with them.

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