



Written by [Charles Scaliger](#) on July 10, 2009

The New GM: Image vs. Reality

The new incarnation of the storied auto company is pledging to do away with managerial inertia and produce far more quickly than before cars that consumers will want to buy. GM is also partnering with eBay to experiment with auctioning vehicles online, and is launching a new website to streamline customer feedback. CEO Henderson is cautiously predicting that GM may break even next year, and return to slender profitability by 2011.



Ah, but there's a catch, naturally. GM also received today the final installment of federal aid from its latest bailout, roughly \$20 billion. The federal government owns a 61 percent stake in the company, making GM in effect a government entity. Yet government overseers are vowing not to micromanage affairs at GM and to stay out of day-to-day decision making.

If you believe that, I've got a used Oldsmobile I'd like to sell you. The very notion that federal bureaucrats — whose every instinct is to meddle, tamper, regulate, restrict, control, and otherwise exert their powers to the fullest extent they can get away with — will magically refrain from acting on their dictatorial impulses in GM's case is farcical. Given the politically correct tenor of the Obama administration, it will not be long before new fuel efficiency standards, anti-global warming standards, consumer safety standards, and quotas for the production of alternatively-fueled cars like hybrids are foisted on the new GM.

And if government interference causes sales and profitability to turn south again, there's always another bailout waiting.

Photo of Fritz Henderson: AP Images



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