



Bailing Out Chrysler Becoming a Bad Habit

Bailing out Chrysler is becoming a bad habit in Washington. Under the leadership of CEO Lee Iacocca, Chrysler sought and obtained a bailout during the Carter administration, an event that led to the near-canonization of Iacocca in corporate circles. The first Chrysler bailout also doubtless encouraged the notion that, should the U.S. automotive cartel get into financial hot water again, through improvident borrowing or the production of automobiles people refuse to buy, they can always return to Washington, hats in hand, for more taxpayer monies.

The hard truth, unacknowledged by the UAW, Big Three directorships, and Washington politicians alike, is that the Big Three, thanks to decades of reliance on government research grants and a regime of government and union controls that have boosted the price of labor and excluded other would-be competitors from entering the domestic auto manufacturing market, have become an ossified triopoly, a public-private spoils system that makes the products more expensive and less competitive than otherwise would be the case.

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The \$4 billion dollar loan to Chrysler, coming on the heels of a similar loan to GMAC (GM's financial arm, in which, intriguingly enough, Cerberus also owns a controlling share), will do little to stem the impending dissolution of Chrysler, which needs approximately \$7 billion every 45 days or so to pay suppliers. But no need to worry: the Feds are already slated to pay GM another \$5.4 billion this month, and probably a similar sum in February. Chrysler no doubt will continue to benefit from similar largesse, until its assets can be disposed of in an orderly enough fashion to ensure that the well-connected at Chrysler and Cerberus (including former Vice President Dan Quayle) are adequately buffered from personal loss.

These are hard facts, but this is the way the bailout game is always played. And such perversions of justice and - forcible extraction of wealth from poor and middle-income taxpayers to feather the nests of the political and financial elites - will continue as long as the voting public permits it to.

See also "[GM Bailout a Sop to Cerberus?](#)"