



CO-CHAIRMEN

Bill Frenzel
Leon Panetta

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

PRESIDENT

Maya MacGuineas

CRFB Poses Key Questions Regarding the Auto Bailout

DIRECTORS

Barry Anderson
Roy Ash
Charles Bowsher
Steve Coll
Dan Crippen
Vic Fazio
Willis Gradison
William Gray, III
William Hoagland
Douglas Holtz-Eakin
Jim Jones
Lou Kerr
Jim Kolbe
James Lynn
James McIntyre, Jr.
David Minge
Marne Obernauer, Jr.
June O'Neill
Rudolph Penner
Tim Penny
Peter Peterson
Robert Reischauer
Alice Rivlin
Charles W. Stenholm
Gene Steuerle
David Stockman
Paul Volcker
Carol Cox Wait
David M. Walker
Joseph Wright, Jr.

SENIOR ADVISORS

Henry Bellmon
Elmer Staats
Robert Strauss

FOR IMMEDIATE RELEASE

December 11, 2008

Contact: **Kate Brown 202-986-2700**

Kbrown@newamerica.net

WASHINGTON, D.C. – Last week, auto industry executives from General Motors, Ford and Chrysler asked Congress for federal assistance, arguing that without help they would not remain solvent through the spring. The Committee for a Responsible Federal Budget (CRFB) urges policymakers to weigh the potential benefits of any assistance to the industry against the costs to taxpayers.

“There are so many unanswered questions surrounding this multi-billion dollar bailout,” said Maya MacGuineas, President of CRFB. “We need to be able to directly compare the costs of aiding the industry versus the costs of doing nothing.”

The White House and Congressional leaders have completed negotiations on legislation providing \$14 billion in bridge loans to the Big Three, and the House of Representatives voted to pass the bill on Wednesday. Under the House-passed legislation, the auto companies must submit major restructuring plans to a Presidentially-appointed “car czar” who would be responsible for evaluating the restructuring and disbursing the bridge loan funds.

The U.S. Treasury reported a \$408 billion dollar deficit in the first two months of the current fiscal year and CRFB has predicted a \$1 trillion deficit for 2009—a number which is looking increasingly conservative with all the new plans for spending.

“It is critical that we carefully evaluate the benefits of each dollar spent,” said MacGuineas. “The huge numbers that are being tossed around should not be an excuse to throw money at the many problems plaguing the economy without a plan to ensure that it is money well spent. Taxpayers, or their children, are going to pay for each and every bailout one way or another.”