

## A CAR AMERICANS WANT TO BUY

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JUNE 2, 2009 -- With this hoopla over GM's bankruptcy, the one constant is: "GM must learn to build a car that Americans want to buy." Let's rephrase it; GM must learn to build a good car that can compete in the U. S. Market.

Point: GM is already making good cars, but the price isn't right. I learned this as a lawyer representing GM automobile dealers thirty years ago. I had bought a Pontiac and the neighbor asked how much did you pay for it. I answered: "Doing their legal work, I'm sure I got it for less than list price." And looking at the sticker on the new car back window, I noted that the Pontiac was made in Canada. I had just pontificated on the floor of the United States Senate about my textile friends' slogan "Crafted in Pride in the USA," admonishing all to buy American -- and I had just bought a foreign car.

I learned that the good GM Pontiac could be sold at a reasonable price because Canada paid the \$600 per car health cost. They tell me now that the \$600 health cost is \$1600 and the Japanese Prius fuel-economy model, manufactured, of course, in Canada, can be bought for \$25,000. If and when the Chevrolet Volt fuel-economy model comes on the market, it will be listed at around \$40,000, not cheap enough to make up for the fact that Prius consumes more gas. Not only that, the Chinese, Japanese, and Korean car producers are already adjusting for the fact that China will have the largest car market next year. Our foreign competition will be geared mainly to the Chinese market and the foreign car production in the United States is already gearing up to beat the Volt. In short, the

new head of General Motors -- President Obama -- counseling that GM must build a fuel-economy car that Americans want to buy isn't enough.

The government must take care of health costs and President Obama will have to stop his hints against protectionism in international trade, stop crying "fair trade," and get into the trade war by imposing quotas on foreign car imports. Hopefully, the GM debacle will awaken Washington's politicians to compete in globalization.

For the past eight years, we've suffered about a billion dollars a month deficit in the balance of trade from foreign car and parts imports. That means General Motors has been producing a car that America wants to buy, but it has had to compete for the past eight years with a trillion dollars worth of foreign subsidized imports. The hottest car sale in China is the GM Buick.

General Motors knows how to make a car that the Chinese want to buy. Back in the '80s they established the most modern vehicular research entity in Shanghai in order to break into the Chinese market. Last year, GM opened a new passenger vehicle plant making a small Chevrolet. And this year, it was announced that it was trying to increase its 34% share in Shanghai Automotive for a vehicle known as Wuling for the Chinese market. Here's a company begging Washington for money while they were using their money to invest in China. Asked about this, the GM executive tried to explain away this shenanigan by saying they were bringing the profits back to the United States. Baloney! GM continues to close

investments in the United States and take advantage of the U. S. tax subsidy that exempts it from paying any taxes on profits from foreign production by reinvesting in foreign production.

The President and the Congress are the only ones to make GM's subsidized bankruptcy a success. The President is the one who makes these sweetheart trade treaties for investors further ruining our economy. He rams them down the throat of Congress with a fast-track procedure and he refuses to enforce our trade laws, lamenting against, "protectionism," "starting a trade war". And the Congress, under Article I, Section 8, of the Constitution, must begin to answer up to its duty of regulating foreign commerce.

The Constitution says nothing about "free trade." On the contrary, it charges Congress with regulating trade, but the Congress sits and whines, "free trade," "fair trade," in order to get the financial world's contributions for their campaigns. This nonsense has got to stop if GM is to recover.

As Lord Palmeston said talking about foreign policy: "England has no eternal friends, England has no perpetual enemies, England has only eternal and perpetual interests." Now talking about trade policy in globalization: "The United States doesn't engage in free trade, the United States doesn't engage in fair trade, it only trades for the nation's interest."

*Senator Hollings of South Carolina served 38 years in the United States Senate, and for many years was Chairman of the Commerce, Space, Science & Transportation Committee. He is the author of the newly published book, [Making Government Work](#) (University of South Carolina Press, 2008).*