



THE SELECT COMMITTEE ON
ENERGY INDEPENDENCE AND GLOBAL WARMING

Opening Statement of Representative Edward J. Markey

“Innovation, Jobs, and Energy Independence:
Reinvigorating the Domestic Auto Industry.”

December 9, 2008

This week Congress will vote on whether to extend a lifeline to a broken domestic industry teetering on the brink of bankruptcy. The same companies that fought seat belt requirements in the 1960s, air bags in the 80’s, and fuel economy for more than three decades, have returned, hat in hand, unable to survive the month without a taxpayer intervention. Once untouchable symbols of American industrial might and ingenuity, it has become clear the Detroit Three have ceded leadership to the innovators and are now running in fear.

Consumers and businesses around the world are tightening their belts to survive the current economic crisis. And some are being driven to bankruptcy. But—make no mistake—the fundamental reason the Big Three need life support today is their inability to move from Car 1.0 to Car 2.0 over the past half century. A business model premised on bigger cars, wider highways, and more oil is a failed equation. Any recovery of these companies will require more than just fresh cash. It will require a change of culture. A culture that answers challenges with innovation rather than lobbying and litigation. A culture that tries new ideas rather than crushing them.

I believe Detroit can be reborn. The brainpower and technical brilliance are still there. The hardworking men and women in the factories are willing to sacrifice and do their part to ensure the companies’ survival. The domestic industry needs to pick itself up, and use this moment as an

opportunity to transform. Not incremental change, but a total conversion that reorients these companies towards raising the standards of automotive excellence and reversing decades of decay and complacency. But the deal must be a fair one for the taxpayers and it must be a policy supportive of innovation and technological change over the long-term. And it must destroy forever the industry's fear of change.

I have reviewed the pending draft legislation that would make available \$15 billion in emergency loans and require the Big Three to withdraw pending lawsuits against the states that support adopting California's greenhouse gas emission standards. I commend that provision and strongly believe that Congress must go one step further and require that these companies meet the California targets on a nationwide basis. Recent analysis by the Natural Resources Defense Council of the plans submitted to Congress by Ford and GM shows that these companies are likely to achieve the California targets by 2015. It only makes sense to put into law what companies have said in their plans they are going to do anyway. That's accountability.

Last year, as part of a landmark energy bill, Congress enacted a \$25 billion program to help the auto industry transition to building the efficient, high-tech cars of the future. It's the Green Car Factory Fund. However, due to President Bush's intransigence on using a piece of the \$700 billion financial bailout to pay for the auto industry package, we are now forced to raid the Green Car Factory Fund. This is like borrowing from our kid's college fund. This program represents the technological future of our nation's transportation sector. This fund must be replenished and it needs to happen soon. Failure to repay it in a timely manner will mean more of the same, Car 1.0, and the vehicles of the future will remain distant dreams and our foreign oil dependence will only intensify.

We are very fortunate to have a panel of experts before us today that understands the problems the industry is facing and has a vision for its future. I thank them for being here and I look forward to hearing their views.