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CONTACT: Brad Dayspring
(202) 225-3484

Hensarling Statement on Use of TARP Funds for Auto Bailout

WASHINGTON, D.C. – Congressman Jeb Hensarling (R-TX), Chairman of the [House Republican Study Committee](#), today issued the following statement after the Bush administration announced its intention to use taxpayer funds allotted to the Troubled Asset Relief Program (TARP) to bailout domestic auto companies:

“I am disappointed that the administration has decided to use taxpayer funds allotted to TARP to bailout Chrysler and GM. I would hate to see any of the ‘Big Three’ fail, but the federal government will not undo decades of mismanagement simply by handing over billions of taxpayer dollars to domestic auto companies. One of the most effective ways for the American automobile industry to make the reforms necessary to return to profitability would be a Chapter 11 reorganization, under which crippling union contracts could be reworked and poor management can be dismissed.

“It would be one thing if we knew that this money would somehow solve the problem, but we do not. Unless union contracts are renegotiated, and unless demand picks up for domestic autos, \$14 billion, \$34 billion, \$74 billion, or even \$104 billion will not solve the problem. Using TARP funds to bailout failing companies is incredibly risky and poor public policy, and was not the designated intention of the program when Congress approved it. I fear that a devastating precedent has been set that the federal government will now be pressured to bailout every failing company in America – something that taxpayers and future generations cannot afford.

“During this holiday season, unfortunately, hundreds of thousands of small business are struggling to stay afloat, and I wonder why this money is not destined for them instead. This gift to the auto industry means that the real job creators are having to go without this year. The hard reality is that American taxpayers cannot afford to save every company that finds itself in financial jeopardy. At what point do we finally bailout the American taxpayer from the unconscionable burden he or she faces from out-of-control Washington spending?”

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Congressman Jeb Hensarling is Chairman of the Republican Study Committee (RSC).

