

Congress of the United States
House of Representatives
Washington, DC 20515-1316

June 5, 2009

The President
The White House
Washington, DC 20500

Dear Mr. President:

The bankruptcy and restructuring of General Motors and Chrysler has created an unprecedented crisis, and the process has been severely bungled at nearly every turn.

These companies, under the cover of the bankruptcy courts, are ruining communities and lives around the country by abruptly announcing dealership terminations without apparent compassion or business acuity. And even worse than the hasty initial announcements, the continued lack of communication between General Motors, Chrysler and the dealer networks during this time has created an atmosphere of panic and alarm. Sadly, the leadership of the Presidential Task Force on the Auto Industry seems to be aiding and abetting this madness.

Chrysler gave its targeted dealers less than one month to clear its inventory and wind down operations. On June 9, nearly 800 Chrysler dealers will lose their franchise agreements and the ability to offer dealer incentives and financing. General Motors, itself now in government-induced bankruptcy and a state-owned enterprise, has pegged its eventual dealerships closings at more than 2,000. Despite the automakers' insistence otherwise, dealerships are not a burden to manufacturers. These massive closures, in the words of the General Motors CEO, are intended to lessen competition, drive down consumer choice, and induce higher prices – inevitably increasing sales for competitors to GM and Chrysler. I commend the Senate Committee on Commerce, Science & Transportation for its hearing on June 3 highlighting this fact and amplifying the voice of loyal dealers who have been all but betrayed by the automakers. Targeted Chrysler dealerships deserve at least a 60-day extension to allow for a more feasible timeline, if not a full reconsideration of the closures.

Additionally, the U.S. Congress needs to know how specific dealers were selected for closure and why the Task Force demanded the closure of more than 1,000 additional dealerships than the companies originally proposed. Please provide this information in a timely manner. And if GM and Chrysler insist on following through with this devastating plan, I would strongly urge you to ban further federal assistance to them.

I commend your desire to save the American automobile industry and appreciated your recent remarks on this topic, but the task force should be focused on stimulating sales.

Spurring sales would stimulate manufacturing, re-start the supply chains, and put millions of Americans back to work. Several fleet modernization initiatives are pending in the House of Representatives, including one I introduced earlier this year – *The New Automobile Voucher Act of 2009* (HR 1606) – to incentivize sales of new vehicles. I hope you will refocus your administration’s efforts toward this course of action.

When pundits and policy makers talk about helping the folks on “Main Street America,” they are taking about people like the men and women who operate local automobile dealerships. It makes no sense to talk about efforts to create 3.5 million new jobs over the next two years while another arm of government is pushing to close more than 3,000 car dealerships and directly eliminate some 150,000 jobs, indirectly endangering several times that number. These men and women have earned better than the deplorable treatment they’ve faced so far in these proceedings. They deserve to be called more than a “drag” on the economy.

Sincerely yours,



Donald A. Manzullo
Member of Congress

CC: James Press, Vice Chairman and President, Chrysler LLC
Fritz Henderson, Chief Executive Officer, General Motors Corporation