



MEMBERS OF THE HOUSE OF REPRESENTATIVES HOLD A NEWS CONFERENCE ON THE AUTO DEALER ECONOMIC RIGHTS RESTORATION ACT - NEWS CONFERENCE

7,195 words

10 June 2009

Political Transcripts by CQ Transcriptions

English

(C) 2009 CQ Transcriptions, Inc. All Rights Reserved.

(CORRECTED COPY)

MEMBERS OF THE HOUSE OF REPRESENTATIVES HOLD A NEWS CONFERENCE ON THE AUTO DEALER ECONOMIC RIGHTS RESTORATION ACT

JUNE 10, 2009

SPEAKERS: REP. STENY H. HOYER, D-MD., HOUSE MAJORITY LEADER

REP. CHRIS VAN HOLLEN, D-MD., CHAIRMAN, DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE AND ASSISTANT TO THE SPEAKER OF THE HOUSE

REP. ROSCOE G. BARTLETT, R-MD.

REP. DONALD A. MANZULLO, R-IL

REP. FRANK M. KRATOVIL JR., D-MD.

REP. DANIEL MAFFEI, D-N.Y.

[*] VAN HOLLEN: All right, ladies and gentlemen. Thank you very much for joining us today.

My name is Chris Van Hollen. I am a member of Congress from Maryland's Eighth District. We're here today to discuss the Automobile Dealer Economic Rights Restoration Act of 2009. It's been introduced by Congressmen Dan Maffei and Frank Kratovil.

I want to thank Congressmen Kratovil and Maffei for their leadership on this legislation; to Majority Leader Hoyer who has been involved from day one in trying to make sure that we prevent hundreds of thousands of people from being laid off around this country as a result of closure of profitable dealerships. And to Congressmen Bartlett and **Manzullo** for joining us in this effort.

This is a bipartisan effort to make sure that profitable dealerships are not arbitrarily shut down around this country.

You're going to hear from a number of us, but I'm just going to introduce the people who are here. We have Phil Brady, who is the president of the National Association of Automobile Dealers. Mr. Brady?

Damon Lester is supposed to be joining us, who is the president of the National Association of Minority Automobile Dealers; Cody Lusk, who is the president of the American International Automobile Dealers Association; Peter Kitzmiller, president of the Maryland Association of Automobile Dealers; Gerry Murphy, who is the president of the Washington-area New Automobile Dealers Association; Tammy Darvish, who is chairman of the Washington-area new Automobile Dealers Association and vice president of Darcars; and Jack Fitzgerald, who is the owner of Fitzgerald Auto Malls; Alan Spitzer, who also has an auto dealership in the state of Ohio is with us.

Without further ado, I'm going to introduce our majority leader, Steny Hoyer, who has, as I said, been very involved in this issue from the beginning, understanding that we need to restructure the automobile industry, but we need to do it in a way that is fair to everybody involved, and doesn't unnecessarily throw hundreds of thousands of people out of work.

Steny Hoyer?

HOYER: Thank you very much.

(APPLAUSE)

An extra added bonus. (LAUGHTER)

Thank you very much, Tammy, Jack Fitzgerald, other leaders of the dealers association, dealers around the country, and who are here today.

We have acted over the last months to make sure that our automobile industry remains a viable presence in America. Growing up as a child, the automobile industry was, of course, what every young person really looked to. For me, it was a 1957 Chevy, with all due respect to non-G.M. dealers. But now I drive a Chrysler 300, so I'm right across the board here.

The fact of the matter is we wanted to keep a viable automobile industry clearly to save jobs, but for our national security. And we knew in order to do that national security was that we had the industrial capacity if called upon to be able to produce things with big manufacturing capability.

We knew in that process that the automobile companies would have to have a new business model, would have to save money, would have to restructure. We all understood that. And we knew it was going to be tough. We knew it was going to be tough on the autoworkers. We knew it was going to be tough on the stockholders. And we knew it was going to be tough on the bondholders.

HOYER: Why? Because in retrenching on those you saved money. You made your manufacturing capability more viable. You could survive in a market where you weren't selling 17 million cars a year, but perhaps 10 million or 9.5 million cars a year.

We want to get back to 17 million, but we knew that some tough things were going to have to be done.

Two Sundays ago, I was on a telephone call with the folks at the White House who are helping to make our policy with respect to this, and I asked them this: What money does it save the manufacturing, General Motors or Chrysler, if you shut down a dealership?

Answer: Zero. Zero. Zero.

So I said to them: If that is correct, why do we that are working so hard to stop the hemorrhaging of jobs in America, some 600,000-plus for three months in a row, why would we not want to save jobs in the dealerships, an average of 53 jobs in every dealership in America? Some obviously a lot larger. Some perhaps smaller. But 53 jobs. That's where the hundred thousand-plus comes from. Why would we want to pursue a policy contrary to contract which will allow those jobs to be lost?

So I am so pleased to join my good and dear Frank Kratovil from Maryland, Dan Maffei from the state of New York, and so many other sponsors, including Roscoe Bartlett from Maryland and my good friend Don **Manzullo**, who has been the leader of the small-business community.

This is about small business, but it's about people who have their livelihood, their health care, their family's security tied up in automobile agencies that have been the pride in so many local communities because they've been the major business in so many communities.

So this is not about trying to intervene in a process where the automobile industry needs a new model to be more successful in the future and to create more jobs in the manufacturing sector. It is to intervene in a place where it seems irrational to eliminate jobs without having any cost-benefit to the manufacturer.

So I am very pleased to join all of these people who are here with me today, with Frank Kratovil, Dan Maffei, Don **Manzullo**, Roscoe Bartlett, and really the leader of -- he and I (inaudible) together -- my good friend Chris Van Hollen, who has been focused on this. We've been talking about this now for weeks now. And I'm also glad to be joined by my fraternity brother, George (inaudible), from Sigma Chi/Gamma Chi at the University of Maryland. Go Terps. We want to keep him open, too. There's no conflict here, however. This is about people in St. Mary's County, in Culvert County, on the Eastern Shore, western Maryland.

But more importantly, I was in Ohio. Mr. Spitzer's here, one of the biggest dealers in America. He and I spent some time together.

And where's my lawyer friend?

(UNKNOWN): Right here.

(UNKNOWN): Tony.

HOYER? Tony. With Tony, talking about this, when I was with Betty Sutton, who's very concerned about this issue.

HOYER: We passed the Cash for Clunkers to try to get more people buying cars, which will not only spur production, but also clean up the environment.

So we're moving on this issue, we're focused on this issue. As the majority leader, I schedule the bills, and I'm hopeful that we can move ahead on this just as quickly as possible.

Thank you very much.

(APPLAUSE)

VAN HOLLEN: Thank, again, our majority leader for his terrific leadership on all these issues.

And as he said, we all started asking that very simple question early on, when we heard about the dealers closing: Are they costing the manufacturers any money? And the answer came back, no, they're not costing the manufacturers any money.

What this is about is simple fairness. We're not trying to pick any particular winners or losers. Our view is let the market work. There are lots of auto dealers that are -- are going out of business because of their economy, because of the economy that we find ourselves in. They're struggling to make ends meet.

But why have somebody arbitrarily decide which are going to be closed when the market is the best judge of who can survive competitively out there or not?

And it is somewhat ironic that some of the people who did not adequately run some of the auto manufacturing companies, and those companies were unprofitable, closing down in many cases what are profitable auto dealerships as part of a network to sell those cars.

So we're looking for simple fairness. We don't think that you should be able to use the bankruptcy rules to totally vitiate contracts and state laws and protections that are designed to provide that fairness.

So we're trying to adopt this from a principled position. Let's adopt a principle that's fair to everybody and then determine, based on those principles, who should continue to operate and who should not, rather than a bunch of people in a room making arbitrary decisions from hundreds of miles away that affects the livelihoods of hundreds of thousands of American workers. And we think the best principle is how people are performing in the market right now.

With that, I want to introduce -- they're two of our new members who have been leaders in this. These are people who just went through elections. They're very in touch with their constituents, what's going on, on the ground.

And Dan Maffei many weeks ago helped organize a letter, raising a lot of the concerns that are now expressed and codified in this legislation. And I want to bring him up here and thank him for his terrific leadership.

Dan Maffei?

(APPLAUSE)

MAFFEI: Thank you, Congressman Van Hollen. And both and Leader Hoyer, thank you very much for allowing me and my very good friend Frank Kratovil to author this bill. It's a very bipartisan bill. It is referred

to the Financial Services Committee, which I and Don **Manzullo** serve on. And it is also co-sponsored by our chairman, Barney Frank.

I come from an auto town, Syracuse, New York, and an auto family.

MAFFEI: My grandfather was the plant manager of the General Motors plant in Syracuse long ago, and he actually had two '57 Chevys in his driveway when my dad was growing up on Sedgwick Avenue in the north side of Syracuse.

But -- and the auto industry is extraordinarily important, and what we do to make sure we can reorganize and have a very healthy auto industry in this country is very important.

But in the midst of a recession and the challenges we face, it's the family businesses that are hiring people, continuing to hire people, and providing support for our communities. Whether it be Rotarys, or Little Leagues or local newspapers, it's the family businesses that have been there and are continuing to be there. And it's family businesses that are these auto dealers in Central New York and thousands of other communities across the country.

That's why we introduced this bill, because at a time when we're saying we should do everything we can for family-owned businesses that are providing the jobs, we can't allow them to just close down summarily with no warning, even if they're profitable. It makes no sense.

And that's all this bill really does. It says that notwithstanding the fact that we've got bankruptcies that were helped negotiated by the federal government, and with taxpayer dollars, that we're going to continue the basic rights that these auto dealers and their auto company partners signed onto. And that's it says, to make sure that we do protect these family-owned businesses that provide over 50 jobs, on average, per dealership.

Do I introduce my good friend Frank, Mr. Kratovil? I'll introduce my good friend Frank Kratovil.

You know, you come to Congress and you're a freshman and, you know, you think, gee, this is such a big place and I'm not sure if I really belong here. And you very quickly meet a lot of good friends, and Frank Kratovil and I have become very, very close friends, personal friends.

But on this, you know, when I got back from my district in Syracuse and heard from the dealers there and the communities there, I thought well maybe -- maybe upstate New York is, you know, really in this boat because of the economic difficulties we have. And I very quickly talked to Frank and found out, no, no, his district on the Maryland shore is very similar, and in fact thousands -- hundreds of places across the country are just like that.

So I want to introduce my cosponsor on this, an excellent congressman and a great second-baseman, Frank Kratovil.

(APPLAUSE)

KRATOVIL: Thank you very much.

Good afternoon. Let me begin by thanking Steny Hoyer and Congressman Van Hollen for their leadership on this.

Also, as you heard, Dan has been active in this for quite some time. He generated this letter that went around raising a lot of these issues. But we are not the only ones that are obviously being contacted by our constituents.

KRATOVIL: This is an issue that crosses party lines, as you obviously see here today. And a lot of us have been contacted about the various issues related to this across the country.

You know, there has been a lot of criticism from the public in -- about how Washington has been dealing with the economic crisis. And as many of you know, one of the big criticisms has been that Congress and the previous administration, even perhaps the current administration, the criticism, right or not, is that we have been focused on protecting big business, big banks, the big guys, and in the end not helping the little guys.

And, you know, the term "helping Wall Street and not helping Main Street" has obviously been overused, but it does capture the sentiment that is out there. And in my view, nothing demonstrates that issue better than what we're seeing here with regard to what's happening with the dealerships. We have obviously, Congress has taken steps to help the auto manufacturing industry, a belief that we need to do something to protect that industry vital to the economy.

At the same time, we are not helping the little guys. The little guys, the dealers that are out there that are struggling through these tough economic times, making it by, despite the difficulties that they're facing, they are getting forced out. So some may argue, you know, a bailout for the big guys, but a force out for the little guys.

And so it's significant for us to remember that what we need to be doing is helping the small businesses, our local dealerships, and making sure that we are not taking actions that are going to further -- make more difficult our economy crisis that we're in.

Many of you know the whole argument of the stimulus was we need to promote jobs, or at the very least we need to protect jobs, and here we're taking action where we are dramatically going to impact a lot of areas across this country.

In my particular district, a rural district, particularly on the Eastern Shore, closing four dealerships has a massive economic impact. The trickle-down effects of that are dramatic. And of course it's significant everywhere, but in the rural districts it's particularly significant.

There are four dealerships on the hit list, if you will, out of 15 in my district, which, needless to say, is significant.

We all know what the bill does. Essentially what it would do is provide those rights that these dealerships had prior to the filing of the bankruptcies, allowing the free market to work its -- work its magic, if you will, and protecting these -- these dealerships that are surviving the tough economic times and doing their best to keep jobs that we dramatically need in this country.

So with that, I will introduce Congressman Bartlett. Again, that's a clear demonstration that this is a bipartisan bill, a well-respected colleague from the 6th district of Maryland.

(APPLAUSE)

BARTLETT: I am very pleased to be a part of team Maryland. I now am the Republican in the Maryland delegation. And I'm very pleased that we have a team Maryland, we really do work together for what's good for our constituents.

You know, in every decision we make and every action we take, there are generally winners and losers, pluses and minuses. I stopped very briefly for lunch today. That meant I didn't get some work done.

And so when it came to closing these dealerships, I was looking around for winners, because the losers were very obvious. And a week ago yesterday we had a press conference, and I think maybe more cameras than this there out in Frederick, and we were looking for winners here. I couldn't see any winners.

These are not dealerships owned by the company, so they aren't saving over -- any overhead. You might argue there's no way they're going to sell more cars with fewer people selling cars. That's just a given, that is not going to happen.

But if they were their dealerships, they'd be saving some overhead. Maybe the fewer cars they sold would be offset by the lower -- by the lower overhead. That's not the case here. This cost the companies nothing, zero. As a matter of fact, these people pay for the right to sell their cars.

I think 17 Chrysler dealerships were shut down in our state, 67 employees, more than 1,100 people out of work. They certainly don't benefit. The auto manufacturers haven't benefited. They cannot sell more cars with fewer people selling them.

These 1,100 people out of work and all of the secondary jobs, they can no longer take their family out to eat, they can no longer buy better clothes for their kids to go to school. So there are a lot of secondary jobs that are lost as a result of this.

And sure as heck the consumer doesn't benefit here. How in the heck is the consumer going to benefit with less people selling cars? That's less competition. That's going to mean higher prices. Going to ultimately mean poorer service.

So I can't see anything but losers here. I have no idea, in a sane society, why we'd want to do something and produce only losers. And I think that's what we have here, just -- just losers, losers, losers, no winners. And, you know, I drafted a bill immediately after we met a week ago today, and I was very happy when a bill came out from the majority side that was essentially -- did essentially what my bill did. I was an original co-sponsor, signed on immediately to the bill.

Thank you very much for your leadership. Happy to be here to support this.

(APPLAUSE)

BARTLETT: Oh, yes. Yes, let me -- let me introduce you to my classmate. Most of them are gone now. It was 17 and a half years ago that we came here. Don **Manzullo** from Michigan.

If anybody knows what the effects of this economy on small business, Don **Manzullo** knows that in his district.

Don?

MANZULLO: Thank you. Thank you.

I'm Don **Manzullo** from the 16th district of Illinois.

And, Mr. Majority Leader, I want to thank you for your -- for your leadership, for fighting back.

Let me give you the bottom line of what I'm seeing. The guys at G.M. and Chrysler are not going to like this, but I'm going to tell it as it is. They're closing down dealerships in cities, and then they're going to sell the dealership to somebody else.

This is an absolute, total outrage. We've seen dealers around this country open 85 years, some 90 years, 65 years. Brand loyalty is linked to the dealer. You go to a dealer because you trust a dealer.

But what G.M. and Chrysler want to do now is to bring it down to one dealer, the dealer of their choice. And they're wiping out dealers that are making money, dealers who just a few years ago they asked to invest millions into their dealerships, dealers who are in hock. Millions of dollars are being wiped out with no excuse from General Motors or from Chrysler.

And General Motors continues to change the criteria by which to judge these dealers. I have never seen such an outrage take place across America. I have a Chrysler facility in my district that makes the -- the Compass, the Patriot, the Caliber. We're down to 1,000 people on it.

But I just -- I just -- I can't think of anything that is more shocking, more disgusting. You know what, guys? What the guys at General Motors may think is good for them is not good for America.

(APPLAUSE)

VAN HOLLEN: Thank you, Don. Now we're going to hear from Jack Fitzgerald. He's known to many people in the Washington area. I'm proud to have him as a constituent. He has a number of dealerships in this area, and he's a very good businessman.

But even more important than that, he's been a great community leader, giving back in every way to his community, just as so many other dealers around this country do every day.

Jack Fitzgerald?

(APPLAUSE)

FITZGERALD: The case for the dealers and for this bill has been very well made, far more eloquently than I can state from what you've just heard.

But I would like to tell you, on behalf of the hundreds of thousands of men and women that depend on these dealerships for their livelihood, how heartfelt gratitude all of us feel to these men that are standing behind me and to the others in Congress that are going to stand up with them.

FITZGERALD: It -- it's very, very difficult, as I stand here, to think about the human suffering. And it's not me. I'm OK. Tammy's OK. But we bleed inside for what we see going on around the country.

And it does -- it chokes you up to think about it, so I'm not going to think about it anymore. I want you to -- I want them to know how deeply, how deeply we are grateful to them.

And when you write your story, tell your story, speak to all the folks about this, I hope you will point out that this is the difference between America and so much of the world that we live in. We are an imperfect society. We make a lot of mistakes. But this is the very essence of what's good about America.

They'll stand up and take on corporate America. They'll argue with the task force, the president's group, because they know the president never intended for any of this to happen. He's about putting people back to work, not about putting people out of work.

So I'm -- there are lots of dealers.

Will the dealers raise their hands please? I want you -- you can -- all of us will be happy to talk to you all afternoon about this, and I certainly will be, and you have our trade association executives, they're really experts because they speak for all the dealers everywhere.

There's plenty of information that you can gather from them, and I'll stand here as long as you want to talk to me, after I get out of everybody's way. I'll hang out as long. But the most important thing if I'm speaking for the dealers, they all want to come up and shake these people's hands, and there's too many of us.

So I'll speak for all of them when I tell you how deeply grateful we are for what you're doing for us and for the people -- most importantly for the people that depend on us because we have to look them in the eye. You know, if we're going to close up, we got to look somebody right in the eye and say, "You know, I can't keep you. I don't have anything for you to do."

Forty-three years I've gone without a layoff because I can't bring myself to do that. But a lot of people -- a lot of people all across this country this very day are faced with that. So if you get the word out that real potential relief is coming, I'd be grateful to you for that.

And I'll hang around and answer questions later, and so will all the dealers.

Thank you.

(APPLAUSE)

VAN HOLLEN: Thank you, Jack.

I am going to ask Tammy Darvish to come forward. She's here with her family just to say a few words. She's also been a wonderful community leader in our area.

And, Tammy, why don't you just say a few words?

DARVISH: Thank you.

Well, first of all, I want to thank everybody, including the media, because we need you to make sure that we get our message out. This is about constitutional rights of private individual, independent entrepreneurs in the United States of America.

The second thing that I think is most important here is the fact that there is no such thing as being told, as you guys have proven to us in the last week, that the train has left the station. It can be done.

Has it been done? No. But can it be done? Yes. And it can only be done with the confidence that we have in our government and with the gentlemen and the women that are representing us in the United States Congress and Senate right now.

I brought my children here today and my family because I think it's so important that they understand that you - you can never take "no" if it's not right. And somebody posted something on my Facebook I'm never going to forget, and you probably read it, as Martin Luther King, Jr., said: "Our lives begin to end when we become silent about the things that matter."

So if we have offended anybody, I'll apologize on behalf of everybody. But it's not to offend anybody. It's to protect the constitutional rights for you and your families and your children, and the hundreds of thousands of Americans that depend upon us for their future.

So all of you, thank you so much. We'll never forget it. We'll never forget it.

Thank you.

(APPLAUSE)

VAN HOLLEN: We're happy to try and answer any questions that you may have at this point in time.

QUESTION: Has the White House given you an indication of support on this? VAN HOLLEN: We have not been in regular communication with the White House, like momentarily. We have had conversations on an ongoing basis. I know Mr. Hoyer has, I know that I have, making it clear to them that this is a real problem, because we share the goal of putting Americans back to work and restructuring the auto companies. It doesn't make a lot of sense to do that at the same time you're laying off hundreds of thousands of people. That has been said.

The administration's objective is identical to ours and we look forward to working with them to try and resolve these issues.

HOYER: Just briefly, I intend to be in communication with the White House as early as this afternoon on this issue. I intend to be discussing with the committee chairmen as well. I'm going to be discussing it with the speaker later today.

This is an issue we think bears high priority. The time -- it's never too late to do the right thing. That's what Tammy's message was, and Martin Luther King Jr.'s message was.

So we're going to move on this as vigorously as we can, and hopefully take action.

(CROSSTALK)

(APPLAUSE)

QUESTION: For the Chrysler dealers that have been closed, what would the practical effect of this legislation be? Because under state franchise laws, couldn't they still close you? To just say, we just have more time to...

(CROSSTALK)

(UNKNOWN): I think that's a good question. I think that's a good question. And it's something that I think a lot of us are looking at, in terms of our staffs, to see what the ramifications of that are and what the -- what the options are.

QUESTION: Maybe some of the dealers could talk to it? (inaudible) reopen the Chrysler dealership?

HOYER: I think -- I think the honest answer is, we're not sure. We're sure if we do nothing, that nothing will happen, so that we want to see -- this is why I indicated we want to act as quickly as possible.

But, obviously, the case that was dismissed yesterday means, obviously, they can go forward. So time is of the essence. But we're not exactly sure of the legal ramifications of what we can do and the time in which we need to do it.

(UNKNOWN): But we're -- we're looking at that right now.

QUESTION: Can you tell me more about the bipartisan support the bill has? HOYER: Well, Don **Manzullo** was the former chairman of the Small Business Committee, a senior member. Mr. Bartlett, a senior member of the Armed Services Committee.

I can tell you, we have 42 Republican cosponsors, I'm told...

STAFF: Forty-two total.

HOYER: Forty-two total.

Do we know how many Republicans we have?

In any event, I think there'll be a lot of Republican support for this. I know we have probably some support from a gentleman from Florida.

QUESTION: Mr. Leader, do you think you can get this bill done during this work period, or will it have to wait until after (inaudible)?

HOYER: The answer to the question is, I said time is of the essence. We really haven't done the work that I could give you a really solid answer to that. I've got to talk to the committee chairs.

HOYER: I've got to talk to the leadership.

But time is of the essence. So we're certainly not going to wait to -- for the July 4th break if we can get this done and have a meaningful impact in the short term. We need to act in the short term.

QUESTION: Mr. Van Hollen, you said this was about fairness, but you know, some people say it's about the \$9 million that the car dealers gave to candidates last year in the election. How do you respond to that?

HOYER: How much -- how much did General Motors and Chrysler give so we can get a balance here? Do you know? I don't know. But here's my response. Mr. Van Hollen can respond. You asked him the question.

But let me say, this is not about dollars contributed. I have no idea how many of the thousands of auto mechanics, sales people, clerical help, janitorial help -- all the people. Jack Fitzgerald doesn't keep his agency going. George Doakes (ph) doesn't keep his agencies going. I don't keep my office going. My people do.

And that's what Jack was talking about in terms of his people that keep his business going every day. That's what this is about.

The dealers -- Jack Fitzgerald is right. There are very few dealers going to be hurting if their business go out of business. When I say "hurting," they're going to be hurting because they've got a lot of investment, a lot of time, some generations. Mr. Spitzer back here is third generation and his daughter is about to become the fourth generation, am I correct?

(UNKNOWN): That's correct.

HOYER: So this is -- this is about families. This is about people. This is about workers. It's not about campaign contributions, period.

Do you want to...

VAN HOLLEN: I think it's a ridiculous suggestion. The fact of the matter is you have auto dealers and their workers in every community around this country participating actively in their communities. And these are profitable enterprises.

And the question has come up, you know, why should they be arbitrarily shut down without a fair process? That's what this is about. It's about fairness and making sure that these men and women and small businesses can survive.

QUESTION: Not to be argumentative, but if they're profitable businesses making money basically from repairing cars and also selling used cars, nobody's forcing them to shut their doors, are they?

(CROSSTALK)

VAN HOLLEN: I'll let the dealers respond to...

(CROSSTALK)

VAN HOLLEN: Well, they're being forced to shut these franchises. I'll let some of the ...

HOYER: Let a dealer answer.

FITZGERALD: A new car dealer does -- I'm sorry -- does make more money selling used cars and servicing cars than they do selling new cars because the manufacturers get most of the profit on that.

But if you didn't have your new car franchise, you wouldn't be doing all these other things. So you can't have -- you can be in the repair business. You can be in the used car business. You can do those things. But the anchor is your new car franchise.

And since we're going to talk about it, you know, when I started selling cars, there were 40,000 domestic car dealers in America with 50 million cars on the road. And they were almost all domestic cars, I'm talking about now.

Today, there are 150 million domestic cars on the road, and there are 13,000 dealers before these cutbacks occur. When the cutbacks occur, there will be 9,600 dealers, approximately -- all these figures are approximate -- and that means that the domestic dealer will have approximately 16,000 cars to service per dealer, whereas the import dealers -- there are 10,000 of those -- so there will be more import dealers than domestic dealers.

Who would have thought we'd live long enough to hear that, but that's a fact.

There will be more import dealers than domestic dealers, and they have only about half the number of cars on the road because two out of every three cars on the road is a Detroit-brand car.

So if Detroit's going to rise again, they have to reach out to those 150 million people and give them more service, not less service.

FITZGERALD: When you close up dealerships, you're closing up service locations; you're closing up parts depots. And maybe the parts distribution is one of the most critical things we perform, because your favorite guy at the gas station got to buy his part from me. And that means I have to have an inventory. It's like a parts warehouse that we carry. And that's a big part of our business.

So it's true, Detroit doesn't make as much money on service as they do selling a car, but if they had any experience in the car business, they'd know that in order to keep the customer, you got to give good service. If you don't give good service, you're going to lose your customer.

And we've got 150 million of them out there. The president's right. Detroit can rise again, because there are twice as many people driving Detroit cars than driving import cars, so you got a base to work with.

So you need to reach out to those people. You need to open up more dealerships. And now, dealers don't like to say that. We've passed laws in almost every state except Maryland that says you can't have but so many dealers. It's called "relevant market." You can look it up.

We are a consumer state. We're a pro-consumer state, so we don't have that in Maryland.

But the facts are -- there are too few -- you do all the math you want, and I'll be glad to talk to you forever about this, as you can tell.

(LAUGHTER)

But think about the...

(CROSSTALK)

FITZGERALD (?): ... just do the math.

(CROSSTALK)

FITZGERALD (?): ... just do the math.

(APPLAUSE)

QUESTION: What about sort of the legal implications of bankruptcy and all that? (inaudible) does that kind of void some of the contracts made between dealers in the bigger companies, all of that?

HOYER: Good. Good. That's a concern. It may obviate the state laws.

When I was in the state senate, a century ago, it seems, in the 1970s, we had a big issue. The oil companies were vertically integrated. And you had a gas station, and you were making maybe a penny, a penny and a half, on a gallon of gas. And very frankly, the franchisor, the big oil companies, were squeezing you very dry. So you weren't doing much. You were struggling along, keep your gas station open, keep people. Then they were pumping at the -- they were pumping gas at that point in time.

The fact of the matter is, we adopted in Maryland laws which would protect the franchisee, who's, after all, invested time, effort and money in this, and we've adopted the franchise laws in what -- 38 states, 40?

STAFF: All 50.

HOYER: All 50. We have all 50 states have adopted legislation to protect against this.

Now, bankruptcy may obviate those laws.

HOYER: We think that's unfair.

And somebody else who knows more about it than I do is going to speak, Dan Maffei.

But we want to make sure that we make every effort to not have those laws obviated at a time when it is not justified by the economic necessity of the manufacturers.

(APPLAUSE)

MAFFEI: The leader's right. What the bill says is that, notwithstanding these bankruptcies, the auto dealers will have the same economic rights that they had previous to the bankruptcies.

And, you know, it relates to -- to both Chrysler and the new company that's now formed -- is actually in the bill, is mentioned in the bill -- and General Motors.

The idea is to make sure that these bankruptcies, which were after all negotiated by -- in part by the federal government and involve taxpayer funds that go to these auto companies. The dealers, by the way, no bailout for the dealers. So this is not a bailout for them. It's just protecting the rights that they would have had notwithstanding these bankruptcies.

Does that answer your question?

KRATOVIL (?): And one example of that is an example in Maryland is that in order to terminate that franchise agreement, there would have to be some indication that the dealer had not substantially complied with the franchise agreement.

So in Maryland, you have that protection. There's a time limit in terms of notice. There are various protections that you have. And here they have none of that. And of course, including getting reimbursement for the inventory.

QUESTION: (inaudible)

(UNKNOWN): It reinstates the contracts, reinstates the contracts.

(CROSSTALK)

(UNKNOWN): At the dealer's -- at the dealer's request. QUESTION: (inaudible)

(UNKNOWN): Pardon me?

QUESTION: (inaudible)

(UNKNOWN): Yes, yes, yes. There's a couple of provisions, but right. If the dealer requests to do it. And there's a -- there's a -- there's a procedure in there. But there's a couple of different provisions that essentially reinstate the same economic rights that there was prior to this.

By the way, I mean, legislation isn't the only way to do it. If the new company, the Fiat-Chrysler company were willing to negotiate this, it's not impossible to have a negotiated solution, but so far we've seen, you know, no willingness to -- to open this up again, and that's why we have to push it.

QUESTION: But it doesn't stop TARP money from being used to help the (inaudible).

(CROSSTALK)

(UNKNOWN): I don't think there's any mention of TARP funds.

VAN HOLLEN: Thank you all very much. Thank you very much.

(CROSSTALK)

QUESTION: G.M. and Chrysler have essentially said the problem is not the performance, it's the size and scope of the network, and that the companies that emerge post-bankruptcy will not be able to support the size of the network.

So can you explain sort of how this is supposed to help in the long run with the industry?

VAN HOLLEN: Sure. I mean, and Jack Fitzgerald may also want to comment on this again.

But the notion that the reason some of the foreign car manufacturers are doing better is that they have fewer dealers to sell their cars just seems pretty clearly false on its face, because there are a whole lot of reasons that people decide what car to buy.

But I can assure you that they're not discouraged from going out and buying a car because there happens to be a G.M. dealer or a Chrysler dealer closer to their home than one of the other dealerships. That obviously makes no sense on its face.

There are a whole lot of other reasons out there, but that is not one of them. And so for them to zero in on dealers as part of the problem when the dealers don't cost them a penny, and in fact the dealers are responsible for their sales, at least the profitable dealerships are, makes no sense, and that's the reason for this legislation.

(CROSSTALK)

(UNKNOWN): I was just going to say, the other -- the other concern is that one of the concerns out there is that they're going to close these dealers and then turn around and reopen dealerships in the exact same areas. So that certainly would fly in the face of that argument.

Senator Rockefeller has a -- in his letter to Chrysler's (sic), it mentions examples of that happening. So it's not necessarily about lowering the number of dealerships, but the company, in this case Chrysler, is using their bankruptcy protection in order to, you know, manipulate its dealer agreements. So there's a longer story here.

END