

Legislation Text

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Urging the Congress and President of the United States of America to support a loan to the American automotive industry to prevent them from going bankrupt which will result in the loss of millions of American jobs.

WHEREAS, The Center for Automotive Research estimates a loss of nearly 2.5 million jobs if just half of the American automotive manufacturing capacity were shuttered - a possibility if General Motors files for bankruptcy protection. Personal income losses would be over \$125.1 billion in the first year. At the same time, the cost to local, state, and federal governments would be \$49.9 billion due to lost taxes, and unemployment and health care assistance; and

WHEREAS, As of 2007 there were nearly 88,000 automotive jobs in Pennsylvania (1,685 manufacturing jobs, 8,222 in parts, and 77,585 jobs in vehicle and parts dealers); and

WHEREAS, In the Tri-State region the majority of automotive jobs are located in Pennsylvania. As of 2007 there are 10,281 automotive jobs in Delaware and 48,417 in New Jersey; and

WHEREAS, The proposed loan will allow the American automotive industry to stay in business until its new fleet of fuel efficient cars are released in 2009 and 2010, as well as complete turnaround plans that were initiated prior to the current economic crisis; and

WHEREAS, Before the economic downturn in 2008, General Motors had already initiated a restructuring plan that is shifting its production towards smaller, more fuel-efficient cars, away from pickups and sport utility vehicles. In January 2007 General Motors announced the Chevrolet Volt, a plug-in series hybrid vehicle that when fully charged can travel up to 40 miles entirely using its electric battery. That means for a 60 mile trip - the average total daily commute distance of American workers - the Volt will achieve a mileage rate of 150 miles per gallon. The Volt is expected to be released in 2011; and

WHEREAS, Ford began its own turnaround plan in January 2006. In 2009 it plans to replace 40 percent of its current car models. Ford anticipates that it can survive the current recession, but believes that if either General Motors or Chrysler were to fail, the disruption of the supply chain Ford shares with the two companies could cause its own collapse; and

WHEREAS, The recent surge in gas prices, topping \$4 per gallon, and the worldwide financial crisis, have resulted in an unforeseen rapid decline in car sales. Industry sales in the United States have fallen 14.6 percent this year, including a 31.9 percent drop in October. While sales had been declining since the spring, the sales rate in October 2008 was the lowest recorded in 25 years; and

WHEREAS, The "credit crunch" has made it impossible for the American automakers to borrow money from banks, forcing them to ask the Federal Government for a loan in order to continue operating; and

WHEREAS, The American auto industry is asking for a \$25 billion dollar loan compared to the \$150 billion the American International Group Inc (A.I.G.) will be given; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the City Council of Philadelphia does hereby urge the Congress and President of the United States of America to support a loan for the American automotive industry to prevent them from going bankrupt which will result in the loss of millions of American jobs.