

When General Motors emerges from bankruptcy in 60 or 90 days, the U.S. Treasury will own 60% of the new GM.

To avoid the possibility of the government owning the new GM for years, I will introduce legislation authorizing the Treasury to distribute to individual taxpayers all its stock in the new GM (and in Chrysler) as soon as is practical following the emergence of the new GM from bankruptcy proceedings.

So, instead of the Treasury owning shares in the new GM and Chrysler, you would own them, if you were one of 154 million individual federal taxpayers who filed returns on April 15.

The stock certificates would be in your name, not that of your government.

To keep it simple, and to help the little guy also have an ownership stake in America's future, Treasury would give each taxpayer an equal number of the available shares.

The Treasury Department has said it wants to sell its auto shares as soon as possible, but Fritz Henderson – President and CEO of GM –told senators and congressmen in a telephone call this morning that while it is the Treasury's decision to make, that this is a “very large amount” of stock, and that the orderly offering of those shares to establish a market might have to be “managed down over a period of years.” Another option might be to sell blocks of new GM stock to one or more large investors, but that might also take years.

So I want the Treasury also to have the option of getting the ownership of these companies out of the hands of Washington and back into the hands of the marketplace in months rather than years. Distributing new GM shares to individual taxpayers is a way to do that.

Those shares might not be worth much now, but put them away and one day they might contribute something toward a college education. For example, General Motors' 610 million shares were only worth 75 cents just before bankruptcy, but they were worth \$40 dollars per share two years ago.

I would not interfere with the loans the Federal Reserve Board made to companies in trouble. The Fed is independent. Its loans are collateralized. It makes money for the Treasury. I am only talking about the taxpayer bailouts that Congress authorized since last October that have resulted in government ownership of auto company assets.

Under my proposal, the fiduciary duty that management owes to owners would be owed to millions of Americans owning new GM stock, not to a few Washington politicians.

You know what would happen if the Treasury owns 60 percent of the new GM for the next several years: members of Congress will hold hearings saying “we are the owners” and demanding to know:

- “Why are you building this model?
- “Why are you closing this plant and not that one?
- “Why are workers not paid more?
- “What about these work rules?
- “Why is this battery being built in South Korea and this engine being shipped from Mexico?”

When the company negotiates with the federal government on such things as, for example, fuel efficiency standards, won't it be negotiating with itself? And as the elections approach, might not the White House be tempted to build plants in states it might carry instead of states it might not?

As the New York Times editorialized this morning, "It was only March when the Obama administration let GM slide toward bankruptcy by denying it more taxpayer money, partly on the grounds that the company was too heavily dependent on S.U.V.'s, while its biggest stab at fuel economy, the Volt, was too expensive to work in the near future."

And not long after, we saw the President of the U.S. fire the President of GM.

So if it is going to take years to sell the Treasury's stock, the best way to help the new GM succeed and recover the taxpayers' \$50 billion in loans may well be simply to give all the government's stock to the taxpayers and get Washington out of the business of owning and running auto companies--the sooner the better.

One disadvantage: giving the stock to taxpayers might well add a few more billion to the federal debt. But whose debt is it anyway? The 154 million taxpayers'. So why not give individual taxpayers the ride up if there is one?

Some will say that another disadvantage is that the old GM will not be able to sell its tax breaks to an acquiring company. But these tax breaks would be just another bailout paid by taxpayers. It would be better to distribute the Treasury's stock to individual taxpayers and let the marketplace decide what happens rather than spend billions more on bailouts.

Now, the advantages:

(1) 154 million new investor-cheerleaders — Think fan base of the Green Bay Packers, whose ownership is distributed among the people of Green Bay. This new investor fan base could produce customers.

(2) Better odds for success — Does anyone really think Washington can run car companies? Did you ever ride in a Lada, the clunky Soviet car made by a government-run company? The standing joke was, “How do you double the value of a Lada? Answer: Fill up the tank with gas.”

(3) Fairness—Decisions about these companies would be made by collective decisions of people in a marketplace rather than by lobbyists with access to Washington.

(4) Any benefits are more likely to go to taxpayers rather than some government program—For example, the law says that all proceeds made from the Trouble Assets Relief Program purchased assets should go to reduce government debt. Yet that’s not happening because Treasury hasn’t purchased “toxic” assets and has not made any profit yet. My proposal would make sure taxpayers get the profit rather than recycling the money into more bailouts.

(5) Finally, this is the fastest way back to the wise principle, “If you can find it in the Yellow pages, the government probably shouldn’t be doing it.” More than the money, it’s the principle of the thing.

The other day, a visiting European automobile executive said to me with a laugh that he had come to “the new American automotive capital: Washington, D.C.” To get our economy moving again, let’s get our auto companies out of the hands of Washington and back into the marketplace – the sooner the better.