

December 13, 2008

To: Ron Gettelfinger

From: Alan Reuther

Subject: GOP Filibuster Kills Auto Bridge Loan Legislation

Late last night, Senate Republicans blocked an effort to invoke cloture on the motion to proceed to the auto bridge loan legislation. This effectively killed the legislation.

The vote on cloture was 52-35, with 12 Senators absent. Attached is a roll call of how Senators voted. The vote was largely along party lines, with most Democrats supporting cloture, and most Republicans opposing it.

Four Democrats voted against cloture: Reid, Baucus, Tester, and Lincoln. Reid supported cloture, but as a procedural matter had to cast a no vote in order to preserve his ability to subsequently move to reconsider the vote. The other Democrats were objecting to unrelated provisions that had been attached to the auto bridge loan legislation.

Ten Republicans supported cloture: Bond, Brownback, Collins, Dole, Domenici, Lugar, Snowe, Specter, Voinovich, and Warner.

As you know, we had negotiated a tentative agreement with Sen. Corker on modifications to the legislation that had been agreed to by the White House and passed by the House. These modifications included requiring bondholders and the retiree health care VEBA to exchange large portions of their claims for stock in the companies. They also included a provision requiring immediate elimination of the Jobs Banks. And they included a provision requiring that any restructuring plan approved by the car czar would have to ensure that wages and benefits for active employees would have to be competitive with those paid by the foreign transplants, after taking into consideration reasonable transitions to new employees having lower wages and benefits.

Unfortunately, the Senate GOP caucus, led by Senator McConnell (KY) rejected this tentative agreement, just as they had previously rejected the legislation agreed to by the White House. McConnell and the GOP caucus insisted that wages and benefits for active employees would have to equal to those paid by the transplants as of March 31, 2009. In effect, they insisted that Toyota be allowed to establish the terms of the compensation package for workers at GM, Ford and Chrysler.

Once the GOP caucus rejected the tentative agreement with Corker, Democratic Majority Leader Reid decided there was no reason to delay any further in voting on the original auto bridge loan legislation agreed to by the White House and passed by the House. He moved to proceed to this legislation. But Senate Republicans blocked this effort, effectively killing the legislation.

With the collapse of the legislation, we are now urging Secretary Paulson and/or the Federal Reserve to use their authority to provide TARP or other funds to provide immediate assistance to the domestic automakers. They have the authority to do this under current law. This is essential now to prevent the collapse of the domestic auto companies and the devastating consequences that will follow for millions of workers and retirees and for our entire economy.

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Attach.