

OPE 06-16

*(Auto Ind) Editorial Comment? (A May 10 1980)*

## Message From The Car Market

WHETHER Chrysler gets its long-awaited \$1.5-billion loan guarantee from the U.S. taxpayers now apparently depends upon Canada's willingness to provide similar assistance to the ailing automobile company.

The federal government has been holding off approval until Canada comes through with \$210 million in assistance in exchange for keeping 10 per cent of Chrysler's work force in Canada. Industry Minister Herb Gray had hoped to make an announcement by the end of this last week, which would have left it to the U.S. loan board to decide if Ottawa's terms are acceptable. But the Canadian decision has been delayed because Prime Minister Pierre Trudeau says the Ontario government believes it can get better terms than it has been offered thus far.

We don't expect a U.S. loan board dominated by Carter Cabinet officials to haul in the lifeline now, when Chrysler is drowning in a sea of red ink and says that it will go under without a federal bailout. Even so, a loan guarantee to keep Chrysler afloat is a weak reed on which to rest national policy.

While Washington was waiting for Canada to act, U.S. customers spoke.

Chrysler reported a \$448.8-million loss the first three months of the year. That is its fifth straight quarterly loss, and although the rest of the American auto industry is having its troubles these days,

Chrysler's problems can't be chalked off solely to a slow market. There are serious questions about the company's ability to survive long-term as a full-line automaker.

An intact rescue plan is what Chrysler has been proposing the government do for months. But haven't recent events forced Treasury Secretary G. William Miller and the others on the loan board to reconsider whether Chrysler can be saved according to its wishes? Isn't the federal government being far less responsible if it throws money down the drain and postpones the inevitable?

CHRYSLER'S FAILURE would mean hardship for many, including the autoworkers, who are far better protected than most Americans when they find themselves jobless and who could put Chrysler back in the black simply by taking a temporary pay cut to put them on a par with the rest of this country's industrial workers.

That probably won't be a topic of discussion when the industry's leaders attend a White House auto summit next Wednesday. Nor is there likely to be much talk about the fact that Chrysler wouldn't disappear even if it is forced to file for bankruptcy; it would merely reorganize its healthy parts and shut or sell off what isn't profitable.

Rather, Washington will be asked what it, and not the marketplace, can do for Detroit. When will the government get the car buyers' message?