

The demise of an American auto industry

General Motors

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The current myth in the media states, “The demise of the American industry won’t really affect the American way of life. Many people wonder could this statement released by the press be fact or fiction? At any event General Motors is on the verge of going bankrupt and the icon of an American giant may be coming to an end.

The effects that would happen, if General Motors would go out of business, would be catastrophic. In the first year alone, three million people would lose their jobs, following another 2.5 million in the coming two years after. In the first year, personal income would drop more than \$150.7 billion in the United States, and the cost to local, state, and federal governments could reach \$156.4 billion over three years in lost taxes, and unemployment and health care assistance. Domestic automobile production would more than likely fall to zero, even by international producers, due to supplier bankruptcies. From plants to parks, dealerships to driveways, gas stations to grocery stores; what happens in the automotive industry affects each and every one of us. In fact, the collapse of the U.S based auto industry wouldn't just impact the nearly 355,000 Americans directly employed by the Big Three. One out of every ten people in America is employed in a service that is related to the U.S auto industry. If a plant closes, so does its suppliers, the local stores, the hot dog vendors, and the local restaurants.

Bankruptcy should not be an option for General Motors, for any auto maker that filed for a Chapter 11 reorganization, car sales would plummet even further. A study by an Automotive Market Research Firm stated, "Eighty percent of people intending to buy a new car would switch brands if the car came from a manufacturer that went bankrupt". I believe that the biggest answer to today's question, should General Motors be bailed out by the Government, would be yes. The American auto industry is the backbone of American manufacturing, and almost 4% of the gross domestic product is auto related. Three million U.S jobs are dependent on the health of U.S auto makers, and they are not all in the Midwest, it is across the entire country. Consumers must also think about what would happen to the warranties on their vehicles that would become void, if General Motors would so happen to go under. It is in the best interest of the people to support the bail out of the Government to help General Motors.

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