Commitment from Chrysler

Sen. Richard Lugar has offered a compromise to Chrysler that transforms a purely financial bailout into a government assistance to help the company help itself. Both a Carter administration proposal and the Lugar proposal are before Congress. What Lugar’s bill offers that the President’s does not is a mandate that Chrysler workers and stockholders bear the burden of their rescue. That requirement is essential.

We have no desire to see the nation’s tenth largest industrial corporation in bankruptcy. Chrysler employs 15,000 Hoosiers at an annual payroll of $392 million. Cities such as Kokomo and New Castle, which depend heavily on the automotive industry, already have unemployment rates topping 11 percent.

We have no desire to see more than 200,000 jobs in the northern industrial cities of this nation eliminated, or to burden the government with potential unemployment, welfare and pension payments that could total $2 billion.

At the same time, the government is not a sympathetic banker who will bail out any company unable to withstand the rigors of the marketplace. Nor is it culpable in the overwhelming factor. While government regulations certainly worked a hardship on Chrysler, company management shares the blame for whittling its own share of the market down to 9.1 percent.

Thus, pure bailouts to Chrysler — as the company originally asked for in the form of tax credits — are out of the question. Even Lockheed, which received loan guarantees from the government, did not ask for a cash advance.

President Carter did reject Chrysler’s original request for favor of loan guarantees. But the terms now offered are a form of giveaway, because they ask nothing in return. Carter’s plan would commit the government to $1.1 billion in guarantees; it would be a loan to Chrysler. The government would not need to consider interests with an outside review authority, and it would not stand behind other creditors in the event of failure.

Lugar’s plan would rectify all of the above. Further, it would require a commitment by Chrysler workers and management. Specifically, it requires a government guarantee of $1.25 billion. It would freeze for three years the wages of all management and hourly personnel, and it would require that a portion of Chrysler’s financing come from a new stock issue, thus diluting shareholders’ interest.

Dividends would be paid once loan guarantees were paid and employees would receive commensurate stock in exchange for their wage freeze. The plan gives safeguarding of taxpayer dollars the highest priority, and it gives all Chrysler workers a stake in the company’s success.

The Chrysler union recently negotiated a $1.3 billion package that would increase the company’s labor costs to about $30 an hour by 1982. The company also intends to borrow its share of the package from sources other than its own stockholders. Neither strikes us as evidence of the kind of commitment which must be a prerequisite for Federal aid to Chrysler.

The Senate banking committee reported the Lugar bill out to the floor this week, just as Chrysler union leaders informally rejected the idea of a wage freeze. We hope the Lugar measure passes, and we urge Congress to turn down any aid for Chrysler which does not call for corresponding sacrifice on the company’s part.

Intercedes For Chrysler

Stating that “Chrysler is already hard pressed” and that “it is an unfair burden to require it to cut back on production in the face of Korean competition,” Mayor William Donald Thompson of Detroit yesterday claimed his desire to save the troubled domestic automaker from the clutches of the United Auto Workers union was “the ultimate” to his political survival.

Mr. Thompson, who has less than a year to run in his present term, said he would ask the Governor for a special session of the State Legislature to give him power to force the union to accept a wage freeze. “We have a right to save our own country,” he said. Mayor Thompson’s political interest is not the only one at stake in the Chrysler crisis. Republican National Chairman James E.by has already warned that if Chrysler were to shut down, the problem could become a national issue.

And the Environmental Protection Agency, which administers the Clean Air Laws that have been a major factor in the car industry’s woes, has convened a meeting in Washington later today to discuss Chrysler’s pollution control plans. LS.
Chrysler Lobbying for Its Life

Dealers Playing A Major Role in Capital Drama

By JUDITH MILLER

WASHINGTON. Dec. 10 — Almost all 88 members of the informal Italian-American Congressional caucus turned out last Thursday morning for a coffee-and-doughnuts breakfast organized by Representative Frank Annunzio, Democrat of Illinois, and Representative Peter W. Rodino Jr., Democrat of New Jersey. The guest of honor was Lee A. Iacocca, chairman of the Chrysler Corporation and Mr. Rodino’s old friend.

The purpose: to rally support for legislation to provide Federal loan guarantees to keep the nation’s third-largest auto company in business. The outcome: successful, according to Joseph Ventura, head of the Washington-based Italian-American Foundation, who paid for the coffee and doughnuts and witnessed the Iacocca performance. “He was marvelous.” said Mr. Ventura. “He really laid it on the line. He answered all of the members’ questions and after the meeting, several of them told him they would rethink their positions.”

The meeting was just a small part of the intense lobbying campaign for aid being waged by Chrysler and its supporters. The high-powered but uneven campaign has been gaining momentum as legislation to bail out the failing corporation nears full House and Senate consideration, probably this week.

**Dealers Playing a Major Role**

The most critical elements of the lobbying strategy, however, are not Chrysler officials or Mr. Iacocca. According to samplings of House and Senate offices, Chrysler dealers and representatives of the United Automobile Workers union have played the dominant role in Chrysler’s “person-to-person” campaign.

Chrysler reports that between 600 and 700 dealers were in Washington last week, seeking the support of their legislators.

“Eleven dealers and Chrysler’s vice president for marketing even came to see me, can you believe it?” said Howard Symons of Ralph Nader’s Congress Watch, one of the few groups lobbying on Capitol Hill against aid to Chrysler. “I had 30 dealers in my office last week,” said Representative Les Aspin, a Wisconsin Democrat who does not have a Chrysler plant in his district. “They’re hunting in packs.”

The Chrysler dealers have told Congressmen that each has put “money on the line” by agreeing to buy 150 more 1979 Chrysler cars for their showrooms, thereby moving the cars out of the enormously expensive sales bank that Chrysler has been liquidating.

The dealers have paid their own way to Washington, but the company has brought several plant managers of large Chrysler installations to the Capitol to visit key lawmakers. Last week, Senator Richard G. Lugar reading a pamphlet sent by Chrysler Corporation to all members of Congress containing photos of 1981 efficiency cars and a letter by Lee A. Iacocca, inset, stressing necessity of Federal aid to Chrysler.

Continued on Page D4
for example, the manager of Chrysler's plant in Kokomo, Ind., one of the company's largest factories, met with Senator Richard G. Lugar, the Indiana Republican who co-sponsored a Chrysler aid bill approved recently by the Senate Banking Committee. The bill contains a three-year wage freeze that the company, union and Administration oppose.

In addition, each legislator has been sent a list of dealers and plants in his district, along with color photographs of Chrysler's new "K-body" front-wheel-drive, fuel-efficient cars, Chrysler's major hope for future sales.

The company has hired Thomas H. Boggs Jr. of Patton, Boggs & Blow, an influential Washington lobbying firm, to help direct its lobbying campaign. Mr. Boggs is the son of the late House majority leader, Hale Boggs, and is known for his strong personal ties to powerful Democrats. To promote the cause in the Republican camp, Chrysler has hired the firm headed by William E. Timmons, one-time aide to former Presidents Nixon and Ford.

Some of the most effective lobbying, analysts agree, has been performed by Congressional proponents of aid to Chrysler, such as Representative James J. Blanchard, a Democrat from Detroit's suburbs, and Senator Donald W. Riegle Jr., Democrat of Michigan. Several members of the House Banking Committee, for example, said that while they did not feel strongly either way about Chrysler assistance, they voted in favor of aid because it was so important to Mr. Blanchard.

Other members of the Michigan delegation have compared aid to Chrysler to the loan guarantees approved by Congress last year for New York City. Representative William M. Brodhead, a Detroit Democrat, has told the New York delegation that he and many Michiganders supported aid to the city and feels the favor should be returned.

Support has also come from state and local officials in areas where a Chrysler collapse would severely damage regional economies. Gove. Otis R. Bowen of Indiana, for example, has urged all Indiana representatives and senators to support Chrysler.

Mayor Coleman A. Young of Detroit, whose plea for Chrysler has been an important factor in the Carter Administration's decision to support guarantees, has also lobbied personally on Capitol Hill, saying that the company pays black employees $300 million a year, or about 1 percent of all the personal income of blacks in the country.

Finally, the U.A.W.'s 1.5 million members have been urged to write to their legislators. Senator Lugar's office reports having received 10,000 to 15,000 cards and petitions from U.A.W. members supporting aid to Chrysler.

Despite this array of lobbying power, some House and Senate offices report they have received little mail on Chrysler, and have had virtually no direct contact with the company or proponents of aid. A staff assistant to Senator Paul E. Tsongas, for example, who co-sponsored the controversial Senate version of the aid bill, said that the Massachusetts Democrat had to initiate his own meeting with Chrysler dealers this weekend.

"I asked the company weeks ago for a copy of its financial rescue and operating plan," said Representative Richard B. Cheney, Republican of Wyoming. "All I got from them instead was a list of Chrysler dealers and suppliers in my state," said Mr. Cheney, who recently joined Republican Representatives David A. Stockman of Michigan and Phil Gramm of Texas in a "Dear Colleague" letter opposing Federal aid to Chrysler.

Chrysler proponents are confident that Congress will approve, if narrowly, Federal aid to the company this year. They are relieved by the fact that although the Business Roundtable, the National Association of Manufacturers and other business groups have opposed assistance, none has actively lobbied against it on Capitol Hill. Ironically, however, the Administration and the U.A.W. itself have provided ammunition to Chrysler opponents.

Alfred E. Kahn, director of the Administration's Council on Wage and Price Stability, intensified opposition to the aid program when he denounced the U.A.W.'s recently approved wage contract with Chrysler and told the Senate Banking Committee that the contract would cost the company an additional $1.3 billion over the next three years — almost the equivalent of the loan guarantees being sought.

Nor were proponents of aid assisted by the U.A.W.'s announcement last week that they would rather see the company go bankrupt than accept the wage freeze.

"If anybody thinks that sells in Peoria or Lowell, Mass., they're crazy," said Senator Tsongas.

Meanwhile, a compromise was reached today between the Senate and House versions of the proposed legislation, but it is not known whether the compromise would be acceptable in either house as a substitute to the bills approved by the Senate and House banking committees.
Compromise Is Devised On Chrysler Aid Plan

WASHINGTON, Dec. 10 — Proponents of Federal loan guarantees for the failing Chrysler Corporation devised a new bill today designed to reconcile major differences between the House and Senate versions of the Chrysler assistance package.

The office of Representative James J. Blanchard, Democrat of Michigan, said that key senators and congressmen had agreed to support the “compromise” measure, which would provide $3.33 billion in financing for the nation’s third-largest auto maker, composed of $1.5 billion in loan guarantees and $1.83 billion in privately secured financing and contributions. As a condition of the guarantees, the United Automobile Workers union would have to contribute $400 million to the company, $200 million of which has already been pledged. In this version, however, there is no requirement for a wage freeze.

Prospects for the compromise are cloudy, however, since Senator William Proxmire, chairman of the Senate Banking Committee, and Senator Richard G. Lugar, Republican of Indiana and a co-sponsor of the bill recently approved by the Banking Committee, plan to oppose it. Another co-sponsor of the Senate bill, Paul E. Tsongas, Democrat of Massachusetts, said that he would not co-sponsor the compromise bill but would support the new measure “reluctantly.”

The Senate bill would provide $1.25 billion in loan guarantees as part of a $4 billion financing package, but the assistance is tied to union acceptance of a three-year wage freeze.

The House bill, supported by the Carter Administration, would provide $1.5 billion in guarantees as part of a $3 billion financing package, and does not require a wage freeze.
Lugar indicates willingness to drop wage freeze from Chrysler aid plan

By LINDA SARRIO
Wash. News Service

WASHINGTON — Sen. Richard Lugar, R-Ind., indicated for the first time yesterday that he might be willing to accept some form of Chrysler aid legislation that does not include a wage freeze for the company's employees.

Lugar's announcement came amidst reports of a newly drafted compromise plan designed to bridge the gap between the House and Senate versions of the Chrysler rescue legislation.

The latest proposal, authored by Rep. James J. Blanchard, D-Mich., would give Chrysler a total of $3.3 billion in federal loan guarantees and private contributions, and contain no provision freezing the wages of Chrysler employees.

However, the Senate Banking Committee proposal to bail out Chrysler, as drafted by Lugar and Sen. Paul Tsongas, D-Mass., would require a three-year wage freeze for all Chrysler employees as a condition of receiving federal assistance.

The Lugar-Tsongas bill met instant opposition from the United Auto Workers and Chrysler management, who, in the past two weeks, have conducted an intensive lobbying campaign against the wage-freeze proposal.

Despite this, Lugar emphasized during a recent interview that the wage-freeze provision was necessary if loan plan was to win Senate approval.

"There are not the votes on the Senate floor to pass the bill without the wage freeze," the Indiana Republican said.

But Lugar told reporters yesterday, however, that he could now support a compromise plan without a wage freeze if it required the United Auto Workers to come up "with a sufficient sum of money" to replace some of the money what would have been saved by the wage freeze.

"The freeze element is not the essence of the proposal," Lugar said.

According to the Blanchard compromise, the UAW would be required to contribute roughly $400 million to save Chrysler. The union has already pledged $200 million to the automotive company in its recently ratified contract.

The wage freeze contained in the Senate Banking Committee version of the bill would save Chrysler over $1 billion, roughly $700 million more than that required of the union in the latest proposal.

Lugar said he was unwilling to support the Blanchard proposal as now written, because he felt the UAW's contribution was too small. However, he said he could accept some UAW contribution between the $400 million and $1 billion figures. He would not say what amount of money he would consider acceptable.

"I haven't decided that," Lugar told reporters. "I'll calculate that on the basis of how far we can go."

One of the factors determining how far Lugar can go is the continuing threat of a filibuster of the legislation when it reaches the Senate floor.

Sen. Lowell Weicker, R-Conn., an outspoken opponent bailing out Chrysler, said last week he might block a final vote on the legislation by conducting an "extended debate" on the issue.

Another aspect of the current Senate bill Lugar said was open to compromise was a provision requiring Chrysler to distribute $350 million worth of stock in the company to its employees. The House version of the bill has no such provision.

The Blanchard compromise proposal will be offered in some form on both the House and Senate sides when the Chrysler bill is brought forward for consideration.

Lugar announced that he, along with Senate Banking Committee Chairman William Proxmire, D-Wis., will manage the Chrysler bill when it reaches the Senate floor.
Key Senator Predicting Chrysler Aid Compromise

By Lance Gay
Washington Star Staff Writer

Hoping to shortcut the legislative process, the Republican floor manager of the Senate's proposed Chrysler bailout has said he is willing to compromise on key differences with the House.

Sen. Richard Lugar, R-Ind., said that although the House compromise proposal is not acceptable, some agreement could be reached on how much Chrysler employees will be required to sacrifice.

"By implication, I'm surely saying that," he said. "When this moves, it's going to have to move fast, and we have to be sure that we have the votes of a majority."

The key difference between the House and the Senate is a requirement in the legislation from the Senate Banking Committee to freeze wages of unionize employees for three years; that would save some $1.07 billion. Rather than a wage freeze, the House version requires the unions to save the company $400 million; it does not specify how this is to be done.

Lugar told reporters in the Senate Press Gallery yesterday that he and other Senate leaders on the Chrysler legislation are willing to compromise on the $607 million difference. But he refused to be pinned down. "I'm still trying to keep this alive."

SEN. RICHARD LUGAR

he said, warning that some who have agreed to support the Senate Banking Committee version might be unhappy with the House's $400 million proposal and said Congress, by concentrating on the current contract, "has singled out one group to carry the entire sacrifice."

UAW President Douglas Fraser, who moved to a Washington hotel to lobby for the legislation, said last night that while he is not enthusiastic about the compromise proposal, he is willing to fight for it. "I think this is just about the limit beyond which we cannot go," he said.

The House is slated to begin debate on the measure tomorrow with a vote next Tuesday. The Senate proposal is slated to come up after completion of the windfall profits bill, which could be as early as Friday.

The Banking Committee version, put together by Lugar and Sen. Paul Tsongas, D-Mass., would provide Chrysler with some $4 billion in cash flow — $1.25 billion federal loan guarantee, $1.48 billion in new financing and loan concessions from banks, financial institutions and state and local governments, and $1.32 billion in wage freezes.

The House version, put together by Rep. James Blanchard, D-Mich., provides for $3.3 billion in cash flow — $1.5 billion loan guarantee, $1.48 billion in outside private financing and $400 million in concessions from the UAW, including the $203 million in concessions the UAW has already given Chrysler in the recent contract.

Senator Predicts Compromise on Chrysler Aid

Continued From E-1

defect if the legislation undergoes a major rewriting.

Lugar said he would like to see the House and Senate write parallel legislation to narrow the differences when they go to a conference committee.

Donald Stillman, a spokesman for the United Auto Workers Union, said the union hopes to avoid any reopening of the recently approved contract with Chrysler.

He pointed out that the pact is international and Canadian members would balk at having its terms dictated by the U.S. Congress. Further, Stillman said, any pact that provides less for Chrysler workers than other automakers would result in an exodus of engineers and other skilled workers from Chrysler.

Stillman said the UAW is unhappy with the House's $400 million proposal and said Congress, by concentrating on the current contract, "has singled out one group to carry the entire sacrifice."

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2 key senators oppose loans

Chrysler aid suffers new setback

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Sonnen would sacrifice about $2.33
million.

- Chrysler would be required to
issue $50 million of new stock in 1980,
diluting current shareholders' interest by 15 to 20 percent.

- Chrysler would not be allowed to
pay any stock dividends until all
federally guaranteed loans were paid
back.

Tsongas, in a Senate speech, said
he could not support the administration's plan without "major
alterations" that would demand
"significant new sacrifices" from
workers, management, stockholders
and banks. The UAW and Chrysler
recently negotiated a contract calling for 33 percent pay raises
over three years.

"There is going to have to be a dip
in the UAW contract, no matter how
distasteful that may be," Tsongas
said. "There will have to be a severe
change in that sweetheart agreement.

"In addition, Mr. Iacocca and his
top 1,700 executives are going to have
to play a much greater financial role
in their company's survival than they have done up to this point.

The Massachusetts senator said he
would introduce legislation today
calling for at least a one-year wage
freeze as part of a total private sector
commitment of $2.5-3 billion.

As part of that commitment,
Tsongas called on the company's
workers, management, dealers and
suppliers to purchase $400 million in
new Chrysler stock. He urged states
and cities with major Chrysler facili-
ties to provide the company with $500
million in loans, loan guarantees and
tax incentives — with 60 percent of
that aid coming from Michigan.

A Chrysler spokesman declined
comment on the day's events, noting
the company, "is following a policy of
not responding to individual state-
ments by congressmen and sena-
tors."

But a UAW official in Washington
expressed hope that "the legislative
process eventually will work in our
favor.

"Even though several of the sena-
tors on the banking committee are at
odds with the administration's
proposal, it's clear that the majority
— including Tsongas and Lugar —
still believe that the government
should aid Chrysler," he said. "We
just hope that committee can reach
an acceptable compromise later this
week."

Riegle, too, was counting on the
legislative process. "The key to aid

three-year wage freeze "a totally un-
reasonable proposition that amounts
to a one-third reduction in pay in
terms of what's happening with the
inflation rate today."

Tsongas' call for at least a one-year
wage freeze, he said, "ignores the
fact that the UAW concessions in the
recently ratified contract already
amount to a one-year wage freeze."
Chrysler aid plan suffers key setback

By JOHN E. PETERSON
News Staff Writer

WASHINGTON — Chrysler’s hopes for survival suffered a chilling setback yesterday when two key members of the Senate Banking Committee said they will oppose the administration’s plan to rescue the financially ailing auto maker.

Sens. Richard Lugar, R-Ind., and Paul Tsongas, D-Mass., unveiled their own plans — both of which create a bigger package of aid, “but require greater sacrifices from the private sector, including wage freezes for Chrysler’s 105,000 employees.”

The separate announcements by Lugar, a moderate conservative, and Tsongas, an liberal, were viewed as severe blows for Senate backers of government aid to Chrysler. Both men had been considered important swing votes on the banking committee, which is considering a Carter administration proposal to grant $1.5 billion in federal loan guarantees to the company.

MICHIGAN Sen. Donald Riegle, the Senate’s leading backer of Chrysler aid, called the actions by Lugar and Tsongas “severe, but not necessarily fatal, blows.”

Even if the government’s aid package passes the committee, it faces a rough course on the Senate floor. Assistant Republican Senate Leader Ted Stevens of Alaska told reporters there is growing opposition to any federal aid for Chrysler within GOP ranks.

“There is an increased feeling that aid to Chrysler would establish a dangerous precedent — especially if we are moving into worse times than we have now,” Stevens said.

Lugar, whose state has the largest concentration of Chrysler workers outside Michigan, told a Capitol Hill press conference that he would vote against any aid to Chrysler unless its employees — labor and management — agree to a three-year wage freeze.

“Lugar offered an alternate bill that would reduce the administration’s proposed federal loan guarantee from $1.5 billion to $1 billion, but use new concessions from the United Auto Workers, top management, stockholders and bankers, to give Chrysler an additional $4 billion for needed capital investments — about $1 billion more than the amount envisioned by the administration.

This proposal also contains several other major departures from the administration’s plan, which requires the company to match the $1.5 billion in federal loan guarantees with contributions from private and non-federal sources:

• The funding requirement from outside sources would be raised to nearly $3 billion with half of that amount to come from a wage-and-benefit freeze on Chrysler’s U.S. employees. The freeze would cost the company’s 72,500 hourly workers an estimated $1.2 billion over the next three years, while some 32,400 management per-
What Price Chrysler Jobs?

As Douglas Fraser makes clear in his letter on this page, the United Auto Workers bitterly oppose any Federal aid for Chrysler that is tied to a freeze on the members' wages. This does not shake our view that Chrysler workers should contribute significantly to their own rescue — in amounts sufficient to discourage other firms and unions from relying on similar help.

The possibility of corporate failure — as well as success — is crucial to the health of a free economy. Without the market's discipline, incentives for efficiency and innovation disappear. Where there is no fear of failure, managers and unions are more likely to collaborate against the community than to negotiate against each other.

Chrysler is on the skids largely because it miscalculated about the kinds of cars Americans would want to buy. If allowed to fail, the company would probably be reorganized under the bankruptcy laws and everyone involved in its operations would be at risk. Managers would be fired. Stockholders would lose equities. Creditors would have to delay repayments. Some workers would lose their jobs; most would be forced to negotiate their wages downward. But the economy as a whole would benefit: Chrysler's inefficiency would be removed as a drag on productivity.

Why then offer Chrysler any Federal aid? Apart from the obvious political pressures, there are real questions about the human and economic costs in a bankruptcy of this size. If Chrysler's managers are right, their problems could be solved by a relatively modest, one-time infusion of Federal aid. And it is at least arguable that Chrysler could be given one more chance at no greater cost to taxpayers than they would incur in a formal bankruptcy.

Even from this perspective, however, it makes no sense to put the taxpayers at greater risk than Chrysler's workers. If saving jobs is the most important rationale for a bailout, surely the public should expect major sacrifice from those with the most to gain. Mr. Fraser points out that his union has already offered to contribute. But roughly half of the $403 million that the U.A.W. offered Chrysler represents a deferral of company payments to the workers' pension fund, whose obligations are already guaranteed by the Government in case of failure. Most of the remaining union contribution would be a few months' delay of the hefty raises Mr. Fraser recently gained for his members. The U.A.W. is asking, in effect, that the taxpayers guarantee a new contract that puts Chrysler workers among the highest paid in the country.

Mr. Fraser is surely right to suggest that Chrysler's bankers and stockholders should also be asked to sacrifice more in any rescue operation. And he may be right that Chrysler's labor contract will turn out to comply with the White House's wage guidelines. But if so, the U.A.W. really prefers bankruptcy to a wage freeze, the public would have no reason to decide otherwise.
Intercedes For Chrysler

Stating that "Chrysler is already hard enough pressed," Mayor William Hudnut has asked U.S. Atty. Gen. Benjamin Civiletti not to levy an $18 million fine for air pollution violations against the Chrysler Shadeland plant.

In a letter mailed to Civiletti today, Hudnut recognized the necessity of air pollution standards but argued the automaker should be given a chance to "get on their feet without adding this extra burden."

"Why not give them (Chrysler) the benefit of the doubt, and credit for the positive corrective steps they have taken to clean up the emissions sources, rather than drive another nail into their coffin?" Hudnut asked.

The possibility that Chrysler will have to pay the fine resulted from a ruling by Federal Judge & Hugh Dilllin that Chrysler is liable for up to $18 million in fines. Civiletti has final authority over whatever fine is imposed.

In a suit brought by the Environmental Protection Agency, Dilllin ruled Chrysler should pay $25,000 for each day it has not been in compliance with Federal air standards since Aug. 7, 1973.

In a speech at the Caravan Club meeting in the Mural Temple, Hudnut said if the plan was followed through, the Chrysler plant would probably close and add further economic woes to auto workers.

"Chrysler officials in Detroit told The News today they did not know at this time if the plant would have to be shut down. The officials had not seen the ruling yet."

entire state of Indiana, the figure was $500 million.

"Quite obviously, a lot of Indianapolis and Indiana businesses would suffer tremendous losses, and might even go bankrupt, if Chrysler operations here were shut down," he said.

Hudnut added that 5,000 persons already have been laid off by the Chrysler Shadeland plant, and another 500 are out of jobs at the Chrysler foundry.

In addition, United Auto Workers officials say 4,000 auto workers in Indianapolis have been permanently laid off, and that hundreds more are working on reduced schedules or under temporary layoff.

"Congress currently is debating legislation to help Chrysler get through its current financial difficulties," Hudnut said. "It doesn't make any sense for different branches of the same Federal government to be working against each other on such a vitally important matter."

Hudnut explained further that Chrysler is in compliance with state air pollution standards, but so far has not met the more stringent Federal standards. However, the Chrysler plant will install incinerators before the end of this month to meet the Federal standards.
Chrysler Aid Plan That Totals $4 Billion Is Cleared by Senate Banking Committee

By a Wall Street Journal Staff Reporter

WASHINGTON — The Senate Banking Committee approved a $4 billion aid package for Chrysler Corp. that calls for $1.25 billion in federal loan guarantees and a wage freeze for as long as three years for the troubled auto maker’s employees.

The panel approved the bill, 10 to four, after spending a large part of yesterday’s drafting session forging a compromise on the thorny wage-freeze issue. Under the bill, Chrysler’s union workers and other employees might have to forgo as much as $1.32 billion in salary increases over the next three years. Other groups with a stake in Chrysler’s future would have to contribute $1.43 billion to its recovery.

Also under the bill, the federal government would be permitted to waive its right to a superior position as creditor on its guarantees and give equal status to other lenders of new funds to Chrysler. Assistant Treasury Secretary Roger Altman, arguing for this provision, said such waivers “may be necessary to make this deal work.”

Earlier this month, the House Banking Committee approved an aid bill that would provide Chrysler with as much as $1.5 billion in federal loan guarantees if the company can raise another $1.5 billion on its own. The Carter administration had proposed that plan.

But the House panel’s bill doesn’t call for a wage freeze and doesn’t spell out, as the Senate committee’s bill does, specific levels of contributions from the various groups involved with Chrysler.

In approving the controversial wage-freeze proposal, the Senate panel added several amendments. Under one, a federal board that would monitor the aid plan could permit Chrysler to negotiate a wage increase for employees in the third year of the plan if the board found that the full $4 billion package wasn’t needed to maintain the auto maker as a “growing concern and meet all required tests of viability.”

Another amendment would permit wage increases if union and other employees make “cash gifts” to Chrysler to offset the increases. In effect, this means the workers would get their pay raise if they give the money back to the company.

The wage freeze likely would require a renegotiation of the labor contract Chrysler recently signed with the United Auto Workers union, according to the committee. Douglas Fraser, union president, has said he wouldn’t reopen the contract unless Chrysler’s survival were at stake.

The Banking Committee’s bill would set minimum contributions—loans or other concessions—to be made by private groups before the federal loan guarantees would be made. Chrysler’s U.S. bankers would have to provide at least $500 million in new financing; foreign banks, chiefly in Canada, would have to provide $150 million; state and local governments where Chrysler operates would be required to provide at least $250 million, and suppliers and dealers would provide $180 million.

Further, Chrysler would have to sell $300 million in assets and would sell $50 million in stock. The company would issue another $250 million in common stock to its employees as part of an employee stock-ownership plan.

The board that would monitor the aid package would include the Treasury Secretary, the chairman of the Federal Reserve Board and the Comptroller General.
But so far as market practices in the syndicated loan sector of the Euro market are concerned, Fröidesch's "possible difficulties" have already materialized. For example, Morgan Guaranty's move to attach the Krupp assets has highlighted a little-known feature of syndicated credit-loan agreements. This is the so-called pro rata clause that is usually—although not always—incorporated into the agreements.

Under the pro rata clause, a bank that is a member of the lending syndicate that is covered by the loan agreement obligates itself in the event of a default to share with all the other members of the syndicate any assets it seizes or any deposits it offsets. The original reason for such clauses was to protect smaller members of a banking syndicate in the event of a default. But in Morgan's case, the existence of pro rata clauses in some of its loans may have been the motive for its attachment of Iranian assets in Germany.

The union failed to convince Congress that workers were sacrificing enough

Can Chrysler squeeze more from the UAW?

By linking federal loan guarantees for Chrysler Corp. to a three-year wage freeze for the company's employees, congressional opponents of a bailout may have designed an aid package that is destined to self-destruct. The United Auto Workers rejected such a freeze out of hand at a Dec. 3 meeting. The UAW has indicated that it will grant some further concessions to help Chrysler survive, but one of the few remaining options—reopening its recently signed contract with Chrysler—poses major logistical problems and political risks for the union's leaders.

The UAW's move will be the key to passage of an aid bill agreeable to all sides. UAW President Douglas A. Fraser is lobbying intensively on Capitol Hill, hoping to reach an understanding before Congress adjourns on Dec. 21. To dramatize the UAW's opposition to the three-year wage freeze proposed by the Senate Banking Committee, Fraser summoned the UAW's 233-member Chrysler Bargaining Council to Washington on Dec. 3. "Almost to a man, they said that they would rather shut down the shop than take a three-year freeze," says a top UAW official.

But this leaves the auto union in the vulnerable position of seeming to pull the plug on Chrysler's survival hopes, unless it can soften the sacrifices demanded of workers in the bill approved by the Senate committee. It is becoming clear that the UAW can compromise only by taking the painful course of reopening the contract and making concessions short of a three-year freeze. The pact signed by the UAW and Chrysler on Nov. 27 provides wage and benefit increases estimated to cost $1.1 billion over three years. UAW concessions in that contract will cost Chrysler $203 million less than the pattern settlement at General Motors Corp. At best, union leaders expect they can squeeze only another $200 million out of the pact without risking rejection by the rank and file.

Political problem. To reopen the contract, the UAW must first get the approval of its Chrysler Bargaining Council. Union officials say they also would seek rank-and-file approval, probably through simple majority votes of members attending meetings at the 69 Chrysler local unions. This immediately poses a political problem for Fraser: Only a few weeks ago he recommended acceptance of a Chrysler pact, and now he will have to concede that he was wrong in estimating what it would take to persuade Congress that the workers were sacrificing enough.

Nevertheless, the workers probably would approve a contract reopening to save their jobs. Fraser's problem is reaching an understanding with key congressional members before Dec. 21 on the total concessions the union might make. The UAW is aiming for an "equity of sacrifices" between workers, bankers, and the company. But it wants to work out the specifics of its concessions in talks with Chrysler.

This means that the UAW may wait for a bill to emerge from Congress before it reopen Chrysler's contract. The bill probably would specify that Chrysler would only get the loan guarantees if and when the UAW ratifies the new pact—and that might take a month or more. The first contract was approved by only a 69% majority, and many workers oppose any further wage cuts. The ratification problem is compounded by the steady rise in the number of laid-off Chrysler workers. Eligible to vote on the pact, they would have little to lose if it is rejected.

Court action? Even if a new settlement is ratified, wildcat strikes could ensue, and skilled workers might defect to other auto companies to avoid the wage cuts. UAW officials also worry that renegotiating the contract at lower terms might leave the union open to lawsuits by members, who could argue that the union had violated its duty of "fair representation" under federal labor law. Such suits might have little chance of success, but they would be troublesome to the union.

The UAW has already rejected other possibilities for helping Chrysler, such as using its strike fund to buy stock or to loan money to the company. This idea conflicts with the union's constitution. Fraser has said he would support a congressional proposal that the union can "make an additional contribution by having workers buy stock" in Chrysler. But the aid bill opponents probably will demand more than that.

Congressional aid could kill Chrysler

Even if Chrysler Corp. manages to get the backing of its employees on a bailout plan, time is also working against the company. Congress plans to recess on Dec. 21 and although backers of a rescue bill will try to get passage before then, the terms may be so distasteful to Chrysler's creditors that the effort will collapse and lead to the bankruptcy it seems to prevent.

The Senate will soon take up—perhaps as early as Dec. 12—a bill that
would give Chrysler $1.3 billion in federal loan guarantees as part of a $4 billion, three-year financing package. This differs from the Carter Administration’s proposal, which offered $1.5 billion in government guarantees and called on Chrysler to raise another $1.5 billion from private sources, without specifying just how the burden should be shared among creditors, stockholders, and employees. The Senate bill, drafted by Senators Richard G. Lugar (R-Ind.) and Paul E. Tsongas (D-Mass.), requires a three-year wage freeze for all Chrysler employees and $500 million in new loans or concessions from the company’s bank and insurance company lenders.

The Administration approach won approval by the House Banking Committee on Nov. 15, but it has been stalemated since then because of insufficient support by House members: After the Senate committee acted, the House Banking Committee began reconsidering, and it may substitute the Senate bill for its own. “Whatever emerges here will be much closer to the Senate version than to the Administration’s,” says one House staffer.

The union and banks. Although the major opposition to the Senate bill is coming from the United Auto Workers—the union is mounting a heavy lobbying campaign to try to save the Administration bill—the banks are also opposed. They have consistently been against the idea of a major commitment of new unguaranteed funds to Chrysler. If the legislation passes, and the union goes along, the banks would have to choose between forcing bankruptcy, which may be in their economic interest, or going along with the rescue, which might be smarter politically. “When the spotlight is turned on the banks, they may get more political,” says one New York banker.

Although efforts to preserve the Administration bill are under way, led by Senator Donald Riegle (D-Mich.) and Representative James Blanchard (D-Mich.), they are unlikely to succeed. Some Chrysler supporters fear that Congress is more interested in protecting itself from being blamed for an eventual Chrysler bankruptcy than in helping the company. “There are reasons to believe the Lugar-Tsongas bill enables people to blame someone else for the collapse,” says a Senate staffer. “It is shrewdly crafted that way.”

Chrysler Chairman Lee A. Iacocca insists that if the company is forced into reorganization, its car sales would stop cold and, with devastating job losses, would follow almost immediately. But a number of bankruptcy experts say the company’s outright rejection of Chapter XI as an option stems more from its business strategy than from legal and economic analysis. Indeed, in early December Chrysler hired an outside legal expert to help prepare contingency plans for a bankruptcy reorganization. “We still believe we’ll get a bill through that will work,” says a Chrysler spokesman. “But if the union can’t get ratification, then that’s it. School’s out.”

Passage of a bill would not ensure Chrysler’s survival because of the opposition of the banks and the UAW. Failure by Congress to act before it goes home would probably doom the company to bankruptcy. Chrysler’s creditors have been anxiously watching the deterioration of the auto market—sales of Chrysler’s domestic-built cars were down 33% in November—and without assurance of government action, they might well force the company into reorganization or liquidation before Congress returns in late January.

Inflation

watch

A giant loophole for wage increases

President Carter’s new Pay Advisory Committee, in its first substantive decision, signaled that the Administration’s voluntary wage restraint program—stalled for now at an interim 8% wage cap—will soon become considerably more lenient. On Nov. 30, the Council on Wage & Price Stability accepted the pay committee’s proposal to liberalize “tandem relationship” rules designed to let companies give raises comparable with those of their competitors. Combined with above-guideline raises that cows has increasingly been granting on grounds of “gross inequity,” says one New York wage consultant, the new tandem provision provides “a loophole you can drive anything through.”

The tandem exception was originally designed to maintain historical wage relationships between industries. Under the 7% guideline that expired on Sept. 30, an employer had to prove that he had traditionally based the timing and size of pay raises on the actions of another company. The new rule omits the timing criterion, and it broadens the historical relationship test to include the entire “labor market areas.”

Most important, above-guideline pay raises given under the new tandem rules may be “self-administered” rather than cleared with cows beforehand. Wage consultants say these rule changes will encourage companies to find—or manufacture—historical wage relationships that would not have been allowed under the old tandem rule.

Inequity raises. These changes will reduce formal monitoring by the Administration and result in bigger raises, especially for the nation’s 80 million non-union workers. Most of these were held to the 7% wage cap this year, but payments for many of the nation’s 20 million union workers has risen at the same pace inflation has, partly because has
Linked to Wage Freeze:

Senate Panel Votes Chrysler Aid Compromise

The government should provide emergency loan guarantees to the ailing Chrysler Corp. — but only if its workers accept a three-year, $1.32 billion wage freeze, the Senate Banking Committee ruled Nov. 29.

That pay requirement was the key component of a compromise plan to inject $4 billion of fresh capital into the Detroit-based company, which claims it will fold unless it wins government backing by the end of the year.

Approved by a resounding 10-4 vote, the bill also would require $1.43 billion in stiff new sacrifices from Chrysler creditors, suppliers, dealers and localities.

And it cuts the government's share of the rescue plan to $1.25 billion in loan guarantees.

Unlike President Carter's bill, which tied $1.5 billion in government aid to Chrysler's ability to raise a similar sum on its own, the Senate plan spells out dollar contributions from parties that would be hurt most if the company fails. (Background, Weekly Report p. 2580)

Authors of the new plan, Paul E. Tsongas, D-Mass., and Richard G. Lugar, R-Ind., maintain the tough concessions are necessary both to ensure Chrysler's survival and to discourage other companies from asking for financial help.

"The administration plan is a pure bail-out," Lugar said. "It asks for no sacrifices from Chrysler. In fact, it simply pays for a massive wage increase."

And Tsongas argued that the company will need the extra $1.32 billion gained from a wage freeze because it has based its financing plan on auto sales estimates that are too optimistic.

However, United Auto Workers (UAW) President Douglas A. Fraser has indicated his union would not agree to reopen the contract it has just negotiated with the nation's No. 3 auto.

Fraser told the committee Nov. 19 the $203 million savings contained in that new wage pact is a "sufficient sacrifice" by workers to help return the company to profitability.

And Howard Paster, the union's chief lobbyist on the Chrysler issue, called the wage freeze "punitive, discriminatory and outrageous." He said he would work to kill the provision when the bill reaches the Senate floor.

Chrysler's creditors also have been reluctant to put themselves on the line for the company.

John McGillicuddy, chairman of Manufacturers Hanover Trust Co., told the Banking Committee Nov. 21 that Chrysler's banks could not yet commit themselves to providing new loans to the company — which will lose $1 billion this year.

"We don't expect to loan money in circumstances in which we don't expect to be repaid and that's where Chrysler Corporation is," he said.

Pay Freeze

On Capitol Hill, however, sentiment is increasing to require tougher concessions from such parties than contained in Carter's aid plan, which was approved virtually unchanged by the House Banking Committee.

"There is considerable feeling around here that if the bill contains a wage freeze, it will clear the House by a good margin. If it's not there, passage would be in doubt," said an aide to a key House committee.

When House Republicans caucused on the Chrysler issue Nov. 29, the UAW's new $1.3 billion contract with the company was the focus of debate.

Even Harold S. Sawyer, R-Mich., who represents a Chrysler constituency, complained that under the administration bill, Congress would be "subsidizing that wage increase."

"That'll send a message to every labor union in the United States," he said, that they can demand government backing to cover wage increases.

"This is definitely our toughest issue," conceded an aide to James J. Blanchard, D-Mich., who steered Carter's bill through the House Banking Committee.

"We're going to have to come to some agreement about when the union has made a significant enough contribution," the staffer said.

In fact, sources say, the House Banking Committee has postponed reporting its Chrysler bill (HR 5860) in order to retain the option of reopening the legislation to add such requirements as further wage concessions.

One aide said the committee might wait until the Senate acts on the bill before sending a House version to the floor.

"Obviously some regrouping is required, and we are engaged in discussions," said Banking Chairman Henry S. Reuss, D-Wis.

Even the administration admits a stiffer wage agreement may be necessary to win congressional approval of aid for Chrysler by the end of the year.

"Although we'd rather have ours, they [the Senate committee] did report a bill," one administration official said. "And at one point, that looked in question."

Senate Committee Action

The first test of Senate sentiment on the administration's aid bill came on a motion to substitute that plan (S 1965) for the Lugar-Tsongas measure Chairman William Proxmire, D-Wis., had introduced for markup.

Banking Committee members voted 10-5 to stick with the stricter compromise legislation, and allowed the administration to make only minor changes in that plan during the day-long markup session.

Under the bill offered by the two freshmen from opposing political parties — whom Proxmire nicknamed "wide receivers" — the government would provide $1.25 billion in loan guarantees to the Chrysler Corp.

But to qualify for that backing, Chrysler would have to:

- Win $400 million in new credit from its banks, plus a $100 million break on currently outstanding loans.
- Obtain another $150 million in new credit from foreign banks.
- Raise at least $300 million from the sale of company assets.
- Issue at least $50 million of new corporate stock.
- Win a pledge of $180 million from suppliers and dealers — of which $100 million should be in capital.
- Receive $250 million in special tax breaks or property financing from state and local governments.

-By Gail Gregg

Dec. 1, 1979—PAGE 2751
The firm’s workers, both union and non-union, also would have to agree to a three-year wage freeze, which the committee estimates would save the company $1.32 billion. However, the panel adopted an amendment by Tsongas that would allow the loan guarantee board to review, and possibly waive, the freeze during the final year. Tsongas said such a review provision was necessary to prevent Congress from building a “disincentive” into the bill.

Lugar also amended the wage freeze measure by including an “equitability” provision allowing workers to keep their scheduled wage gains if they can make another kind of cash contribution to the company worth $1.32 billion.

Paster described that provision as “meaningless.” The plan also requires the company to issue $250 million worth of shares of new common stock to its employees, in lieu of wage increases. That would increase the number of company shares from the current 60 million to 100 million.

Administering the plan under the committee bill would be a three-member board composed of the Treasury secretary, the Federal Reserve chairman and the comptroller general.

The bill differs from the administration-House Banking plan on several key points.

Carter’s plan accepts as a sufficient concession the UAW’s new contract with Chrysler, which is $203 million less than the union’s pacts with Ford and General Motors.

His bill places all authority for administering the program in the hands of the Treasury secretary. And although it requires Chrysler to raise $1.5 billion in matching funds from other interested parties, it gives the company the freedom to do this on its own.

Paul S. Sarbanes, D-Md., acknowledged the company might need the $2.5 billion in private financing contained in the Lugar-Tsongas plan, but urged the committee to give it flexibility in raising the funds.

“We should not seek to go behind that $2.5 billion,” he said.

He failed, however, in what Lugar described as a “one last college try,” to substitute a more flexible bill for the compromise legislation.

Although the final vote on the bill was a lopsided 10-4, several members voting “aye” noted they were not committed to helping Chrysler but thought the measure should be reported from committee.

“It’s too important nationally ... to be decided by 15 members of the Banking Committee,” said Jake Garn, R-Utah, ranking Republican on the panel.

Voting against the bill were Proxmire, a longtime opponent of aid; Harrison A. Williams Jr., D-N.J., a supporter of organized labor; Adlai E. Stevenson, D-Ill., who has introduced his own bill (S 2033) to improve industrial productivity; and William L. Armstrong, R-Colo.

Sarbanes voted “present.”

He worried that “while it’s all fine and dandy to specify what these contributions might be,” Chrysler workers and creditors might not go along. That would mean the company would fail.

“Some of us would sit back and accept that,” retorted Garn.

Michigan Democrat Donald W. Riegle, proponent of the administration’s bill, said he hopes the full Senate will “increase the federal commitment to $1.5 billion” and kill the “excessive” wage freeze.

“We’ve got a lot of education to do,” said Riegle. “You’ll definitely have a majority voting for it on the floor,” he predicted.

The Senate’s majority whip office says a date for floor action on the Chrysler bill has not been set, but Majority Leader Robert C. Byrd, D-W.Va., has promised it will be considered before the Christmas recess.

GOP Caucus

House Republicans met over coffee and Danish early Nov. 29 to discuss Chrysler’s case. Many said they had been visited by dealers and suppliers of the troubled company — but still were leaning against aid.

“This legislation does not have enough votes to pass the House of Representatives,” maintained J. William Stanton, Ohio, ranking Republican on the Banking Committee.

He said Democrats had told him they need “about 60 votes from our side of the aisle” to clear the bill for the president’s signature.

An aide to Blanchard, however, disagreed with that assessment.

“The way the vote count is going right now is that we’re leading by a 2-1 margin — but by far the biggest bloc is undecided,” the staffer said.

The ranking Republican on the Banking Subcommittee on Economic Stabilization, Stewart B. McKinney, Conn., told his colleagues that although he voted to report the aid plan from committee, “to me, the bill’s totally unacceptable.”

“The administration really sort of snookered the committee,” he said, by not encouraging it to tighten the loan guarantee legislation.

GOP Policy Committee Chairman Bud Shuster, Pa., reported that his panel had decided not to recommend a position on the issue “because we would be inflicting very severe damage on Republicans with Chrysler concerns in their districts.”

But he and Minority Leader John J. Rhodes, Ariz., both said they opposed aiding Chrysler.

Other Developments

Meanwhile, Chrysler car sales dropped 16.7 percent during the first 10 days of November, bringing the company’s share of the domestic market to 8.9 percent. That’s down 1.2 percent from the market share the company used to calculate its aid plan.

And major corporations continued to line up against the troubled firm. Citicorp Chairman Walter Wriston, whose bank has $28 million in outstanding loans to Chrysler, told Congress Nov. 21 the rescue plan would harm the nation’s free enterprise system. “If I am asked whether this proposed legislation is in the long-term interests of the country, the answer has to be ‘no,’” he said.

And the Business Roundtable, a prestigious group of 200 top U.S. companies, came out against aiding the company.

“Whatever the hardships of failure may be for the particular companies and individuals, the broad social and economic interest of the nation are best served by allowing this system to operate as freely and as fully as possible,” the group said.

Company Chairman Lee A. Iacocca pulled Chrysler out of the organization after it announced its decision Nov. 13.
The need for infrastructure support is urgent and the time to act is now. The proposed infrastructure bill is an opportunity to invest in our country's future. This bill includes significant funding for transportation, water systems, and addiction treatment programs, among other things. It is estimated that the bill will create jobs and boost the economy. However, it is crucial that the bill is passed with bipartisan support and focuses on delivering real results for American communities. As we work towards a more sustainable and equitable society, investing in infrastructure is a critical step forward.
WASHINGTON (UPI) - THE CO-SPONSOR OF A TOUGH SENATE PROPOSAL TO BAIL OUT THE FAILING CHRYSLER CORP. SAID TODAY HE OPPOSES A NEW COMPROMISE WHICH WOULD EASE A WAGE FREEZE ON CHRYSLER WORKERS.

SEN. RICHARD LUGAR, R-IN, CAME OUT AGAINST SOFTENING THE TERMS OF A BILL HE AND SEN. PAUL TsONGAS, D-MASS., WORKED OUT IN THE SENATE BANKING COMMITTEE. IT WOULD PROVIDE CHRYSLER WITH $4 BILLION - $1.25 BILLION FEDERAL AID, $1.3 BILLION THROUGH A THREE-YEAR PAY FREEZE AND THE REST IN PRIVATE FINANCING.

AS CIRCULATED AMONG HOUSE AND SENATE MEMBERS THIS WEEK, THE NEW PLAN CALLS FOR AN AID PACKAGE OF $3.33 BILLION, INCLUDING A $400-MILLION SACRIFICE FROM THE UNION - EQUIVALENT TO A 1 1/2-YEAR WAGE FREEZE.

TSONGAS HAS SAID HE COULD RELUCTANTLY SUPPORT THE NEW COMPROMISE, SPONSORED BY REP. WILLIAM MOORHEAD, D-PA., AS ONE THAT COULD WIN UNION ACCEPTANCE.

BOTH TSONGAS AND LUGAR SAID EARLIER THAT ONLY A BILL WITH AS MANY STRINGS AS THEIRS HAS A CHANCE OF PASSING THE SENATE.

THE HOUSE BANKING COMMITTEE HAS APPROVED A SIMPLER, MORE GENEROUS ADMINISTRATION PROPOSAL, BACKED BY CHRYSLER, WHICH WOULD PROVIDE $1.5 BILLION IN FEDERAL LOAN GUARANTEES AND AN EQUAL AMOUNT FROM PRIVATE SOURCES, INCLUDING THE UNION.

HOUSE DEBATE ON THE PLAN IS EXPECTED TO BEGIN THURSDAY, WITH A VOTE SCHEDULED NEXT WEEK.

SENATE DEBATE WILL BEGIN AS SOON AS THE WINDFALL PROFITS TAX DEBATE IS COMPLETED, POSSIBLY LATER THIS WEEK.

SEN. LOWELL WECKER, R-CONN., HAS THREATENED A FILLIBUSTER, BUT DEMOCRATIC LEADER ROBERT BYRD HAS SAID THE SENATE WILL BE CALLED BACK FROM ITS PLANNED CHRISTMAS BREAK, IF NECESSARY, TO FINISH THE BILL BY THE END OF THE YEAR.

THE UNITED AUTO WORKERS UNION RECENTLY SIGNED A THREE-YEAR CONTRACT WITH CHRYSLER CALLING FOR WAGE AND BENEFIT INCREASES OF NEARLY 30 PERCENT OVER THREE YEARS, DEFERRING $203 MILLION THE FIRST YEAR.


UPI 12-11 02:51 PES
1ST ADD CHRYSLER, WASHINGTON (UP-095).

THE SENATE BUDGET COMMITTEE VOTED 14-1 TO SEND TO THE SENATE FLOOR A RESOLUTION TO WAIVE THE ALREADY RATIFIED FEDERAL BUDGET TO ALLOW FOR AID TO CHRYSLER. THE VOTE WAS NOT AN INDICATION OF HOW MEMBERS WOULD VOTE ON THE MERITS OF THE BILL, BUT A MOVE REQUIRED BEFORE THE SENATE COULD CONSIDER THE LEGISLATION.

LUGAR SAID THE NEW PLAN CIRCULATED IN THE HOUSE WAS TAILORED TO THE DESIRES OF THE UNION, THE COMPANY AND THE TREASURY DEPARTMENT AND WOULD HAVE TO REQUIRE MORE OF A UAW CONTRIBUTION BEFORE IT COULD PASS THE SENATE.

HE SAID HE COULD COMPROMISE ON A TOTAL FIGURE OF BETWEEN $3.3 BILLION AND $4 BILLION AND HOPED BOTH HOUSES WOULD PASS IDENTICAL LANGUAGE EXCEPT FOR THE FINAL FIGURES SO THAT, A JOINT CONFERENCE COMMITTEE COULD EASILY REACH A COMPROMISE BEFORE THE END OF THE YEAR.

UP 12-11 03:51 PES
After a difficult week, it is still uncertain how or when a Chrysler assistance bill can pass both Houses of Congress. Much of the original opposition in the Senate seems to have been overcome by the formulation of our new compromise bill in the Senate Banking Committee, and I am optimistic about obtaining a majority vote if and when the issue can be brought to the floor.

The failure of the Administration bill in both Houses necessitated the creation of new alternatives if any package at all was to be passed. A summary of the most current proposals follows:

<table>
<thead>
<tr>
<th>Total Aid to Chrysler</th>
<th>Senate Banking Committee Bill</th>
<th>Latest Tsongas Proposal</th>
<th>Blanchard-Moorehead House Proposal</th>
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<tbody>
<tr>
<td></td>
<td>$4.0 Billion</td>
<td>$3.63 Billion</td>
<td>$3.0 Billion</td>
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<tr>
<td>Review Board</td>
<td>Secretary of Treasury</td>
<td>Secretary of Treasury</td>
<td>Secretary of Treasury</td>
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<td></td>
<td>Chairman of Federal Reserve</td>
<td>Secretary of Labor</td>
<td>Chairman of Federal Reserve</td>
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<td></td>
<td>Board</td>
<td>Secretary of Transport-</td>
<td>Board</td>
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<td>Comptroller General</td>
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<td>Comptroller General</td>
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<tr>
<td>Management &amp; Worker Concessions</td>
<td>$1.32 Billion in wage concessions--</td>
<td>$600 Million in wage concessions--</td>
<td>$400 Million in labor wage concessions (none from management)</td>
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<td></td>
<td>$1.077 - labor</td>
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<td>$243 m - management</td>
<td>$125 - management</td>
<td></td>
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<tr>
<td>Federal Loan Guarantee</td>
<td>$1.25 Billion</td>
<td>$1.5 Billion</td>
<td>$1.5 Billion</td>
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<tr>
<td>ESOP</td>
<td>$250 Million</td>
<td>$60 Million</td>
<td>$100 Million</td>
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<tr>
<td>Non-Federal</td>
<td>$1.43 Billion</td>
<td>$1.53 Billion (includes $100 Million UAW)</td>
<td>$1.43 Billion</td>
</tr>
</tbody>
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* All other provisions are identical to the Senate Banking Committee bill.

A House by House summary follows:

On December 13th, the House of Representatives began debate on Chrysler Loan Guarantee legislation. Debate will continue on Friday and then be carried over until Tuesday, December 18th, when the House will begin to consider amendments. The original Carter Administration bill never gained sufficient support in the House, and has been discarded and replaced by stronger versions.
There are three major formulas under consideration as well as at least 30 amendments. Because there is no agreement on the basic bill to be considered and because there are many amendments to be voted upon, House action is uncertain and may be drawn out.

In the Senate, opinion on whether to help Chrysler continues to be sharply divided, although improved, and it is not yet certain that a bill can pass. The situation is complicated further by the bitter debate over the so-called "windfall profits" legislation which is presently keeping Chrysler off the floor, and by Senate rules which allow an individual Senator great leverage to extend debate for long periods. There already is one threatened filibuster against Chrysler aid, by Senator Weicker of Connecticut. I have visited at length with Senator Weicker and believe that he will work cooperatively to see a bill voted upon, provided it is a tough measure which protects the taxpayer interest as he sees it.

If both Houses pass bills, a Conference Committee will meet and try to resolve differences. I will press for an immediate Conference and the quickest possible agreement on a final bill.

The Senate worked until 3:30 AM Thursday morning and 11:00 PM Thursday night, and the end of the "windfall profits" fight is not yet clearly in view. As this report is mailed, I am planning to use this weekend to work with other Senators to arrange an end to the energy tax bill debate and get the Chrysler issue to the floor.

More updates will follow.
Surviving strong committee opposition, a threatened filibuster, and a close 53-44 vote on final passage, a Chrysler aid bill passed the Senate and thus the Congress in the last days before Christmas. At 3:00 PM on December 19, after weeks of hearings, proposals, and counter-proposals, and often heated negotiations, Senator Dick Lugar of Indiana took the Senate floor and offered the compromise which put the legislation over the top and avoided a fatal filibuster. Called the "chief architect" of the package by the national news services, Senator Lugar led 12 Republicans in providing the margin of victory for the bill.

The legislation then went to conference with the House of Representatives, where differences between the two versions were resolved. In its final form, the bill would provide:

* A $462.5 million concession from the company's unions.
* A $125 million concession from management employees.
* $1.43 billion in concessions or loans from banks, suppliers, and state and local governments.
* Issuance of $162 million worth of Chrysler common stock to the hourly employees.
* $1.5 billion in federal loan guarantees.

Satisfaction was expressed with the outcome for several reasons:

* A BILL WAS PASSED. "There were many moments when it appeared unlikely that any measure could win majority support or, if it did, that a filibuster would kill it at the end."

At the White House signing of the Chrysler bill, with (l to r) Senator Riegle (D-Mich.), President Carter, and Senator Levin (D-Mich.) and UHW President Douglas Fraser (partially hidden). (White House Photo)

not to 'punish' anyone or to exact someone's idea of a 'fair share,' that greater contributions from management and hourly workers were imperative. The final bill provides Chrysler several hundred million non-borrowed dollars beyond the original bill, and that could make the difference between a temporary and permanent solution."

* THE BILL HAS SUBSTANTIALLY GREATER PROTECTIONS FOR THE TAXPAYER. "Virtually all of the proposals I made for safeguarding the taxpayer dollars were accepted in both Houses. Examples include:

--in the event of bankruptcy, the Federal government will receive its money prior to any existing loans outstanding.

--prior to any guarantees, an independent Chrysler Review Board must certify that all the required resources are available and that it appears likely that the Federal government guarantees will not be called upon.
"The taxpayer's risk has been reduced relative to the risk of private parties, and assurances have been made that, even if the company cannot make it, the taxpayers' funds will be repaid.

"It was a tightrope walk from beginning to end, trying to forge a bill strong enough to help and responsible enough to ward off a filibuster. It was the most exhausting effort of my Senate term to date.

"The final bill is the best bill for all parties which could possibly have passed the Congress. It is not quite as generous as the company and union were demanding, and not quite as severe in its terms as many Senators felt was necessary. But that's the nature of winning compromise, and that's the kind of bill we had to have to win this fight.

"In New Castle, Kokomo, Michigan City, Indianapolis -- in all parts of Indiana where Chrysler families are found, this is a happy occasion which gives hope for a better New Year."

**COMMENTS ABOUT DICK LUGAR'S ROLE IN FORGING THE CHRYSLER COMPROMISE**

* "...takes driver's seat, chauffeurs Chrysler aid package through the Senate." (The Indianapolis Star)

* "...has given as much time and effort to this problem as anyone in the Senate. He was conscientious about studying it in great detail, and taking the leadership role, trying to find answers, and to work out differences in the most constructive way." (Senator Don Riegle, D-Mich.)

* "...deserves very great credit...absent his efforts aid would not be forthcoming at all. Putting this kind of constructive package together is one of the most difficult, but perhaps the most creative work that we as members of Congress can do... deserves great thanks, not only from the Chrysler family of dealers, suppliers, workers, and stockholders, but from the country as a whole." (Sen. William Proxmire, D-Wis.)

* "...has displayed an uncanny ability to effect compromises in areas of extreme sensitivity and controversy...I was convinced that he was on the right course... that was in the best interests of the taxpayers." (Sen. Ted Stevens, R-Alaska)

* "I want to pay a personal tribute to the distinguished Senator from Indiana...who is doing everything possible to save the Chrysler Corporation. I happen to feel that he has gone the last mile." (Sen. Charles Percy, R-Ill.)

* "A key vote came when the Senate approved a compromise measure...sponsored by Richard G. Lugar of Indiana...that became the vehicle for consideration of the bill." (New York Times)

* "...played a key role in working out the compromise." (Associated Press)

* "Even more surprising...is the fact that there would have been no aid bill at all, or at least not from this session of Congress, were it not for a Senate neophyte, Richard Lugar." (The Toledo Blade)
CHRYSLER CORPORATION LOAN GUARANTEE ACT
OF 1979

DECEMBER 20, 1979.—Ordered to be printed

Mr. Reuss, from the committee of conference,
submitted the following

CONFERENCE REPORT
[To accompany H.R. 5860]

The committee of conference on the disagreeing votes of the two
Houses on the amendment of the Senate to the bill (H.R. 5860) to
authorize loan guarantees to the Chrysler Corp., having met, after
full and free conference, have agreed to recommend and do recom­
mend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of
the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amend­
ment insert the following:

SHORT TITLE

Section 1. This Act may be cited as the “Chrysler Corporation Loan
Guarantee Act of 1979”.

DEFINITIONS

Sec. 2 For purposes of this Act—
(1) the term “Board” means the Chrysler Corporation Loan
Guarantee Board established by section 3;
(2) the term “borrower” means the Chrysler Corporation, any
of its subsidiaries or affiliates, or any other entity the Board may
designate from time to time which borrows funds for the bene­
fit or use of the Corporation;
(3) the term “Corporation” means the Chrysler Corporation
and its subsidiaries and affiliates;
(4) the term “financing plan” means a plan designed to meet
the financing needs of the Corporation as reflected in the operat­
ing plan and indicating in accordance with the requirements of
section 8 the amounts to be provided at dates specified (for each

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year of the plan) from internally generated sources (including earnings and cost reduction measures), from loans guaranteed under this Act, and from nonfederally guaranteed assistance as required pursuant to section 4(a)(4): 

(5) the term “fiscal year” means the fiscal year of the Corporation;

(6) the term “going concern” means a corporation the net earnings of which, as projected in the plan required under section 4(a)(4), are determined to be sufficient to maintain long-term profitability after taking into account probable fluctuations in the automobile market, and which meets such other tests of viability as the Board shall prescribe;

(7) the term “labor organization” has the same meaning as in section 2 of the National Labor Relations Act;

(8) the term “operating plan” means a document detailing production, distribution, and sales plans of the Corporation, together with the expenditures needed to carry out those plans (including budget and cash flow projections), on an annual basis, a productivity improvement plan setting forth steps to be taken by the Corporation and its workers to achieve a higher productivity growth rate, and an energy efficiency plan setting forth steps to be taken by the Corporation to reduce United States dependence on petroleum, in accordance with section 4(a)(3);

(9) the term “persons with an existing economic stake in the health of the Corporation” means banks, financial institutions, and other creditors, suppliers, dealers, stockholders, labor unions, employees, management, State, local, and other governments, and others directly deriving benefit from the production, distribution, or sale of products of the Corporation; and

(10) the term “wages and benefits” means any direct or indirect compensation paid by the Corporation to employees of the Corporation and shall include, but is not limited to, amounts paid in accordance with wage scales, straight time hourly wage rates, base wage rates, base salary rates, salary scales, and periodic salary grades, overtime premiums, night shift premiums, vacation payments, holiday payments, relocation allowance, call-in pay, bonuses, bereavement pay, jury duty pay, paid absences, short-term military duty pay, paid leaves of absence, holiday pay, including personal holidays, and medical, health, accident, sickness, disability, hospitalization, insurance, pension, educational, and supplemental unemployment benefits.

CHRYSLER CORPORATION LOAN GUARANTEE BOARD

Sec. 3. There is established a Chrysler Corporation Loan Guarantee Board which shall consist of the Secretary of the Treasury who shall be the Chairperson of the Board, the Chairman of the Board of Governors of the Federal Reserve System, and the Comptroller General of the United States. The Secretary of Labor and the Secretary of Transportation shall be ex officio nonvoting members of the Board.

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AN GUARANTEE BOARD

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AUTHORITY FOR COMMITMENTS FOR LOAN GUARANTEES

Sec. 4. (a) Subject to the provisions of this Act, the Board, on such 
terms and conditions as it deems appropriate, may make commitments 
to guarantee the payment of principal and interest on loans to a bor-

rower only if at the time the commitment is issued, the Board deter-


ces that—

(1) there exists an energy-savings plan which—

(A) is satisfactory to the Board;

(B) is developed in consultation with other appropriate 

Federal agencies;

(C) focuses on the national need to lessen United States 
dependence on petroleum; and

(D) can be carried out by the borrowers;

(2) the commitment is needed to enable the Corporation to con-
tinue to furnish goods or services, and failure to meet such need 
would adversely and seriously affect the economy of, or employ-
ment in, the United States or any region thereof;

(3) (A) the Corporation has submitted to the Board a satisfac-
tory operating plan (including budget and cash flow projections) 
for the 1980 fiscal year and the next succeeding three fiscal years 
demonstrating the ability of the Corporation to continue opera-
tions as a going concern in the automobile business, and after De-
ember 31, 1983, to continue such operations as a going concern 
without additional guarantees or other Federal financing; and

(B) the Board has received such assurances as it shall require 
that the operating plan is realistic and feasible;

(4) the Corporation has submitted to the Board a satisfactory 
financing plan which meets the financing needs of the Corpora-
tion as reflected in the operating plan for the period covered by 
such plan, and which includes an aggregate amount of nonfeder-
ally guaranteed assistance of at least $1,430,000,000 as determined 
under subsection (b)—

(A) from financial commitments or concessions from per-

sons with an existing economic stake in the health of the 

Corporation in excess of commitments or concessions outstand-

ng as of October 17, 1979, or from other persons;

(B) from capital to be obtained through merger, sale of 

securities or otherwise after October 17, 1979; and

(C) from cash to be obtained from the disposition of assets 
of the Corporation after October 17, 1979; and

(D) from the issuance of $100,000,000 of common stock of 

the Corporation which shall be made available by the Cor-

poration to its employees and labor organizations which are 

parties to collective bargaining agreements with the Corpora-

tion;

(5) the Board has received adequate assurances regarding the 
availability of all financing contemplated by the financing plan 
and that such financing is adequate (taking into account the 
amount of guarantees to be made available and the amount of 

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wages and benefits not to be paid as a result of section 6) to meet all the Corporation's projected financing needs during the period covered by the financing plan;

(6) the Corporation's existing creditors have certified to the Board that they will waive their rights to recover under any prior credit commitment which may be in default unless the Board determines that the exercise of those rights would not adversely affect the operating plan submitted under paragraph (3) or the financing plan submitted under paragraph (4);

(7) no credit extended or committed on a nonguaranteed basis prior to October 17, 1979, is being converted to a guaranteed basis pursuant to this Act; and

(8) the financing plan submitted under paragraph (4) provides that expenditures under such financing plan will contribute to the domestic economic viability of the Corporation.

(b) (1) For the purpose of computing the aggregate amount of at least $1,430,000,000 in nonfederally guaranteed assistance required to be provided under subsection (a) (4)—

(A) the term "financial commitment" means a legally binding commitment to provide additional nonfederally guaranteed assistance to meet the financing needs of the Corporation in excess of any such commitments outstanding as of October 17, 1979;

(B) the term "concession" means a legally binding commitment (or in the case of a concession from a State, local, or other government, a concession for which the Board has received adequate assurances which will result in a reduction in the financing needs of the Corporation by an amount which is more than the amount of any reduction accomplished by any concessions outstanding as of October 17, 1979, and, except for a loan or other credit, shall be nonrecoupable;

(C) the term "capital" means sales of equity securities, any other transactions involving non-interest-bearing investments in the Corporation, or subordinated loans on which payment of principal and interest is deferred until after all guaranteed loans are repaid; and

(D) the amount of "cash to be obtained from the disposition of assets of the Corporation" shall be determined by the Board based on a conservative estimate of the minimum value realizable in a sale, with reference to the potential circumstances surrounding such a sale.

(2) In computing the aggregate amount of at least $1,430,000,000 in nonfederally guaranteed assistance required to be provided under subsection (a) (4), there shall be excluded—

(A) the extent of any contribution, concession, or other element that does not actually and substantively contribute to meeting the Corporation's financing needs as defined in the financing plan required by this section; and

(B) deferral of any dividends on common or preferred stock outstanding as of October 17, 1979.

(c) The aggregate amount of nonfederally guaranteed assistance of at least $1,430,000,000 required to be provided under subsection (a) shall include—

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(1) at least $500,000,000 from United States banks, financial institutions, and other creditors, of which—
   (A) at least $400,000,000 shall be new loans or credits, in
       addition to the extension of the full principal amount of any
       loans committed to be made but not outstanding as of October
       17, 1979; and
   (B) at least $100,000,000 shall be concessions with respect
       to outstanding debt of the Corporation;
(2) at least $150,000,000 shall be from foreign banks, financial
       institutions, and other creditors in the form of new loans or credits,
       in addition to the extension of the full principal amount of any
       loans committed to be made but not outstanding as of October
       17, 1979;
(3) at least $300,000,000 shall be from the disposition of assets
       of the Corporation;
(4) at least $250,000,000 shall be from State, local, and other
       governments;
(5) at least $180,000,000 shall be from suppliers and dealers, of
       which at least $50,000,000 shall be in the form of capital as defined
       in subsection (b); and
(6) at least $50,000,000 shall be from the sale of additional
       equity securities.

The Board may, as necessary, modify the amounts of assistance re-
quired to be provided by any of the categories referred to in this sub-
section, so long as the aggregate amount of at least $1,420,000,000 in
federally guaranteed assistance is provided under subsection
(a)(4).

REQUIREMENTS FOR LOAN GUARANTEES

Sec. 5. (a) A loan guarantee may be issued under this Act only pur-
suant to a commitment issued under section 4. The terms of any such
commitment shall provide that a loan guarantee may be issued under
this Act only if at the time the loan guarantee is issued, the Board de-
términes that—

(1) credit it is not otherwise available to the Corporation under
reasonable terms or conditions sufficient to meet its financing
needs as reflected in the financing plan;
(2) the prospective earning power of the Corporation, together
with the character and value of the security pledged, furnish rea-
sonable assurance of repayment of the loan to be guaranteed in
accordance with its terms;
(3) the loan to be guaranteed bears interest at a rate determined
by the Board to be reasonable taking into account the current
average yield on outstanding obligations of the United States
with remaining periods to maturity comparable to the maturity
of such loan;
(4) the operating plan and the financing plan of the Corpora-
tion continue to meet the requirements of section 4 and appro-
priate revisions to such plans (including extensions of such plans
to cover the then current four-year period) have been submitted
to the Board to meet such requirements;
(5) the Corporation is in compliance with such plans;

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(6) the Board has received such assurances as it may require that such plans are realistic and feasible;
(7) the Corporation has agreed for as long as guarantees issued under this Act are outstanding—
(A) to have prepared and submitted on or before the thirty-sixth day preceding each fiscal year beginning after December 31, 1980, a revised operating plan and financial plan which cover the four-year period commencing with such fiscal year and which meet the requirements of section 4; and 
(B) to prepare and deliver to the Board within one hundred and twenty days following the close of each fiscal year, an analysis reconciling the Corporation's actual performance for such fiscal year with the operating plan and the financial plan in effect at the start of such fiscal year;
(8) there is no substantial likelihood that Chrysler Corporation will be absorbed by or merged with any foreign entity; and
(9) the borrower is in compliance with the terms and conditions of the commitment to issue the guarantees required by the Board pursuant to section 9(b), except to the extent that such terms and conditions are modified, amended, or waived by the Board.

(b) Any determination by the Board that the conditions established by this Act have been met shall be conclusive, and such determination shall be evidenced by the issuance of the guarantee or commitment for which such determination is required. The Board shall transmit to the appropriate committees of the Congress a written report setting forth each such determination under this Act and the reasons therefore not less than fifteen days prior to the issuance of any guarantee. The validity of any guarantee when made by the Board under this Act shall be incontestable in the hands of a holder, except for fraud or material misrepresentation on the part of such holder. The Board is authorized to determine the form in which any guarantee made under this Act shall be issued.

c) The Board shall prescribe and collect no less frequently than annually a guarantee fee in connection with each guarantee made under this Act. Such fee shall be sufficient to compensate the Government for all of the Government's administrative expense related to the guarantee, but in no case may such fee be less than one-half of one per centum per annum of the outstanding principal amount of loans guaranteed under this Act computed daily.

d) To the maximum extent feasible, the Board shall ensure that the Government is compensated for the risk assumed in making guarantees under this Act, and for such purpose the Board is authorized to—

(1) prescribe and collect a guarantee fee in addition to the fee required by subsection (c);
(2) enter into contracts under which the Government, contingent upon the financial success of the Corporation, would participate in gains of the Corporation or its security holders; or
(3) use other instruments deemed appropriate by the Board.

e) All amounts collected by the Board pursuant to subsections (c) and (d) shall be deposited in the Treasury as miscellaneous receipts.
Nothing in this Act shall be interpreted to mean that any loan guarantee of the Federal Government under this Act is in any way an asset of the Corporation which can be sold or assigned by the Chrysler Corporation to any foreign entity.

Requirements Applicable to Employees

Sec. 6. (a) No loan guarantee may be issued under this Act if at the time of issuance or the proposed issuance the Board determines that—

(1) collective bargaining agreements entered into by the Corporation after September 14, 1979, with labor organizations representing employees of the Corporation which govern the payment of wages and benefits to such employees from September 14, 1979, to September 14, 1982, have not been modified so that the cost to the Corporation of such wages and benefits, as determined by the Board, shall be reduced by a total amount of at least $632,500,000 for the three-year period ending on September 14, 1982, below the cost of such wages and benefits which the Corporation would otherwise have been obligated to incur during such period, except that such dollar amount shall include $803,000,000 in wages and benefits to be forgone pursuant to the master collective bargaining agreement entered into on October 25, 1979, between the Corporation and the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America; or

(2) the Corporation has not put into effect a plan for achieving at least $125,000,000 in concessions as defined in section 4(b)(1) from employees not represented by a labor organization.

(b) The limitations set forth in subsection (a) of this section shall not apply to any increase in wages or benefits required by law.

c) Any increase in the wages and benefits of a person employed by the Corporation resulting from reclassification or reevaluation of a job or a promotion effected in order to evade the provisions of this section shall be considered an indirect form of compensation.

(d) (1) To meet the requirements of this section, the Corporation shall not enter into a collective bargaining agreement with a labor organization which—

(A) reduces the amounts and levels of wages and benefits provided by such a collective bargaining agreement beyond the labor organization's proportionate share, as determined by the Board; or

(B) reduces wages and benefits below the levels and amounts provided on September 13, 1979.

(2) For purposes of this subsection, the proportionate share of a labor organization shall be determined by multiplying the total reduction required by paragraph (1) by the quotient obtained by dividing the total number of the Corporation's employees represented by that labor organization whose proportionate share is to be determined by the total number of the Corporation's employees represented by labor organizations.
(e) The cost reduction realized by the Corporation under the terms of this subsection shall not be reacquirable.

(f) If the Board determines that cash contributions from labor organizations or employees are legally committed so that the total contributions from employees and labor organizations during the period of September 13, 1979, through September 13, 1982, will exceed the total amount of wages and benefits not paid as a result of subsection (a), the Board may permit an increase in the levels and amounts of employee wages and benefits beyond the levels and amounts in effect on September 13, 1979, which would otherwise be prohibited by subsection (a), if (1) such increase will not impair the ability of the Corporation to continue as a going concern, or to meet such other tests of viability as the Board shall prescribe, and (2) the amount of such increases does not exceed the amount of the cash contributions committed.

EMPLOYEE STOCK OWNERSHIP PLAN

Sec. 7. (a) No guarantee or commitment to guarantee any loan may be made under this Act until the Chrysler Corporation, in a written agreement with the Board which is satisfactory to the Board, agrees—

(1) to establish a trust which forms part of an employee stock ownership plan meeting the requirements of subsection (c);

(2) to make employer contributions to such trust in accordance with such plan; and

(3) to issue additional shares of qualified common stock at such times as such shares are required to be contributed to such trust.

(b) No guarantee or commitment to guarantee any loan may be made under this Act after the close of the one hundred and eighty day period beginning on the date of the enactment of this Act unless the Chrysler Corporation has established a trust which forms part of an employee stock ownership plan meeting the requirements of subsection (c).

(c) An employee stock ownership plan meets the requirements of this subsection only if—

(1) such plan is maintained by the Chrysler Corporation;

(2) such plan satisfies the requirements of section 4075(e)(7) of the Internal Revenue Code of 1954 (determined without regard to subparagraph (A) of section 410(b)(2) of such Code);

(3) such plan provides that—

(A) employer contributions to the trust may be made only in accordance with requirements of subsection (d);

(B) each participant in the plan has a nonforfeitable right to the participant's accrued benefit under the plan;

(C) each employer contribution to the trust shall be allocated in equal amounts (to the extent not inconsistent with the requirements of section 415(c) of such Code) to the accounts of all participants in the plan; and

(D) distributions from the trust under the plan will be made in accordance with the requirements of section 401(k) of the Internal Revenue Code of 1954; and

(4) such plan benefits 90 percent or more of all employees of the Corporation, excluding the employees who have not satisfied the minimum eligibility requirements set forth by the plan as determined by the Corporation.

(d) (1) Employer contributions under this subsection only if such contributions are made under this Act.

(2) (A) will total eighty times the earned amount of contributions to the trust, and which would have been paid if no contributions were made under this Act during such period beginning on the eighth day after the date of the enactment of this Act.

(B) are made during such period beginning on the date of the enactment of this Act.

(C) are made under the Chrysler Corporation employee stock ownership plan.

(2) (A) In the case of any qualified company stock that is purchased under this Act, any loan made under this Act shall be satisfied before any such proceeds are used for other purposes.

(B) No guarantee shall be made under this Act if the proceeds of such loan shall be used for any purpose other than the purchase of qualified company stock which is outstanding on the establishment of the trust.

(C) An amount of qualified company stock shall not be purchased under this Act if the proceeds of such loan shall be used for any purpose other than the purchase of qualified company stock which is outstanding on the establishment of the trust.

Sec. 8. (a) The Corporation shall not be required to make a loan under this Act of any company stock which is outstanding on the establishment of the trust.

(b) Subject to the limitations of subsection (c), the loans which are guaranteed under this Act shall not exceed the amount which would have been paid if no contributions were made under this Act during such period beginning on the eighth day after the date of the enactment of this Act.

(c) The amount of any loan guaranteed under this Act shall be reduced to the extent to which such loan would have been paid if no contributions were made under this Act during such period beginning on the eighth day after the date of the enactment of this Act.

Sec. 9. (a) Loans guaranteed under this Act shall be made not later than one hundred and eighty days after the date of the enactment of this Act.
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OWNERSHIP PLAN

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the minimum wage and service requirements, if any, prescribed

by the plan as a condition of participation.

(d)(1) Employer contributions meet the requirements of this sub-

section only if such contributions—

(A) will total not less than $162,500,000 before the close of the

four-year period beginning not later than the one hundred

and eightieth day after the date of the enactment of this Act;

(B) are made in such amounts and at such times that no time

during such four-year period will the amount of employer con-

tributions to the trust be less than the amount such contributions

would have been if made in installments of $40,625,000 made at

the end of each year in such period; and

(C) are made in the additional qualified common stock which

the Chrysler Corporation issues by reason of subsection (a)(3).

(b)(A) In the case of a qualified loan to the trust for the purchase

of qualified common stock the amount of such stock purchased

with the proceeds of such loan shall be treated for purposes of

paragraph (1) as an employer contribution to the trust made on the date such

stock is so purchased.

(b) For purposes of subparagraph (A), the term “qualified loan”

means any loan—

(i) which may be repaid only in substantially equal install-

ments;

(ii) which has a term of not more than ten years; and

(iii) the proceeds of which are used only to purchase an amount

of the additional qualified common stock which the Chrysler Cor-

poration issues by reason of subsection(a)(3).

(c) For purposes of this section, the term “qualified common stock”

means stock of the class of common stock of the Chrysler Corporation

which is outstanding on October 17, 1970, and which is readily trade-

able on an established securities market.

(f) An amount equal to $162,500,000 of the additional qualified

common stock issued by the Corporation by reason of subsection (a)(3)

shall not be treated for purposes of this Act as assistance received

by the Chrysler Corporation from other than the Federal Government

pursuant to section 4(c).

LIMITATIONS ON GUARANTEE AUTHORITY

Sec. 8 (a) The authority of the Board to extend loan guarantees

under this Act shall not at any time exceed $1,500,000,000 in the

aggregate principal amount outstanding.

(b) Subject to subsection (a), the total principal amount of loans

which are guaranteed under this Act and which are outstanding at any

time shall not exceed the amount of nonfederally guaranteed assistance

under section 4(a) and the amount of concessions and contributions

under section 6 which have accrued to the Corporation.

TERMS AND CONDITIONS OF LOAN GUARANTEES

Sec. 9. (a) Loans guaranteed under this Act shall be payable in full

not later than December 31, 1990, and the terms and conditions of
such loans shall provide that they cannot be amended, or any provision waived, without the Board's consent.

(b)(i) Any commitment to issue guarantees entered into pursuant to this Act shall contain all the affirmative and negative covenants and other protective provisions that the Board determines are appropriate. The Board shall require security for the loans to be guaranteed under this Act at the time the commitment is made.

INSPECTION OF DOCUMENTS; AUDIT BY THE GENERAL ACCOUNTING OFFICE

Sec. 10. (a) At any time a request for a loan guarantee under this Act is pending or a loan guaranteed under this Act is outstanding, the Board is authorized to inspect and copy all accounts, books, records, memoranda, correspondence, and other documents and transactions of the Corporation and any other borrower requesting a guarantee under this Act.

(b) The General Accounting Office may make such audits as may be deemed appropriate by the Comptroller General of the United States of all accounts, books, records, memoranda, correspondence, and other documents and transactions of the Corporation and any other borrower. No guarantee may be made under this Act unless and until the Corporation and any other borrower agree, in writing, to allow the General Accounting Office to make such audits. The General Accounting Office shall report the results of all such audits to the Congress.

(c) The Board is empowered to investigate and shall investigate any allegations of fraud, dishonesty, incompetence, misconduct, or irregularity in the management of the affairs of the Corporation which are material to the Corporation's ability to repay the loans guaranteed under this Act.

PROTECTION OF GOVERNMENT'S INTEREST

Sec. 11. (a) The Board shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the commitment or issuance of guarantees under this Act.

(b) If the Corporation undertakes a sale of any asset having a value in excess of $5,000,000, and if the Board determines such sale is likely to impair the ability and capacity of the Corporation to repay the guaranteed loans as scheduled, or to impair the ability of the Corporation to continue as a going concern or to meet such other tests of viability as the Board shall prescribe, the Board shall not issue any further guarantees for loans under this Act, and all guaranteed loans made prior to such determination shall be due and payable in full.

(c) If the Corporation enters into any contract, including but not limited to future wage and benefit settlements, having an aggregate value of $10,000,000 or more, the Board shall determine and certify that the performance of the obligations of the Corporation pursuant to such contract will not reduce the ability of the Corporation to repay the guaranteed loans as scheduled, will not conflict with the Corporation's operating plan or financing plan as required under this Act, and will not impair the ability of the Corporation to continue as a going concern or to meet such other tests of viability as the Board may require.
cannot be amended, or any provision thereof.

guarantees entered into pursuant to affirmative and negative covenants that the Board determines are appropriate to secure the loans to be guaranteed, and any commitment is made.

BY THE GENERAL ACCOUNTING OFFICE

A test for a loan guarantee under this Act under this Act is outstanding, the Board shall make such audits as may be necessary to determine, in writing, the amount of all payments made pursuant to any guarantee entered into under this Act, and upon making any such payment, the Board shall be subrogated to all the rights of the recipient thereof.

cases.

The remedies provided in this Act shall be cumulative and not in limitation of or substitution for any other remedy available to the Board or the United States.

The Board may bring action in any United States district court or any other appropriate court to enforce compliance with the provisions of the Act or any agreement related thereto and such court shall have jurisdiction to enforce such compliance and enter such orders as may be appropriate.

A loan shall not be guaranteed under this Act if the income from such loan is excluded from gross income for purposes of chapter 1 of the Internal Revenue Code of 1954 or if the guarantee provides significant collateral or security to other obligations, the income from which is so excluded.

(h) If any provision of this Act is held to be invalid or the application of such provision to any person or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of this Act, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

(i) (1) Notwithstanding any other provision of law and subject to paragraphs (2), (3), and (4), whenever any person is indebted to the United States as a result of any loan guarantee issued under this Act and such person is insolvent or is a debtor in a case under title 11, United States Code, the debts due to the United States shall be satisfied first.

(2) Subject to paragraphs (3) and (4), the Board may waive the priority established in paragraph (1) if—

(A) the Board determines that the waiver of such priority is necessary to facilitate the ability of the Corporation or any borrower to obtain financing; and

(B) the Board determines that, despite such waiver, there is a reasonable prospect of repayment of the loans guaranteed under this Act.

(3) Subject to paragraph (4), waivers under paragraph (2) may only be issued—

(A) with respect to any State or local government;

(B) with respect to a supplier of the Corporation, except that no supplier of the Corporation may receive waivers under paragraph (2) with respect to claims of such supplier in an amount of more than $100,000; and

(C) with respect to loans made after October 17, 1979 by any creditor of the Corporation up to a total of $400,000,000.
LONG-TERM PLANNING STUDY

Sec. 12. (a) The Secretary of Transportation, after consultation with the Secretary of Energy and the Secretary of Labor, shall submit to the Board and to the Congress as soon as practicable, but not later than six months after the date of enactment of this Act, an assessment of the long-term viability of the Corporation's involvement in the automobile industry. The study shall assess the impact of likely energy trends and events on the automobile industry, including long-term capital requirements, productivity growth rate, rate of technological change, shifting market characteristics, the capability of the industry as a whole to respond to the requirements of the 1980's, and shall evaluate the adequacy of the industry's existing structure to make necessary technological and corporate adjustments. The study shall include an examination of the Corporation's capability to produce for sale an automobile similar to those vehicles developed under the research, safety vehicle program of the National Highway Traffic Safety Administration. The study shall consider government procurement as one means of establishing a market for this automobile.

(b) The Secretary of Transportation shall prepare and transmit to the Congress annual comprehensive assessments of the state of the automobile industry and its interaction in an integrated economy. Each annual assessment shall include, but not be limited to, issues pertaining to personal mobility, capital and material requirements and availability, national and regional employment, productivity growth rate, trade and the balance of payments, the industry's competitive structure, and the effects of utilization of other modes of transportation.

(c) The Board shall take the results of the study and each annual assessment into account when examining and evaluating the Corporation's financing plan and operating plan.

(d) In the study and assessments required by subsection (a) and (b), the Secretary in consultation with appropriate agencies and departments shall identify any adverse effects on the economy or on employment in the United States or any region thereof and shall make recommendations for dealing with the adverse economic and employment trends identified in such study and for proposed programs or structural or modifications of existing programs, as well as funding requirements, in such areas as economic development, community development, job retraining, and worker relocation. In addition, the Secretary may make any additional recommendations he deems appropriate to address the long-term national and regional impact of reduced activity of the Corporation or the automobile industry.

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Sec. 13. The Federal Financing Bank is authorized to extend to the Corporation a non-interest bearing loan guarantee under the provisions of loan guarantees under this Act to those of any other creditor of the Corporation or of any borrower.

Sec. 14. (a) The Corporation is authorized to conduct, beginning on the date of enactment of this Act, an assessment of the Corporation's role in the automobile industry as part of its overall development, national and regional impact of the automobile industry's existing structure, and the effects of utilization of other modes of transportation.

(b) Notwithstanding any other provision of law, the Corporation shall provide for the purchase of its stock by any other person or entity as part of a comprehensive plan to address the long-term national and regional impact of reduced activity of the Corporation or of the automobile industry.

Sec. 15. The Corporation may make any additional recommendations he deems appropriate to address the long-term national and regional impact of reduced activity of the Corporation or the automobile industry.
PROHIBITION ON USE OF THE FEDERAL FINANCING BANK

Sec. 13. Notwithstanding the provisions of section 6 of the Federal Financing Bank Act of 1973 (12 U.S.C. 2285) or any other provision of law, none of the loans guaranteed or committed to be guaranteed under this Act shall be eligible for purchase by, or commitment to purchase by, or sale or issuance to the Federal Financing Bank or any other Federal agency or department or entity owned in whole or in part by the United States.

REPORTS TO CONGRESS

Sec. 14. (a) The Board shall submit to the Congress semiannually a full report of its activities under this Act during fiscal years 1980 and 1981, and annually thereafter so long as any loan guaranteed under this Act is outstanding. The final report for 1981 shall include an evaluation of the long-term economic implications of the Chrysler loan guarantee program, with findings, conclusions, and recommendations for legislative and administrative actions considered appropriate to future Federal loan guarantee programs. The study shall also consider for inclusion in any guidelines covering future assistance to corporations the following factors:

1. the prospective economic environment at the time the assistance would have its intended effect, and the impact that either the granting or denial of assistance will have on the environment,

2. the importance, in terms of size and in terms of goods and services rendered, of the corporation or business entity to the national economy,

3. the appropriateness of aggregate limits for such Federal assistance per fiscal year,

4. the order of preference for specific types of assistance, and

5. the degree to which assisted corporations or business entities should be required to adhere to other governmental policies as a condition for the assistance.

(b) Not less than 15 days before the issuance of any loan guarantee under this Act, the Board shall transmit to the appropriate committees of the Congress a written report containing—

1. the details of such loan guarantee;

2. the specific assurances received by the Board under the provisions of sections 4 and 5; and

3. the specific determinations made by the Board under the provisions of sections 4 and 5.

(c) The Board shall have the power to require the Secretary of Transportation to complete, within six months of such request, an assessment of the economic impact on the automobile industry of Federal regulatory requirements and the necessity thereof.

AUTHORIZATION OF APPROPRIATIONS

Sec. 15. (a) There are authorized to be appropriated beginning October 1, 1979, and to remain available without fiscal year limitation, such sums as may be necessary to carry out the provisions of this Act.
(b) Notwithstanding any other provision of this Act, the authority of the Board to make any loan guarantee under this Act shall be limited to the extent such amounts are provided in advance in appropriation Acts.

TERMINATION

Sec. 16. The authority of the Board to make commitments to guarantee or to issue guarantees under this Act expires on December 31, 1983.

ASSISTANCE TO AUTOMOBILE DEALERS

Sec. 17. (a) The Congress finds that—

(1) automobile dealerships are, for the most part small businesses, and

(2) current economic conditions have adversely affected automobile dealers to an unusual extent.

(b) The Administrator of the Small Business Administration (hereinafter in this section referred to as the "Administrator") shall investigate the financial problems faced by small business automobile dealers and determine what assistance through loans and loan guarantees may be needed and can be made available to alleviate such problems. The Administrator shall report the results of such investigation to the Senate and the House of Representatives not later than 60 days after the date of the enactment of this Act.

ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT AMENDMENTS

Sec. 18. Section 13(c) of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976 (15 U.S.C. 2512(c)) is amended by adding the following new subparagraph:

"(1) The Secretary of Energy in consultation with the Secretary of Transportation and the Administrator of the Environmental Protection Agency is authorized and directed to conduct a seven-year evaluation program of the inclusion of electric vehicles, as defined in section 512(b)(2) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2512(b)(2)), in the calculation of average fuel economy pursuant to section 503(a)(1) and (2) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2503(a)(1) and (2)) to determine the value and implications of such inclusion as an incentive for the early initiation of industrial engineering development and initial commercialization of electric vehicles in the United States. The evaluation program shall be conducted in parallel with the research and development activities of section 6 and demonstration activities of section 7 (15 U.S.C. 2505 and 2506) to provide all necessary information no later than January 1, 1987, for the private sector and Federal, State and local officials to make required decisions for the full commercialization of electric vehicles in the United States.

(2) The Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and the Secretary of Transportation, shall implement immediately the evaluation program of the Act, as amended, for the average fuel economy of the Motor Vehicle Information and Cost Savings Act."

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provision of this Act, the authority
provided in advance in appropria-
tions to make commitments to guaran-
tee that Act expires on December 31, 1983.

MOTOR DEALERS

At— for the most part small busi-
nesses have adversely affected auto-

search, development, and demon-
strations, electric and Hybrid Vehicle Research, Act of 1976 (15 U.S.C. 2512(c)) is

in consultation with the Secre-
ty of Energy, not later than six months
of the inclusion of electric ve-

in the thirty days after promul-
gation of the Act, the Secretary
may amend the regulations to in-
clude electric vehicles in the United
States. The evaluation program,
parallel with the research and de-
velopment activities of
(2500) to provide all necessary in-
formation to the Secretary of
Energy and the Secretary of

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evaluation program by promulgating, within sixty days of enact-
ment of the Act, regulations to include electric vehicles in aver-
age fuel economy calculations under section 503(a) (1) and (2)
of the Motor Vehicle Information and Cost Saving Act. The Mo-
as amended, is further amended by adding a new section 503(a) 
(3) (15 U.S.C. 2003(a)(3)), which reads as follows:

"(3) In the event that a manufacturer manufactures electric
vehicles, as defined in section 512(b)(2) (15 U.S.C. 2012(b)(2)),
the average fuel economy will be calculated under 503(a) (1)
and (2) to include equivalent petroleum based fuel economy
values for various classes of electric vehicles in the following
manner:

(1) and (2) to include equivalent petroleum based fuel economy
values for various classes of electric vehicles in the following
manner:

(A) The Secretary of Energy will determine equiva-

lent petroleum based fuel economy values for various classes
of electric vehicles. Determination of these fuel economy val-
ues will take into account the following parameters:

(i) the approximate electrical energy efficiency of
the vehicle;

(ii) the national average electricity generation and
transmission efficiencies;

(iii) the need of the Nation to conserve all forms of
energy, and the relative scarcity and value to the Nation
of all fuels used to generate electricity;

(iv) the specific driving patterns of electric vehicles
as compared with those of petroleum fueled vehicles.

(B) The Secretary of Energy will propose equivalent
petroleum based fuel economy values within four months
of enactment of the Act. Final promulgation of the values is re-
quired no later than six months after the proposal of the values.

(C) The Secretary of Energy will review these values on
an annual basis and will propose revisions, if necessary.

(3) The Secretary of Energy, in consultation with the Secre-
tary of Transportation and the Administrator of the Environ-
mental Protection Agency, shall include a full discussion of this
evaluation program in the annual report required by section 14
(15 U.S.C. 2013) in each year after promulgation of the regula-
tions under paragraph (2). The Secretary of Energy, in consulta-
tion with the Secretary of Transportation and the Administrator
of the Environmental Protection Agency, shall submit to the
Congress on January 1, 1987, a final report on the results of the
evaluation program and any recommendations regarding the con-
tinued inclusion of electric vehicles in the average fuel economy
calculations under the Motor Vehicle Information and Cost
Savings Act."
And the Senate agree to the same.

HENRY S. REUSS,
WILLIAM S. MOORHEAD,
JAMES J. BLANCHARD,
STANLEY LUNDINE,
J. W. STANTON,
STU MCKINNEY,
Managers on the Part of the House.

WILLIAM PROXMIRe,
DON RIEGLE,
P AUL TSONGAS,
JAKE GARN,
NANCY LANDON KASSEBAUM,
RICHARD G. LUGAR,
Managers on the Part of the Senate.

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The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5860) to authorize loan guarantees to the Chrysler Corp., submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

1. On the issue of the contributions to be made by those with a stake in the economic health of the corporation, the bills were identical except with respect to the contributions by the company's union and non-union employees. The conference reported bill is exactly between the Senate and House versions. The contribution of employees represented by a union must be $462,500,000 and that of the non-union employees $125 million.

2. On the issue of the Board that will administer the program, the conference reported bill accepts the Senate provision with the voting Members of the Board to be the Secretary of the Treasury as Chairman, Chairman of the Board of Governors of the Federal Reserve System, and the Comptroller General. The Secretaries of Transportation and Labor would be non-voting ex-officio Members of the Board.

3. On the issue of security of the guaranteed loans and federal priority as a creditor in case of insolvency or bankruptcy, the conference reported bill reflects a compromise. The guaranteed loans must be secured, but there is not a requirement that they be full collateralized. The Federal Government will have full priority as a creditor with respect to existing loans to the corporation. It can waive priority with respect to claims of the state and local governments and can accept equal position with respect to dealer claims of up to $100,000 and with respect to up to $400 million of new loans to the corporation. This later provision is intended to permit the Board to waive its priority with respect to up to $400 million aggregate principal amount outstanding at any one time. The provision is intended to permit the Board to place the guaranteed loans on parity with these new loans both as to security and as to priority.
4. On the issue of the requirements for an employee stock ownership plan, the bills were essentially identical except for the value of the stock to be issued to the plan by the corporation. The conference reported bill is exactly between the two versions, with a required stock issuance of $162,500,000. House provisions were adopted on two largely technical differences.

5. On the issue of the binding nature of the concessions or assistance that must be guaranteed by non-Federal contributors prior to loan guarantees, the conference reported bill adopts essentially the House provision. The Board must have adequate "assurances" of the required total value of the non-Federal contribution before issuing commitments to guarantees. Before issuing guarantees themselves, there must be at least $1 of such non-Federal contribution actually in place for each dollar of guarantee. This compromise is not intended to authorize the Board to provide short-term bridge loan financing to the corporation.

6. It is the view of the conferees that the President should not submit to Congress any future request for Federal loans, grants, loan guarantees or any other assistance to an individual company or business in excess of $250,000,000 until such time as a thorough evaluation has been performed by the Executive and reported to the Congress. Such evaluation shall—

   (1) compare the economic benefits to be derived from such assistance with benefits from alternative uses of the resources by government and market allocations of such resources;
   (2) compare the economic benefits to be derived from such assistance with economic costs of a failure to provide such assistance;
   (3) analyze the long-term viability of the firm and industry in question;
   (4) consider technological advances and production trends affecting the firm and industry in question;
   (5) analyze foreign competition affecting the industry in question;
   (6) analyze general economic trends which affect the firm and industry in question;
   (7) consider the long-term prospects for improving the productivity and potential for innovation of the industry in question.

7. Inclusion in the conference reported bill of language concerning acquisition of the corporation by a foreign entity does not pre-
ments for an employee stock owner­
ally identical except for the value of
the incorporated by the corporation. The conference
be two versions, with a required stock
provisions were adopted on two
ature of the concessions or assistance
Federal contributors prior to loan
ed bill adopts essentially the House
quate "assurances" of the required
provisions before issuing commit­
guarantees themselves, there must
 contribution actually in place for
promise is not intended to author­
term bridge loan financing to the
vation of the added contributions, and the
that the President should not sub­
est for Federal loans, grants, loan
to an individual company or busi­
such time as a thorough evalua­
Executive and reported to the
benefits to be derived from such
alternative uses of the resources by
ations of such resources;
benefits to be derived from such
viability of the firm and industry
advances and production trends af­
question;
fation affecting the industry in
the trends which affect the firm and
prospects for improving the pro­
vation of the industry in question.
reported bill of language concern­
on by a foreign entity does not pre­
clude acquisition of the corporation by a domestic corporation
owned on whole or in part by a foreign entity.

HENRY S. REUSS,
WILLIAM S. MOORHEAD,
JAMES J. BLANCHARD,
STANLEY LUNDINE,
J. W. STANTON,
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