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Consultant: GM-Chrysler deal may cost 25,000 jobs

Consultant: GM-Chrysler deal may cost 25,000 to 35,000 automaker jobs, more at parts makers

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NEW YORK (Associated Press) - If General Motors Corp. acquires Chrysler LLC, it will cost 25,000 to 35,000 jobs at the automakers, according to a Michigan consulting firm.

But the Anderson Economic Group of East Lansing said Wednesday the alternative of Chrysler being sold in pieces would result in many more job losses. A GM acquisition, with possible help from the federal government, is a likely possibility, Patrick Anderson, the firm's CEO, said in a conference call with reporters.

"It's a much bigger job loss and a much bigger taxpayer hit if Chrysler simply goes out of business or is dismantled," Anderson said.

Chrysler employs about 49,000 people in the U.S. and has about 125,000 retirees and spouses.

Michigan, home to Chrysler's Auburn Hills corporate headquarters, would be hit hardest if there was an acquisition. The state would lose 8,000 to 10,000 factory jobs, and the bulk of the 10,000 to 15,000 lost white-collar positions would be in Michigan, Anderson said.

Other Midwestern states would lose 10,000 to 12,000 factory jobs, he said.

GM has been talking with Chrysler owner Cerberus Capital Management LP about an acquisition, and GM has been lobbying in Washington for the federal government to put money into the deal.

All three U.S.-based automakers are burning up cash because of an auto industry sales meltdown due to the U.S. economic downturn, but Chrysler and GM are considered to be in the worst shape. Industry analysts say Chrysler could go into bankruptcy next year if it doesn't take on a partner or isn't acquired by another automaker.

Anderson said the prospect of the government's Pension Benefit Guarantee Corp. having to take on Chrysler's pension liabilities, increased unemployment benefit costs, and the tax impact on state and local governments are good reasons why the federal government should get involved in the deal.

But government involvement runs the risk of nationalization of an automaker, which failed when tried in the Britain.

Cerberus also is talking with the combined Nissan Motor Co. and Renault SA, as well as other automakers, about selling parts of Chrysler.

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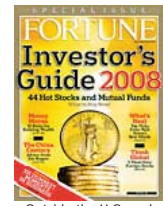
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