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## Federal loans cheaper than bankruptcy, study says

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Anderson Economic Group and BBK said in a report released early today that the effects of a bankruptcy by two of Detroit's automakers would cost taxpayers up to four times more than the proposed federal bridge loans.

Chrysler, Ford and General Motors are asking Congress for \$34 billion in bridge loans. GM and Chrysler have warned their companies are in danger of reaching minimum levels of cash needed to sustain operations.

"The report shows the immediate impact of the collapse of even two automotive manufacturers ... would only further exacerbate our current economic crisis and likely would precipitate a complete shutdown of nearly all auto production in the U.S. for some time," Kriss Andrews, of BBK's automotive practice, said in a statement. "The other direct economic costs of a bankruptcy would be similarly distressing."

BBK is an international business advisory firm that helps troubled companies.

The report estimated direct taxpayer costs under multiple scenarios over a two-year period and found that the losses of employment, income and tax revenue are "unequivocally" higher under a bankruptcy scenario than one with the federal bridge loans, a statement by the group said.

The groups said 1.8 million jobs would be lost if two of Detroit's three automakers fail under bankruptcy.

"We hope this research report provides policymakers and taxpayers with an objective, independent assessment of what an automaker bankruptcy would look like," Patrick Anderson, of Anderson Economic Group, said in a statement. "The findings indicate a bridge-loan scenario would be the more financially sound choice of the scenarios currently under debate in Washington, with lower relative economic costs than not providing any type of financial support."

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