



Bankruptcy Would Cost Taxpayers Billions

Economic experts say bankruptcy by the Big Three would cost taxpayers billions in the long run.

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Reporter: Tiffany Teasley

Email Address: Tiffany.Teasley@wilx.com

By all accounts, there's help on the horizon for the Big Three, but experts agree the stop-gap measure is still short-term.

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"This may not be enough help to get us all the way through, and yet this is a step in the right direction, without this, I think we're talking bankruptcy," said Economist Charles Ballard.

Ballard says a \$15 billion emergency bridge loan would buy the Big Three time through the end of March, but he says even with the funds, downsizing is still on deck.

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"These companies have production facilities that just don't have enough demand to keep them open, and so it's ugly regardless of rather we end up in bankruptcy," Ballard said.

Economists project even the bridge loan amount would reduce income and employment and, therefore, state and federal tax revenue, but they say bankruptcy would cost taxpayers nearly four times the federal bridge loans.

"Consumers are not going to go out and buy vehicles from companies that they don't think are going to be there, and that's why it's so much more expensive to try and walk down a bankruptcy route, because consumers are going to stop buying vehicles," said Patrick Anderson of Anderson Economic Group.

A report by the Anderson Economic Group and BBK says bankruptcy would slash \$1.8 million one-year jobs and cut state and federal tax revenue by \$70 billion over two years.

"The last thing you want to do is conduct what we would call a destructive experiment, where you would destroy a couple of companies or three, so long before you file for bankruptcy you do everything you can outside of bankruptcy because there's a high cost, they haven't done everything yet outside of bankruptcy," said Kriss Andrews of BBK.

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