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Chrysler Suggests Merger With GM

Posted: Feb 20, 2009 05:25 PM EST



Mona Shand

President Obama's auto industry task force met for the first time to review viability plans from General Motors and Chrysler.

In those plans, the two companies ask for an additional \$21 billion in federal aid, and Chrysler wants the government to consider "consolidating" its operations with General Motors.

Mona Shand spoke with one local economist who says that kind of merger may be the only way for both companies to survive.

It's a roadmap for the future.

Coming in at nearly 200 pages, the plan Chrysler submitted to the federal government details how it plans to survive.

And buried toward the end on page 157, there's one radical idea which Chrysler says would make the company better positioned to compete: a merger with General Motors.

Patrick Anderson, Anderson Economic Group: "For months now we've been saying I don't think there will be three independent us automakers for very much longer."

Economist Patrick Anderson spent months analyzing a possible merger and strongly believes it may be the only way to go.

Patrick Anderson, Anderson Economic Group: "It makes sense for GM and Chrysler to team up, rationalize their dealer networks together, rationalize their product lines together, streamline their entire systems."

Anderson says it's a scenario that would put thousands more out of work.

Patrick Anderson, Anderson Economic Group: "There's no way to avoid further reductions in jobs. But at the current rate, all the jobs in the auto industry will go away."

Anderson says both companies still face a long tough road ahead.

Patrick Anderson, Anderson Economic Group: "If the federal government does not give them more bridge loans, they're immediately forced into bankruptcy."

That's one journey neither company wants to take, together or alone.

Chrysler was rumored to be courting General Motors for a merger last fall.

Under the terms of the federal loans, the government could conceivably force the two to merge.

Both companies declined to comment on a potential alliance.



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