AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Week Ending Wednesday, December 24, 2008

The President's Radio Address

December 20, 2008

Good morning. For years, America's automakers have faced serious challenges: burdensome costs, a shrinking share of the market, and declining profits. In recent months, the global financial crisis has made these challenges even more severe. Now some U.S. auto executives say that their companies are nearing collapse, and that the only way they can buy time to restructure is with help from the Federal Government.

This is a difficult situation that involves fundamental questions about government's proper role. On the one hand, government has a responsibility not to undermine the private enterprise system. On the other hand, government has a responsibility to safeguard the broader health and stability of our economy.

Addressing the challenges in the auto industry requires us to balance these two responsibilities. If we were to allow the free market to take its course now, it would almost certainly lead to disorderly bankruptcy and liquidation for the automakers. Under ordinary economic circumstances, I would say this is the price that failed companies must pay, and I would not favor intervening to prevent automakers from going out of business.

But these are not ordinary circumstances. In the midst of a financial crisis and a recession, allowing the U.S. auto industry to collapse is not a responsible course of action. The question is how we can best give it a chance to succeed. Some argue the wisest path is to allow the auto companies to reorganize through chapter 11 provisions of our bankruptcy laws and provide a Federal loan to keep them operating while they try to restructure. But given the current state of the auto industry, my economic advisers believe that bankruptcy could now lead to its disorderly collapse, sending our economy into a deeper and longer recession.

A more responsible option is to give auto companies an incentive to restructure outside of bankruptcy, and a brief window in which to do it. My administration proposed legislation to achieve this, but Congress was unable to get a bill to my desk before adjourning for the year. This means the only way to stave off a collapse of the auto industry is for the executive branch to step in. So, yesterday I announced that the Federal Government will grant loans to auto companies, which will provide help to them in two ways.

First, the loans will give automakers 3 months to put in place plans to restructure into viable companies, which we believe they are capable of doing. Second, if restructuring cannot be accomplished outside of bankruptcy, the loans will provide time for companies to make the legal and financial preparations necessary for an orderly chapter 11 process that offers a better prospect of long-term success.

The terms of the loans will require the auto companies to demonstrate how they would become viable. They must pay back all their loans to the Government and show that their firms can earn a profit and achieve a positive net worth. This restructuring will require meaningful concessions from all involved in the auto industry: management, labor unions, creditors, bondholders, dealers, and suppliers. If a company fails to come up with a viable plan by March 31st, it will be required to repay its Federal loans. Taken together, these conditions send a clear message to everyone involved in American automakers: The time to make the hard decisions to become viable is now, or the only option will be bankruptcy.

The actions I'm taking represent a step that we all wish were not necessary. But given the situation, it is the most effective and responsible way to address this challenge

facing our Nation. By giving the auto companies a chance to restructure, we will shield the American people from a harsh economic blow at a vulnerable time. And we will give American workers an opportunity to show the world once again that they can meet challenges with ingenuity and determination and emerge stronger than before.

Thank you for listening.

NOTE: The address was recorded at 12 p.m. on December 19 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on December 20. The transcript was made available by the Office of the Press Secretary on December 19 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks During a Visit With Volunteers of the One Warm Coat Service Project

December 22, 2008

The President. Listen, Laura and I are here with the Mayor and other volunteers who are just trying to make a difference in one person's life. And today we're honoring a project called One Warm Coat. And it's an effort—a nationwide effort to convince our fellow citizens to contribute a used, but not overly used, coat to help a soul who may need to be warm this winter.

I think there's 2,000 chapters nationwide. The program was started by this lady right here—who is the ultimate social entrepreneur—and until 1992, this was operated out of San Francisco. And today it's—as I said, there's 2,000 coat drives. If you want to help, you can get on the web page and call onewarmcoat.org—call it up on your computer.

A couple of examples, or a couple of reasons why we've come—and one such example is the great example of how a single citizen, and eventually a group of citizens, can make a difference, positive difference; that our communities are enriched by programs such as these.

We're also here, by the way, at the headquarters for Pathway to Housing, which is a program of—all aimed at helping the homeless find a place to live.

And I want to thank, Mr. Mayor, your leadership—and all of you all for being involved in this vital program.

If you want to serve your Nation, you can find a lot of ways to serve. And I hope you do. I hope you realize the great blessings that come when you put your heart and soul into making somebody else's life better.

And so, Mr. Mayor, Laura and I wish you and the citizens of this fine city a happy holidays, and thank you for joining us today.

Mayor Adrian M. Fenty of Washington, DC. Thank you. Thank you for the donations from your White House staff and yourself personally.

The President. A hundred and fifty coats—I'm so pleased that those good souls who Laura and I work with agreed to contribute.

Anyway, thank you all.

The First Lady. Happy holidays. Thank you.

The President. All get a team picture—come on. Come on, Laura; soldiers in the army of compassion.

NOTE: The President spoke at 11:13 a.m. at Pathways to Housing DC. In his remarks, he referred to Lois Pavlow, founder, and Sherri Lewis Wood, national coordinator, One Warm Coat. A portion of these remarks could not be verified because the tape was incomplete.

Remarks Following a Visit to Walter Reed Army Medical Center and an Exchange With Reporters

December 22, 2008

The President. Every time I come here, I get amazed at the quality of care, the professionalism, and the courage of our troops. I can say with certainty that the health care that our troops get in the military medical facilities is excellent. I am so pleased to hear from spouses and other loved ones about the care they get as well, when they come to visit their wounded child or wounded husband or wounded spouse.

And so this will probably be my last time coming here as the Commander in Chief. It gives me a great pleasure to thank all those who serve here, and all those who serve