

**DET NEWS: Yes, auto firm bailouts worked**

**Date:** Monday, October 25 @ 07:42:41 EDT

**Topic:** Opinion

October 25, 2010

FROMA HARROP

Among the mysteries of public opinion, this one most strains the brain: Why do so many Americans think the government rescue of Detroit automakers was a bad — nay, an evil — thing? The bailout has been a rousing success, and that's the business press talking.

The Economist magazine opposed the bailout. Now it writes, "An apology is due to Barack Obama: His takeover of GM could have gone horribly wrong, but it hasn't."

Two years ago, General Motors and Chrysler were headed for oblivion. Letting these companies reorganize under normal Chapter 11 bankruptcies, as many advocated, would have ended in failure.

Recall how the financial markets, in full panic mode, froze credit. "It is more likely," The Economist writes, "that GM would have been liquidated, sending a cascade of destruction through the supply chain on which its rivals, too, depended." An additional 1 million jobs would have gone poof.

The industrial Midwest could have utterly collapsed. The psychological blow of seeing GM go down amid a terrifying Wall Street meltdown would have spread economic disaster coast to coast.

Now General Motors is out of bankruptcy and again turning profits. Chrysler is stabilized.

Yet many tea party/Republican politicians persist in portraying this story as one of government overreach forced on good Americans by Washington socialists.

The \$86 billion bailout was a gamble, all right, but it was a bet that America won.

Meanwhile, revived consumer faith in a restructured Detroit has sparked new life in the automotive heartland.

Yes, the Midwest is still suffering economically.

But have Midwesterners so forgotten how their region was saved that they would elect those who wouldn't lift a finger to help them?

Froma Harrop writes for the Providence Journal.