

# Auto industry bailout

[Business](#), [Industries](#)



Legal Environment of Business Legal Environment of Law – Paper 1, Spring 2009 “ Effects of government bailout of General Motors as viewed by two contrasting government control views” Summary This report is based on the notes I took listening to a debate I overheard from two of the presenters, Jurgis and Equality, at a business seminar I attended. The topic of the debate was the need for the government to provide more assistance to General Motors, who already received stimulus payments but due to the economic recession, is still in peril.

Jurgis had the socialistic view that the more government involvement and influence the better. Jurgis believed that employers, working conditions, and the positions themselves should be regulated by the government. Equality had an opposing view of capitalism, and the need to limit the involvement of the government and let the economy work itself out. Equality felt there was enough support for the employees without need for any more mandated by the government. In conclusion I agree with many of the aspects Equality presented.

General Motors was already given assistance; they need to be given the chance and motivation to try to rescue themselves. In history it's been proven that the economy will right itself, government involvement has a tendency to make the situation worse. While attending a business seminar on the impacts of further oil shale development in the United States, I became fascinated with two contrary presenters. Jurgis promoted the thought that we need more laws and government control to protect us from ourselves.

Equality had a laissez-faire view of government involvement. Equality felt that the government should have limited power and control over the people and marketplace. After the seminar I noticed Jurgis and Equality having a conversation and decided to tag along and listen to their conversation. Jurgis and Equality were discussing the government bailout of General Motors and the proposal for additional money needed; since the first extension period is almost up and the first disbursement of funds did little to help General Motors.

Due to the economic recession people have stopped buying new cars and General Motors has not yet sold their December production. Jurgis argued that the government must intervene to protect employee's jobs and welfare by instituting more laws and regulations to protect the workers as well as providing economic subsidies. Jurgis said that if General Motors should be allowed to fail then the loss of jobs will pit man against man, something Jurgis knows about. " In Russia, there were rich men who owned everything" [ (Sinclair, p. 13) ] Jurgis argues that without regulation and control with regard to the employee than the conditions he suffered through in Russia will return. I remembered from my business law class that before unions and regulation, " Workers, often women and sometimes children, worked 60 to 70 hours per week and sometimes more, standing at assembly lines in suffocating, dimly lit factories, performing monotonous yet dangerous work with heavy machinery" [ (Samuelson, p. 403) ], we do need some form of workplace regulation.

Equality disputed the need for increased government help and regulation, every man should work to achieve for himself, not the common good.

Equality said that he was once told “ Many men in the Homes of the Scholars have had strange new ideas in the past... but when the majority of their brother Scholars voted against them, they abandoned their ideas, as all men must” [ (Rand, p. 73) ], this kind of mentality only suppresses the people, it doesn't help them. He doesn't want to return to a society that has no respect for individualism, only what benefits the whole.

Equality fears that if we allow the government some control over General Motors, its workers, and operation, then eventually more and more control will be given until every aspect of life and even death is controlled. Jurgis told Equality about the working conditions and life he had lived because there was no regulation, no union to represent and bargain for the worker. Jurgis explained how his wife had gotten a job for a packer, and the woman she replaced was let go only because she was sick, not due to performance. Someone must look out for the workers, and the government has a responsibility to be this regulator.

I remember from my business law book a story of miners working conditions “ Temperatures in the mines were well over 100 degrees. Miners drank more than three gallons of water every day. Some suddenly collapsed... Within minutes they were dead, but even before they died, their places in the mine were taken by other workers desperate for pay. ” This was when unions developed to protect and fight for the workers. Equality said the people

should be allowed to prosper or fail on their own, let General Motors control its own fate.

For every amount of power that is given to the government, there is a corresponding loss of personal freedom and in the case of General Motors, economic success. And if the government keeps bailing out General Motors and other companies, what are we telling these companies? General Motors was already given a disbursement to aid their financial situation; if they chose to misuse this bailout then maybe they deserve to fail. Equality said that “ There is nothing to take a man’s freedom away from him, save other men. To be free, a man must be free of his brothers. That is freedom.

This and nothing else. ” [ (Rand, p. 101) ] Each man must have the ability to provide for themselves, even if it is in competition and at the cost of another man. As I listened to Jurgis and Equality debate, I remembered that under statute 9 of the National Labor Relations Act of 1935 “... the union will represent all the designated employees, regardless of whether a particular worker wants to be represented. ” [ (Samuelson, p. 407) ]. Equality argues that each person should be responsible for him or herself and have the right to choose if, when, who, or how they should be represented.

But Jurgis said that some workers may not realize that they need representation, or work in bad or illegal conditions. This is the case with child labor, laws are needed to limit child labor, and someone must also represent them. The government should not only provide the money needed to keep General Motors going, but also increase its oversight of the company making sure that the employees are taken care of. Jurgis told Equality that there are

people that are above the law like the man that made his wife Ona bend to his wishes at the threat of herfamily.

When Jurgis found out about this and confronted and assaulted the man, Jurgis was the one that was hauled off and given an unfair trial. Jurgis had to spend 30 days in jail, and his family paid the price. As far as Jurgis is concerned this type of power and wealth needs to be controlled by the government to make sure that every man has value and a say in his life. There are so many workers for General Motors that the government must help it keep going to keep these workers employed, safe, and able to live. Equality told Jurgis of a similar, but opposing story from his life.

From birth he was told what he was, how he would live and even die. You were assigned an occupation, there was no occupational protection provided; you did as the government told you until you were no longer valuable to society. When you were deemed worthless you reported to house of the dying to live out the few remaining moments of your life. “ We are nothing. Mankind is all. By the grace of our brothers are we allowed our lives. We exist through, by and for our brothers who are the State. Amen. ”

[ (Rand, p. 20) ] This was the only prayer aloud.

Jurgis argued that we need a society and government based on socialism, that it's the responsibility of the majority to look after its people. By giving General Motors the aid they require in return for some control over the company, its operations, and employees, we would move toward socialism. Jurgis felt that he owed his life to socialism, and that it was the answer to any problem he faced or had endured. Equality on the other hand continued

to argue that the government needed to be controlled and that society needed to be based on capitalism.

As power was given to the government little by little, its overall control over society grew until it was the controller. Equality argues this point with bailout and help of General Motors. By giving aid the government in turn acquires power over the company, its share holders, and employees themselves. In conclusion I agree that extended help in the form of funds may not be the best way to help General Motors. Since this aid comes with strings attached, the government does indeed move to the socialist schema. As described in the video on the American form of government [ ([http://www. imp. com/thegovernment/](http://www.wimp.com/thegovernment/), 2008) ] the state of government is always moving to a monarchy or oligarchy. Any move away from a system based on a republic ideology always ends with an oligarchy. But this is a continuing cycle, as seen in a rudimentary way in Anthem. General Motors has already had some assistance, now it should be left alone. There are enough current laws and government involvements to make sure that the employees are at the least, treated fairly. Though some may end up temporarily unemployed ore are pushed to find a different type of work, these people will make it.

Should General Motors fail, another company will step into its shoes and fill the void. There is too much need for their products for them to simply disappear. Bibliography [http://www. wimp. com/thegovernment/](http://www.wimp.com/thegovernment/). (2008). Retrieved from [http://www. wimp. com/thegovernment/](http://www.wimp.com/thegovernment/): [http://www. wimp. com/thegovernment/](http://www.wimp.com/thegovernment/) Rand, A. (1995). Anthem. New York, NY: SIGNET. Samuelson, B. (2008). Legal Environment, Third Edition. Mason, OH: South-

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Pocket Books, a division of Simon & Schuster, Inc.