

Americas auto industry

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The paper "America's Auto Industry" is an outstanding example of a history essay.

America's auto industry is facing the toughest economic challenge in its 80-year history. Last December after the bailout package that salvaged the banking industry the auto industry received a government loan of \$17.7 billion dollars to provide liquidity automakers with liquidity. General Motors and Chrysler are claiming that the original business loan was insufficient and that they need another \$21.6 billion to prevent bankruptcy from occurring. These companies are basing their claim in the fact that auto sales expected to decline a lot in 2009. If sales go down the company's cash reserved gets depleted and if it reaches zero the company would be unable to pay for its operating expenses. At that time the bankruptcy scenario is valid and hundreds of thousands of direct and indirect jobs would be a loss.

The reason the American auto industry is at the brink of extinction is that of years of bad business decisions that created production wastage and other inefficiencies. The quality of American cars does not compare with Japanese imports. Ten years ago American auto makers were selling over 16 million units yearly. In 2009 the projected sales for the industry is 10.4 million vehicles. The government is not supposed to get involved in the business decision of private entities, but due to the historic value of the industry, the reality of the imminent collapse, and the massive job loss associated with the existence of the industry another loans seems like a viable alternative. This case shows that the government represents an important stakeholder for business entities.