

McTevia tells PalTalk.com that the bailout isn't the solution for Big 3

Don't Bail Out Big 3 Business Restructuring Advocate Argues

James McTevia maintains he doesn't feel like a fish swimming upstream.

McTevia, a business turnaround consultant, says General Motors should not be given any bailout money but should file for Chapter 11 bankruptcy protection.

He's not the only one who so argues, but McTevia is headquartered in, of all places, Detroit. And his 91-year-old father is a Chrysler Corporation retiree.

On a day that the market took yet another nose dive, this time on fears that GM won't be bailed out, McTevia, my guest on News Talk Online on Paltalk.com, said a Chapter 11 filing by the auto giant would actually be good for the economy. McTevia says GM would then be forced to downsize, restructure contracts and migrate from what he says is a "large, cumbersome" corporation.

Once GM filed for Chapter 11 protection, he says, the federal government could confidently finance the company. Because if it failed, it would then have to move into Chapter 7, liquidate, and pay back the government.

Under Chapter 11, McTevia argued, GM could liquidate about 800,000 units sitting on dealership lots by selling them at a loss to raise cash. Customers, he believes, would buy up the fire sale cars, especially if the government backed up the warranties. The purchases, he says, would infuse cash into, and stimulate the economy.

McTevia believes GM would survive Chapter 11 and come out of it stronger, having then designed products that would better meet the needs of America's driving public. Ford Motor Company, he believes, is on relatively solid financial footing and won't have to file for Chapter 11 protection. But Chrysler Corporation, he believes, "is done" and will soon be liquidated in a court proceeding.

(For the complete interview visit: <http://garybaumgarten.blogspot.com/>)