



# AMERICANS *for* TAX REFORM

Grover G. Norquist  
*President*

November 17, 2008

To: Members of the U.S. Senate  
Re: Opposition to S. 3688 and S. 3689 - "Auto Bailout Plus X"; as well as to H.R. 6867 and H.R. 7110

Dear Member of the U.S. Senate:

I write to reiterate Americans for Tax Reform's opposition to a financial bailout of Detroit automobile manufacturers, in whichever legislative vehicle it may come, and to urge you to oppose an extension of unemployment benefits or additional "stimulus" spending, which may come before you this week in this context or as stand-alone legislation.

The strings attached to the bailout package for these companies do not change the underlying problems faced by unionized auto makers may be best dealt with under a restructuring under Chapter 11. As I have stated in my previous letter:

*At a time when taxpayers are already on the hook for a series of government bailouts, Congress must not allow the perpetuation of "moral hazard." The recent string of interventions into the free market system has already set our country on a dangerous and treacherous path.*

*The idea that a government bailout can increase wealth is equivalent to the idea that you can take a bucket of water out of one side of a lake, walk to the other side of the lake and call a press conference to watch you pour the water back into the lake and announce your successful project to raise the water level of the lake. **A taxpayer-funded bailout for Detroit automakers will only serve to maintain the untenable status quo, and delay the inevitable.***

Consequently, neither S. 3688 nor S. 3689 deserve your support. Attaching a bailout for these companies to an ill-conceived extension of unemployment benefits, or worse, a package that containing this extension and so-called "stimulus" spending, does not make it any more appealing to taxpayers, who are rightfully frustrated with the "bailout fever" that seems to have gripped Capitol Hill.

To the contrary, neither the extension of unemployment benefits nor additional "stimulus" spending, which may come before you separately as well, deserve passage on their own merits.

H.R. 6867, which passed the House of Representatives in October, not only amounts to an additional burden to taxpayers, it creates perverse incentives ultimately rewarding poorly-run states with poor tax and regulatory policies resulting in high unemployment.

Burdening taxpayers with additional "stimulus" spending as passed by the House in the form of H.R. 7110 amounts to short-term gimmickry at best. True economic stimulus does not come from increasing federal spending, but rather from reducing taxes.

It is for these reasons that I urge you to oppose and vote against a bailout of the unionized automobile industry on the backs of American taxpayers in whichever shape or form it may be presented and to also reject H.R. 6867 and H.R. 7110.

Onward,

Grover Norquist

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

[www.atr.org](http://www.atr.org)