TRANSCRIPT

STATEMENT BY
SECRETARY OF THE TREASURY G. WILLIAM MILLER
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION
FOLLOWED BY
QUESTIONS AND ANSWERS ON THE STATEMENT
AUGUST 9, 1979
CASH ROOM, TREASURY DEPARTMENT

Well, ladies and gentlemen, as you all know the Chrysler Corporation has proposed that the Federal Government extend some financial assistance to the company in the form of some tax credits. Today, my associates and I have been meeting with the management and directors of Chrysler and we have informed them of the Administration's position with respect to any assistance program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate. This is contrary to the basic principle of the private enterprise system. There may, however, be occasional and unusual instances where public interest justifies some governmental aid. In such cases, the assistance should be limited in time, in amount and in risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayers funds.

In the Chrysler situation, the Administration does recognize that there is a public interest in sustaining the jobs and productive capability represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Let me say, therefore, that the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the nature of loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.
The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both the short and the longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- from the management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax credits nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies that are responsible for such standards will, of course, continue to consider various Chrysler applications for relief in the context of Chrysler's current situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment. It would as I noted require approval of the Congress.

Within the framework I have outlined, the Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess. I will be pleased to take your questions.

* * * *
QUESTION: Mr. Secretary, how much is considerably less than Chrysler's $1 billion?

SECRETARY MILLER: I think it's impossible to define that at the moment. As the steward of the taxpayers' money, I would like to have the least commitment that is consistent with a sound plan but I think that depends upon seeing what proposals they come forward with.

QUESTION: What are the chances of Chrysler's surviving or not being forced to go into Chapter XI under the formula you've outlined here? How would you rate those chances?

SECRETARY MILLER: Well, a sound plan that deals with the financial and operations considerations if there is a contribution from the various constituencies can add up to a program that will assure the continuity and viability of the company. We've seen this happen in other cases of troubled companies and it can happen here.

QUESTION: As we head into a recession do you have any apprehension about granting this kind of assistance to one company and having others ask as they have hard times, "Why not for me also?"

SECRETARY MILLER: Well, we have emphasized in this statement and we emphasize again that as a general rule we do not favor aid to private corporations in peacetime and in times when there are no unusual emergencies. So we would not favor that. There are special considerations here in terms of the features that I have mentioned. I might say to you that in terms of the employment situation there are aspects from the automotive industry itself because of the shortage of petroleum products and the gasoline situation recently, and the shift of the preference by Americans for smaller cars -- already some market effect and employment effect; it's bound to affect Chrysler and other automotive companies and even a financial plan cannot change that because we must expect employment to be in the areas where the public will buy the product. But in this case I think we do have those overriding...

QUESTION: Mr. Secretary, do you rule out unrestricted tax credits? Are you ruling out any sort of tax assistance, will any assistance, financially, be in the form of loan guarantees only?

SECRETARY MILLER: Well, we do not favor the tax credits that were proposed. Generally I will be very cautious on the application of tax laws in this case but I don't think we can close our minds to all of the aspects that have to be considered in this kind of situation.
QUESTION: Mr. Secretary, what budgetary impact, if any, will there be and what kind of time frame for repayment are you looking at?

SECRETARY MILLER: The experience of the Government in these kinds of situations has been quite good. In the Lockheed situation there was no budgetary impact. The Government operated through a loan guarantee and charged a fee for the risk involved. The guarantee was never called upon and the Government ended up actually receiving a net inflow. This is the kind of thing that with a sound plan should happen in this case. So there should be no immediate, nor do I think if properly structured, any long term impact on the budget.

QUESTION: Mr. Secretary, in the answer to an earlier question, are you saying that you are convinced that Chrysler can survive with help from the Government and the various constituencies or that you do not know that yet?

SECRETARY MILLER: I do not know whether the company will go one way or the other. I say that a properly structured plan with concessions and contributions from all the constituencies offers the prospect for a continuation of a viable company and that's the task that the company now has -- to put together such a plan and to seek our participation in it which would be undoubtedly the differentiation that would make the plan possible and successful.

QUESTION: What does Chrysler say about this, Mr. Secretary? Have you been in contact with them?

SECRETARY MILLER: We've informed the commercial banks in the Chrysler line of this proposal, of this attitude, this approach, that we are willing to take and at the moment I think they've had no time to in any way digest this. I'm sure they will be consulting with the company. You must remember that we do not intend -- nor should we nor would it be proper for us -- to manage Chrysler or to suggest how it be managed. It's up to the company to develop a plan. It's up to the company to work with its employees, with its suppliers, with its creditors, its banks, and each of them decide what role they can play and present us with a program where we can play this role.

QUESTION: Mr. Secretary, is the model generally going to be the standards that were imposed by the Administration of the City of New York in terms of concessions, in terms of...
SECRETARY MILLER: Each financial situation is different. The financial situation in New York, being a municipality, has entirely different characteristics from Chrysler Corporation and Chrysler has many different characteristics from the Lockheed situation of prior years. In the case of Lockheed they had many profitable divisions in various forms of aerospace industry and had one particular division that had difficulties so that they had the support of profitable units in reorganizing some other parts of the company. Here we are faced with a general difficulty in a transition period in the automotive industry, so it represents a different kind of challenge. Innovative and talented people applying their skills in financial and operating matters can work out those kinds of problems, but they will be different solutions because these are different conditions.

QUESTION: What was the dollar limit on the loan guarantee?

SECRETARY MILLER: Well, we believe that the billion dollars that has been suggested is larger than should be involved. We think that is should be considerably less. I would like to minimize the exposure of taxpayers, but I cannot at this point suggest what amount of money would be necessary to complete the sandwich and fill out the necessary ingredients to make this a complete and successful operation.

QUESTION: Did the management of Chrysler indicate to you that this kind of approach would be adequate, that they could make it with this kind of approach from Government?

SECRETARY MILLER: Well I think they are now in consultation to see how they will approach this. I think that you perhaps should address that thought to them. I don't know what their response will be. We've only come from meeting with them just now and of course they've just heard about this.

QUESTION: What have they told you?

SECRETARY MILLER: Well, I think they've told us they will go immediately and get together and see how they can work with this.

QUESTION: It was suggested by Mr. Adams of the Department of Transportation that perhaps there might be a way to give the company a grant to develop a fuel efficient automobile. Is that under consideration at all?
SECRETARY MILLER: It is not under consideration as part of this plan. This plan involves looking at the immediate total situation, not that of one product. Yes?

QUESTION: Are you convinced at this point with the information you now have in the Treasury Department that Chrysler cannot make it without Government assistance?

SECRETARY MILLER: We are responding to a request for assistance and based upon the information that has been submitted to us it would appear that additional financing will be needed from some source over the next year and a half. It appears to the company that that financing plan will be successful if part of it or some of it were made possible through Government assistance. We are accepting that on the basis of the figures given to us and we are willing to go forward, but we do not have before us a specific proposal or a specific indication of where the other components of financing will come from for us to assess our role at the moment. We will be working on that with the company if they come forward as we expect and try to put this together.

QUESTION: Based on your experience as a businessman looking at Chrysler, there's been a lot of talk about mismanagement. Is this a mismanaged company?

SECRETARY MILLER: Well, I think there are plenty of analysts who analyzed my company when I was in private business and who can analyze Chrysler. My job is to work from today forward and see what I can do from the Administration's point of view and it is not my purpose to assess the relative merits of any particular company. Let's get some of the people who haven't asked yet.

QUESTION: Mr. Secretary, does this move indicate some acceptance of the contention that Chrysler's problems may be partly due to multiple rather recent Government regulations in the auto industry?

SECRETARY MILLER: I don't believe that's correct. I believe that the problems here have developed over a long period of time and choices have been made and circumstances have changed. I don't believe this is a case where finger-pointing proves anything, is justified or does us any good. I think the problem I have is to deal with an existing circumstance, to deal with it as constructively as I can, to look at the public interest in these issues and to be as good a steward as I can of those responsibilities.

QUESTION: Did you say you were willing to go as far as a loan guarantee of $250 million as the Lockheed guarantee was?
SECRETARY MILLER: Well, I have no figure in mind, Bill, the billion dollars seems to me too high. I do not foreclose any reasonable figure. I think my judgment as a businessman tells me that it doesn't have to be that high. If the other constituents are doing their part I believe the taxpayers can be asked to take a risk only if there are sacrifices and contributions from those who have something at stake. Thank you very much.
July 31, 1979

Statement by Treasury Department
Regarding Chrysler Corporation

The Treasury Department has monitored Chrysler's financial situation in the past several months, and is concerned about its possible impact on the overall economy and on the employees of Chrysler and its suppliers. The Treasury, in cooperation with staff from the Federal Reserve System, is making a comprehensive study of the company's financial records and operations. When Treasury's final analysis is completed, the results will be considered by others in the Administration which will then be in a position expeditiously to address Chrysler's proposals for assistance.

Other federal agencies involved in analyzing the Chrysler Corporation financial situation are the Department of Commerce, Environmental Protection Agency, Department of Transportation, Council on Environmental Quality, Department of Justice, Federal Trade Commission, Office of Management and Budget, and the Council of Economic Advisers. The Treasury report, based on its own investigation and those of the other involved federal agencies, is now being expedited.
July 31, 1979

Statement by Treasury Department—
Regarding Chrysler Corporation

The Treasury Department has monitored Chrysler's financial situation in the past several months, and is concerned about its possible impact on the overall economy and on the employees of Chrysler and its suppliers. The Treasury, in cooperation with staff from the Federal Reserve System, is making a comprehensive study of the company's financial records and operations. When Treasury's final analysis is completed, the results will be considered by others in the Administration which will then be in a position expeditiously to address Chrysler's proposals for assistance.

Other federal agencies involved in analyzing the Chrysler Corporation financial situation are the Department of Commerce, Environmental Protection Agency, Department of Transportation, Council on Environmental Quality, Department of Justice, Federal Trade Commission, Office of Management and Budget, and the Council of Economic Advisers. The Treasury report, based on its own investigation and those of the other involved federal agencies, is now being expedited.
STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
EMBARGOED
For Release at 5:30 P.M., E.D.T., Thursday, August 9, 1979

STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
EMBARGOED
For Release at 5:30 P.M., E.D.T., Thursday, August 9, 1979

STATEMENT BY THE SECRETARY OF THE TREASURY
REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE
TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration’s views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler’s future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration’s willingness to consider aid will depend upon Chrysler’s submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.
STATEMENT BY THE SECRETARY OF THE TREASURY REGARDING POSSIBLE U.S. FINANCIAL ASSISTANCE TO THE CHRYSLER CORPORATION

Chrysler Corporation has proposed that the Federal Government extend financial assistance to the company by means of certain tax credits. Today the Secretary of the Treasury has informed Chrysler of the Administration's views with respect to an aid program.

In general, governmental financial assistance to private companies is neither desirable nor appropriate, being contrary to the principle of the private enterprise system. There may, however, be occasional, unusual instances where the public interest justifies some governmental aid. In such cases, the assistance should be limited in time, amount and risk to American taxpayers.

In that regard, the Administration does not favor any proposal for unrestricted tax credits. These would, in effect, represent interest free, unsecured, subordinated cash advances from taxpayer funds.

In the Chrysler situation, the Administration recognizes that there is a public interest in sustaining, to the degree possible, the jobs and productive capacity represented by the Chrysler facilities and in maintaining a strong and competitive national automotive industry.

Therefore, the Administration will explore conditions under which it might recommend, subject to Congressional approval, financial assistance to Chrysler in the form of, or equivalent to, loan guarantees. Any such guarantees could be expected to be in amounts considerably less than the $1 billion suggested by the company.

The primary responsibility for developing a plan to assure continued viability of the Chrysler operations rests with the company. Such a plan should deal with both short and longer term considerations, and should include substantive contributions or concessions from all those who have an interest in Chrysler's future -- management, employees, stockholders, creditors, suppliers, other business associates and governmental units.

The Administration's willingness to consider aid will depend upon Chrysler's submission of an acceptable overall financial and operating plan updated to reflect current conditions and prospects. Any government aid would not be by means of unrestricted tax provisions nor be related to expenditures for compliance with generally applicable environmental, fuel efficiency or safety standards. Those government agencies responsible for such standards will, however, continue to consider various Chrysler applications for relief in the context of its present situation. The Government does not intend to make an equity investment in Chrysler.

Any financial assistance would be limited as to time and amount, and would require satisfactory creditor status with reasonable prospects for timely repayment.

Within this framework, Treasury will be actively working with Chrysler in order to develop a proposal for consideration by Congress after its August recess.