



TRANSCRIPT OF PRESS CONFERENCE OF
THE HONORABLE G. WILLIAM MILLER
SECRETARY OF THE TREASURY
CASH ROOM, TREASURY DEPARTMENT
SEPTEMBER 15, 1979

ASSISTANT SECRETARY LAITIN: Secretary Miller will have a few remarks to make and then will be available for a very few questions because he has to leave. Secretary Miller.

SECRETARY MILLER: I apologize for bringing you all out on such a nice day and to have to take your Saturday away from your families. But today we did have a meeting with the management and directors and advisors to the Chrysler Corporation. You seem to have an interest in that so I thought I might bring you up to date.

The Chrysler Corporation submitted to us a preliminary plan of financial restructuring and we discussed it with them for some while. I think the discussions were helpful and constructive in examining the elements of that proposal and in considering the possible modifications of the plan to improve it and make it better. The company, I think, intends to rework the plan from this preliminary form to one that they will submit, I don't know when, but in the near future to update on the basis of the conversations this morning. They will be making copies of their preliminary plan available. We've only been left a couple of copies and I believe their offices will be able to make them available to you later in the day. So I will be happy to answer your questions.

QUESTION: (inaudible)

SECRETARY MILLER: Well, I think in any preliminary plan, there are various options that still haven't been worked to their ultimate and I think there will be a whole series of areas they will want to sharpen up.

QUESTION: How much money are we talking about and what is your assessment of the likelihood of this getting through Congress?

SECRETARY MILLER: The plan that they submitted was based upon a five hundred million dollar Federal loan guarantee, coupled with a stand-by Federal loan contingency guarantee of an additional seven hundred million. It seems to us based on the principles we've laid down in the past that if there was a sound program that appeared to have high prospects for assuring the company's viability in the future and which had adequate security and assurance

of timely repayment of guaranteed loans, that something in the five hundred million dollar range is not unreasonable. It does to me, however, seem that the contingency is far greater than would be necessary in a restructured plan and I think that has to be redone.

QUESTION: Is that the greatest problem, the contingency amount?

SECRETARY MILLER: Well, I think the plan is in a preliminary form so I would think that to isolate one factor -- but from my point of view, and after all I only talk for one piece of the plan, I think that we are going to have to see a substantial change in that contingency.

QUESTION: Are there any other basic problems that you see?

SECRETARY MILLER: Well, in a complicated restructuring like this there are always problems because there are many, many different parties who would have to concur in their part in the plan as a condition for it being completed. And when you have conditional plans as you well know, as you've seen in other programs of restructuring that sometimes there is a bit of maneuvering required before you can get everybody together and as we used to say in the South, all the coons up the tree at the same time.

QUESTION: Mr. Secretary, since this is still a preliminary plan when do you think the Administration will be able to go to Congress with a recommendation.

SECRETARY MILLER: Well, that we cannot control because first we must have a reworked plan submitted by Chrysler. Second we must then have time to analyze that in depth, and the plan today did not include all of the background data that we would have to examine. We intend to seek the advice of outside experts to help us evaluate the plan and we'd have to do that. And we would then be in a position to make a judgment based upon those factors of whether we would then be prepared to make a recommendation to Congress. The timetable all along has been very much in the hands of Chrysler. Since my announcement in this room on August 9 we have had little we could do except wait for their structuring. Now for the first time we have a preliminary cut at that and as we see the reworked elements we will respond as quickly as possible. But we're not in control of that.

QUESTION: Mr. Secretary, do you see if anything any other areas of the submitted plan that need reworking?

SECRETARY MILLER: Oh yes, but I think that since this is a company plan, not a government plan, I think the areas that they will want

in their board of directors to examine, I just couldn't, you know, I couldn't predict which ones they will focus on with priority. So I think that it would be inappropriate for me to try to guess the company's intentions in that regard and I think you should address that question to them, no doubt.

QUESTION: Do you object to the contingency plan itself or just its amount?

SECRETARY MILLER: A standby fund? Well, I suppose that there is nothing wrong with looking at a cushion in a financing plan. I don't know that it all has to come from loan guarantees, one could say that perhaps they could seek two hundred and fifty million of loan guarantees and two hundred and fifty million of stand-by. In this case they've had different figures. I think the principle, there's nothing wrong with that, because in the principle you're looking at a plan that is based upon best estimates and I suppose the idea that there could be a cushion in case of different economic conditions is often considered in most planning.

QUESTION: Inaudible

SECRETARY MILLER: I can repeat what I've said before: the management of the company is the responsibility of the board of directors, not the government. I'm sure that before we make a final submission to Congress and before Congress would make a final decision that they would want to understand the management resources to carry out the plan and I'm sure that question will be asked. But that is not before us. One more question.

QUESTION: Can you give us an idea of the size of the so-called cushion that you would find acceptable?

SECRETARY MILLER: Well, I think the one that they have asked for is way out of line and it has to be -- as you know, I have said all along that the total commitment, fixed or contingent by the Federal government would have to be substantially below a billion dollars. And so we're talking numbers that yet aren't -- haven't been put into that framework. But I'm sure that if there is a continued effort by the financial experts they certainly could come up with something we could look at more in line.

Thank you very much.