



## Put GM Stock In Voting Trust For Taxpayers

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Never mind that the government and UAW are historically among the main causes of General Motors' demise. The fact is that these two co-partners will now own the company — and Washington will be in the automobile business in a big way.

Even President Obama seems a bit discomfited with his latest addition to the government's portfolio — not necessarily on ideological grounds but because of the political risk in nationalizing a major American business, especially one that has a familiar presence in nearly every town in America.

"Who's next?" shocked voters may ask. A good question.

The president insists that government is a reluctant owner of GM, forced into taking a 60% block of stock in order to protect the "taxpayers" who have made a \$50 billion investment in the company. He says he does not intend to interfere with the carmaker's business. But it strains credulity to think that Washington will keep its hands off its very own auto company.

The meddling has already begun. Obama has decided the nationalized company must remain in Detroit. Pure politics. Predictably, members of Congress are trying to prevent GM from cutting costs by closing underperforming dealerships in their districts. And these are only tidbit samples of the ongoing political plundering of GM that will get worse the longer the government owns the stock.

The president says government ownership will only be temporary. But it's far from clear how, when, whether and to whom the Obama administration might at some point sell all or part of its stake in GM. If government-owned GM survives at all, the likelihood is that it will remain a weak ward of the state for a long time.

But what if GM were to become profitable and begin to show signs of an escalating stock price? Who would get this plum? And at what price? Or would the administration decide to keep GM as a continuing demonstration project to show the merits of state-run capitalism?

In truth, there's no reason — other than acquisitiveness — for the administration to own and control GM at all. Its block of shares should go into a special type of statutory voting trust for the benefit of the "taxpayers" — the people whose investment the president says he wants to protect.

The independent trustees would owe a duty to the taxpayers, not to the Obama administration. These fiduciaries would be required to vote the stock in ways that in their judgment best serve the financial interests of the shareholder-taxpayers. The trustees, as well as the officers and directors of the company, would also be directed by statute to report to the attorney general and to the public any attempt at political interference.

At such time as GM had met specified minimum standards for financial viability, the trustees would by statute hold a public auction of the stock and distribute the proceeds to taxpayers. If better for the taxpayers in light of prospects for future share-price appreciation, the trustees would have the option to distribute the stock in kind, either directly or to the recipient's IRA.

In either case, stock or cash would be divided among taxpayers in proportion to income taxes paid.

There are many variations on the trust theme — including a worthwhile approach sponsored by Sens. Lamar Alexander, John Kyl and Bob Bennett.

The bona fides of the Obama administration and the Congress should be put to the test. Are they really reluctant owners, anxious to put GM back in private hands? Or is GM a vital beachhead from which to gain control, first of the auto industry and then of the highly interrelated manufacturing sector as a whole? Is Obama's concern about "taxpayers" rhetorical or real?

Would he allow the GM stock (or proceeds) to be distributed mostly to the comparatively small group of citizens who actually pay nearly all the federal income tax and whose money the government is spending? Or would he insist that distributions be made equally to everyone — including the ever larger group of voters who pay no income tax at all?

It is a mistake for government to acquire GM stock in the first place. But having decided to do so, it would be an even greater mistake to reject an obvious modification of the ownership structure that not only protects the taxpayers but also protects the free enterprise system from political domination, and guards against scandals.

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