

## Bill Ford Calls for Government-Industry Partnership To Ensure U.S. Competitiveness

*Key Issues are Healthcare, Fair Trade, Tort Reform and New Technologies*

“Manufacturing is still an important engine that drives the U.S. economy and provides ‘good’ jobs that everyone wants to preserve,” according to Ford Motor Co. CEO Bill Ford Jr., who called on the federal government and business leaders to work together to find new solutions to growing challenges that threaten the long-term health of the U.S. manufacturing sector.

At the invitation of NADA, WANADA was among auto industry groups that turned out last week to hear Ford address the U.S. Chamber of Commerce.

“Some of the key issues are bigger than any one company or any one industry,” Ford said. “In order to tackle them effectively, we need the collective action of government and industry working together, to ensure the U.S. remains competitive, and our economy stays strong.”

He cited four key issues challenging the U.S. manufacturing sector: rising healthcare costs, fair trade agreements, legal reforms and government promotion of new technologies.

**Healthcare.** “We have the highest healthcare costs of any major nation, and those costs keep increasing rapidly,” Ford noted. “The United States spent an estimated \$1.7 trillion on healthcare in 2003 alone. That represents over 15% of our GDP. During the four-year period through 2003, health insurance premiums increased by 11.4% a year, compared to 2.2% for overall inflation. This is a pace we cannot sustain.”

Ford Motor Company currently provides healthcare coverage to over a half million employees and retirees,

*(Continued on page 2)*



U.S. Chamber of Commerce photo

## Elections Bode Well for Association Health Plan Bill

The results of the Presidential and Congressional elections bode well for the outlook for Association Health Plan (AHP) legislation when it is reintroduced in 2005, according to The Association Healthcare Coalition (TAHC), of which WANADA is a member.

The coalition points out that President Bush’s re-election “is a huge plus, given his strong support for the AHP legislation.” Moreover, the President’s unexpectedly strong showing in the popular vote should provide him with “substantial political capital which he can use to put pressure on Senators that have so far refused to support the AHP bill,” said the coalition.

In the House, which has twice passed AHP legislation, Republicans netted three new seats, bringing their majority to 231-201-1 (two seats remain unresolved due to run-off elections in Louisiana). Rep. John Boehner (R-OH), Chair of the House Education and Workforce Committee, has already indicated he plans to move the AHP bill through the House in early

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## Bill Ford *(Continued from page 1)*

at a staggering cost of \$3.2 billion in 2003. "That adds about \$1,000 to the price of every car and truck we build in America. As a company, we spend more on healthcare than we do on steel," he said.

Ford emphasized that nobody is "looking for bail-outs," or was he suggesting "a slow march to national health care." He called for a coalition of business, labor, consumer, medical, government, and other stakeholders to find long-term solutions to America's health care needs.

"I am suggesting using all of the efficiencies of the market, along with the proper role of the government, to provide better health care at a better price. We can do this if we work together," said Ford.

**Tort Reform.** Also related to rising healthcare costs, Tort Reform is another critical issue for manufacturers. Ford pointed out that, in 2002, the legal costs paid by U.S. companies totaled \$233 billion, "which is ultimately paid by all of us," he said. "As a percentage of our GDP, we spend more than double the amount of other industrialized nations on lawsuits. But only 20 cents from each dollar spent actually goes to winners in those lawsuits. This is raising the cost of doing business and raising questions about the fairness of our legal system." He added that passing class-action and asbestos reform "would be a good start."

**Fair Trade.** Ford called for "a level playing field," and said automakers will use the next round of talks on World Trade Organization rules to help open more markets. He pointed out that U.S. is one of the most open markets in the world. "But all too often, when U.S. automakers try to export or build our vehicles in other countries, we face a different set of rules," he said. "There are tariffs, investment restrictions, import quotas, local supplier sourcing rules, currency manipulations, and unnecessarily restrictive vehicle standards, to name a few."

He also noted that, "While we welcome the investment of our foreign competitors in the United States, we should never be confused with the competition. The traditional U.S. automakers – DaimlerChrysler, Ford, and General Motors – are the foundation of the U.S. manufacturing sector" – employing nearly 90% of the autoworkers in the U.S., and manufacturing 75% of the cars and trucks made in America.

"In fact, the average domestic content of our vehicles sold in America is 80%, compared to 31% for Japanese manufacturers, 5.4% for European, and 2.1% for Korean. And the money we earn here stays in this country," said Ford.

**New Technologies.** Ford admitted he had "my head handed to me" by critics when he called for

American industry to seek new technologies to ward off global warming. But he did not back off his point that business must lead the way in developing environmentally friendly technologies that will reduce energy use and greenhouse gas emissions. "But that government support is crucial," he added. Ford suggested Congress consider advanced technology tax credits on par with those offered in Japan: about \$2,500 to \$3,500 per vehicle.

In the long term, Ford said, government development of an infrastructure for hydrogen was a key to converting to ultra-clean fuel cell cars. But, he concluded: "As business leaders, we are responsible for making sure our companies can compete on a world stage. We need to innovate and compete on our own."

### Ford Doesn't See "Dealer Model" Changing in the Future

"In a nutshell, I really don't see the dealer model changing very much in the future," said Ford CEO Bill Ford in response to a question by NADA Chairman Elect Jack Kain, a Ford dealer in Kentucky since 1960.

Ford admitted to the company's ill-fated attempt to get into retail sales a few years back, and said, "We found out quickly that a manufacturer is not an entrepreneur. And we didn't do a very good job of it. But, more importantly, it really takes somebody who lives in the community to know the customer on a first name basis."

"We thought the Internet was going to change everything about the way cars are ultimately sold and distributed," he explained. "In fact, it's partially true, because it's allowed the customer to have access to much more information, and to be much better informed and prepared when they go into the dealership... But what it hasn't replaced is the need for the dealer to be the 'businessperson' in the community, and to reach out to the customer."

Ford agreed "dealers get a bad rap" even though "our customer satisfaction scores as an industry are pretty darn high, and most people have pretty positive interaction at the dealer level. Unfortunately, it's like everything else, you have ten good experiences and nobody says anything, and you have one bad one and everybody hears about it," he said.

Ford pointed out that selling cars through dealers goes back to the founding of the company. "My great grandfather built vehicles and he sold them through dealers around the country. So, much has happened in the business world in the past 100 years, but that hasn't, and I frankly don't see it changing."

## DC Opens One of Nation's First Hydrogen Pumps

Last Wednesday, Washington D.C. became home to one of the first hydrogen-fuel dispensing pumps in North America, reports the Associated Press. The pump, located at a Royal Dutch/Shell group station just four miles east of the Capitol, "services only six minivans which General Motors Corp. uses to demonstrate the technology."

Energy Secretary Spencer Abraham, joined by officials from Shell and D.C. Mayor Anthony A. Williams were on hand at the pump's unveiling. According to Abraham, the Washington pump will be "the first step toward the real transition in the economy from the carbon-based economies of the past to a hydrogen economy of the future."

GM's research chief, Larry Burns, estimated during the opening of the Washington-based hydrogen pump, that adding enough of the hydrogen pumps at U.S. gasoline stations -- approximately, 12,000 stations -- will cost around \$12 billion. "GM hopes to sell affordable hydrogen-powered vehicles by 2010, and Shell envisions building on the number of stations and having mass-market penetration between 2015 and 2025," he said.

## Polk Says Light Vehicles in Operation to Reach 234.4 Million by 2008

The number of light vehicles in operation will grow to 234.4 million units by July 1, 2008, according to a forecast report recently released by R. L. Polk & Co. The company reports that the number of light vehicles on roads will climb by 16 million over the next five years. Polk's study is based on vehicles-in-operation (VIO) in the country. These VIO vehicles are defined as previously registered vehicles, plus new vehicle registrations for the year, less any vehicles scrapped during the year.

"Understanding the past and current VIO snapshots is important for the auto industry, but to understand what will happen in the future has become increasingly important," said Marty Miller, product manager with Polk's product strategy team. "During the next five years, we expect light truck VIO to grow by over 13 percent and passenger car VIO to fall by nearly 9 percent. This development will certainly have implications for automotive part product life cycles and the aftermarket."

The company projects that by 2008, the percentage of cars will decrease to 54.7 percent while light trucks will increase to 45.3 percent.

Washington Area Polk Registrations were \_\_\_\_\_ at the end of the second quarter \_\_\_\_ % higher than last year.

## Association Health Plan Bill *(Continued from page 1)*

2005, and TAHC expects no difficulty getting another strong bipartisan vote in support of the bill.

The problem has always been in the Senate, but TAHC says "the elections have improved the outlook for AHP legislation substantially." Republicans scored a net gain of 4 Senate seats, which will provide them with a 55-44-1 majority in the new 109th Congress that convenes in January, 2005. Most importantly, Senate Minority Leader Tom Daschle (D-SD), an opponent of the AHP bill, was defeated by former Representative John Thune (R), who supported the bill during his tenure in the House. Several other incoming Senators have supported the AHP during their tenure in the House: Jim DeMint (R-SC); Johnny Isakson (R-GA); David Vitter (R-LA); and Richard Burr (R-NC). These five new Senators, who have supported AHPs in the past, replace outgoing Senators who did not support the bill -- a swing of five votes in favor of the bill.

Another new Senator, Mel Martinez (R-FL), is a former Bush Administration cabinet official who replaces outgoing Senator Bob Graham (D-FL), and this,

hopefully, will be another vote pick-up for the AHP.

TAHC is also hopeful to gain the support of Senator-elect Tom Coburn (R-OK), a physician by profession, who was not well disposed toward the AHP bill during his tenure in the House. However, during his Senate campaign, he indicated to several organizations that he would support the AHP bill (albeit reluctantly) in the Senate if elected. This would be a "huge" improvement over his predecessor, retiring Senator Don Nickles (R-OK), who has been an ardent foe of the AHP bill over the past ten years.

Although the Senate's two new Democratic Senators, Ken Salazar (D-CO) and Barack Obama (D-IL), have not committed either way on AHP legislation, TAHC is optimistic it can attract their support.

"The bottom line is that, while there are still significant hurdles to be overcome for the AHP bill to pass the Senate, the new Senate with incoming members who have a history of supporting the bill is by far more favorable than any in recent memory," said TAHC.

# WANADA Annual Meeting, Thursday, Dec. 2, 2004

*Featuring Keynote Speaker*

## **George F. Will Columnist & Political Pundit**

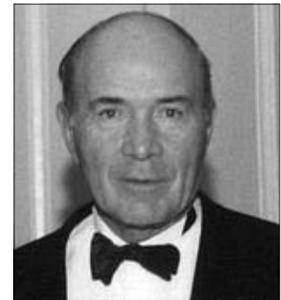


Washington area new auto dealer principals, key managers, and business associates will not want to miss WANADA's Annual Meeting and Luncheon, Thursday, Dec. 2, at the McLean Hilton in Tysons Corner, VA. The keynote speaker will be George F. Will, one of America's foremost political commentators and columnist, who will offer his up-to-the-minute perspective and analysis of the results of Election 2004 and the impact the elections will have on the nation's economy and the world at large. For more information and reservations, see the flyer enclosed with this WANADA Bulletin. Do it today!

### **IN MEMORIAM**

#### **Richard Stohlman, Stohlman Volkswagen/Subaru and Stohlman Mitsubishi.**

Following up on last week's Special Bulletin to members, WANADA is sad to report the passing of fifth generation Washingtonian and longtime dealer Richard Stohlman, founder of Stohlman Volkswagen/Subaru and Stohlman Mitsubishi. He died Wednesday, November 10 at his home in Chevy Chase of stomach cancer. He was 75.



Mr. Stohlman started in the business in 1956 at Stohlman Chevrolet, which was founded on M Street in Georgetown in the 1930s becoming a DC institution for many years. He worked with his father, Edwin L. Stohlman, and his brother, Ed, Jr. In 1971, he opened Stohlman Volkswagen in Tysons Corner in what was then a sleepy little village. The businesses expanded over time and are now operated by his youngest daughter, and third generation dealer, Catherine Stohlman Rusnak.

A graduate of St. John's College High School in DC and the University of Pennsylvania's Wharton School of Finance, Mr. Stohlman served as a first lieutenant in the United States Army. He started his automotive career at Stohlman Chevrolet.

He was active in many civic organizations, chambers of commerce, and trade associations, including AIADA, NADA, VADA, and WANADA. He was a recipient of the AIADA Sports Illustrated Dealer of Distinction Award and many other manufacturer awards.

He is survived by his wife of over 50 years, Marianne Darby Stohlman of Naples, Florida and four children: Cathy, Richard, Jr. of New York, Barbara S. Rice of Bethesda, Margaret S. Wiegand of Kensington; and eight grandchildren.

Memorial Contributions may be made to the Cancer Research and Prevention Foundation, 1600 Duke Street, Suite 500, Alexandria, VA 22314, or online at [www.preventcancer.org](http://www.preventcancer.org).

### **Thought for the Week:**

*Some regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow they can milk. Only a handful see it for what it really is: the strong horse that pulls the whole cart.*

—Winston Churchill quote used by Bill Ford in speech to U.S. Chamber of Commerce

### **Enclosure**

- WANADA Annual Meeting & Luncheon flyer and registration form