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Re-Visiting the Chrysler and General Motors Bailouts

I just got back from a Cato Institute policy forum: [Driving in the Wrong Direction: Sordid Details and Lasting Consequences of the Bush/Obama Auto Industry Intervention](#).

David A. Skeel, Professor of Corporate Law, University of Pennsylvania Law School, explained corporate bankruptcy law in 20 minutes. In particular, he covered 363 sales and Section 1129. He assured us that law students spend semesters studying these topics. But in his 20 minute version, he explained the specifics of how the Obama bailouts of Chrysler and General Motors abused basic U.S bankruptcy laws. Interestingly, he pointed out how FDR New Dealers would be shocked by the abuse of 363 sales and Section 1129, since these parts of bankruptcy law were added during the New Deal to prevent sham bankruptcies like the ones that occurred in the Chrysler and General Motors situation.

If you want to understand current corporate bankruptcy law, listening to Skeel's talk here is not a bad place to start.

Skeel was followed by Richard Mourdock, Treasurer, State of Indiana, and Representative of the Indiana State Pension Funds Objecting to the Chrysler Bankruptcy Plan. The Supreme Court has still not said whether they will hear the case. His impassioned, blow-by-blow, speech discussing the nature of secured debt investments and the abuse of this concept that the Obama Administration brought to this concept is real eye opener for those who want to understand exactly what went down from the perspective of a key insider.

[An audio broadcast is here.](#)

posted by Robert Wenzel at 2:57 PM

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