

a. In what ways have the fortunes of the Big Three automakers been tied with the oil industry?

Well, obviously because their cars need oil, so while the oil industry was booming, they were able to sell expensive, gas-guzzling cars. But now, as the oil industry isn't doing so good, and we're in an economic recession, they are having trouble selling them.

b. Why is the auto industry currently struggling?

Ooops, I think I half answered this one up above. The auto industry is struggling because the price of oil is going up, and there just isn't enough money going around for people to buy these huge, inefficient cars.

c. What has compounded the crisis for the automotive industry?

The fact that we're in an economic recession, and people are being more wary about spending their money.

d. Why did the automakers approach the federal government for help in September?

Because they were flailing helplessly, and said they needed help so that they wouldn't go under.

e. What did they say federal loan money would be used for?

They said the loans would be used to manufacture more fuel efficient cars that people wanted.

f. Why did the federal government's initial investment in Detroit garner little attention or debate?

The article doesn't exactly say, but I believe it was because everyone, or almost everyone, thought that this loan would both buffer the car industry and force them to improve their cars to make them more efficient.

g. What opposition does the \$25 billion aid proposal, made by Senate Majority Leader Harry Reid, face?

The White House wanted the senate to rewrite the terms of the loan, so they could be used to keep the companies afloat and not just to build more efficient cars. Other people in the senate didn't want the car industry to be helped at all, referring to them as 'dinosaurs'.

h. Why should the federal government give the automakers an additional \$25 billion if there are strong doubts that even that will help them stay alive?

Because if they manage to use that money to make better, less expensive cars which don't use as much gas, sales might begin to pick up again. If their CEOs don't fly around in private jets, that is!