

Critics of American auto writers need better aim

I've always had a liking for top-level executives who go after a windmill or two now and then, or try to punch out a tar baby, Uncle Remus-like, that they find sitting by the side of the road.

Tops among these has been Bennett E. Bidwell, chairman of Chrysler Motors (yeah, that's right — Chairman Lee is top dog at something called Chrysler Corp.), who rose to his post from a rent-a-car agency, which is as close to the real world most auto executives get these days.

Bidwell donned his rusty suit of armor once again the other night at the Automotive News World Congress, taking on, of all things, The Press — thus ignoring all the basic tenets of never tangling with someone with a typewriter in his hand.

As it turned out, he was irate mainly because of a couple of stories that had leaked into print and detailed some particular facet of corporate strategy.

But he also took the opportunity to take more than a few swipes at some nasty tendencies he had discerned in American automotive journalism: the herd instinct; the failure to practice what it preaches; the compulsion for scoops that damage a business; and its lack of patriotism.

Actually, much of what Bidwell complained about has a grain of truth — but must often not for the reasons cited.

The herd instinct, for example. Hype and duplication of a story hundreds of times is what defines a big news event.

There's not much to be done about



auto talk

Dan McCosh

that, although Bidwell would have to admit Chrysler has benefited more than any other company from the uncritical support of the media.

Scoops based on unauthorized leaks are a much touchier subject, since they often form the nucleus of a breaking news story and all too often are used without critical evaluation.

Bidwell uses a couple of examples — where early release of plant closings, internal reorganizations, etc.,

were "leaked" and it caused havoc in the ranks.

I guess the assumption in these cases is that if a story wasn't leaked to the newspaper, it wouldn't exist, or at least generate the rancor people feel when their livelihood is threatened.

Unfortunately he weakens his case by citing examples where the company sat on decisions as long as six months without officially informing its own employees, fueling the internal rumor mill (which is where leaks start) until they spilled into the newspapers.

One of his examples isn't based on a leak at all, but a straight-out interview with Chairman Lee himself,

who mentioned a plant closing a couple of days before a critical union election.

In another case, Bidwell said that Chrysler, beneficiary of \$150 million in grants from the city of Detroit, was thwarted in its effort to withhold until after Coleman Young was re-elected the information that it was closing its Jefferson plant.

The Wall Street Journal let the news out before the election, which had the unfortunate side effect — according to Bidwell — of letting the voters in on the decision before they had cast their ballots, hence hurting Chrysler's position with city hall.

People were angry. Tough, I say. Frankly, I wish Bidwell had been a little more on-target, about the press, and less prone to overblow rhetoric that smacks of easily dismissed jingoism.

I'd have to agree that auto industry is not particularly well reported in the United States, despite the huge effect it has on people's lives.

There is a distinct bias that pro-

motes the idea that American corporations can do little right, and the Japanese and Germans can do little wrong, that it's OK to pick on Yugoslavia, but not the Koreans.

U.S. reporters tend to be dismayingly ignorant of the basics of international economics, auto technology, manufacturing and the power structure of the business.

It's not uncommon for a "business" reporter, even with the credentials of a David Halberstam, to see his first car plant in Japan and suddenly credit them with the discovery of the assembly line.

Too many auto "critics" are taking money under the table from manufacturers, both domestic and foreign.

The auto press is not without its failings, but I want more information, not less: more criticism, not more back-patting and complacency.

In a perverse way, I think that's going to make for a better life for us all.

Forming a corporation adds complexity to small business

Q. My son operates a home-based business while working full time elsewhere. What are the advantages and disadvantages of forming his own corporation?

A. Unlike forming proprietorships and partnerships, forming a corporation is more complicated. This represents one of the biggest disadvantages of incorporation, mainly due to the additional registration and filing responsibilities.

According to Brenda Orlando, a Clarkston small-business certified public accountant, incorporating business owners must file articles of incorporation with the state Corporation and Securities Bureau, establish the internal organizational structure of the business (adopt bylaws, appoint directors and officers and issue shares or memberships) and submit additional documentation (corporate tax return and annual report) on an annual basis not required for other business forms.

Corporations need to maintain corporate meeting minutes to be given to the IRS in case of an audit.

From a tax standpoint, the business-related deductions offered to corporations are basically the same compared to other legal forms of business organization.

Lastly, corporate business owners are recognized by the IRS as company employees and are subject to paying appropriate state and federal



focus: small business

Mary DiPaolo

employment taxes regardless if no one else works for them.

THE MAJOR advantages of forming a corporation include that it is often easier to raise capital through lending institutions and to change ownership if necessary.

Business owners generally aren't held personally liable for debts incurred by the corporation, said Eley Maccani, public affairs spokeswoman with the Detroit district office of the IRS.

But there are exceptions, Maccani said. Corporations and limited partnerships are offered better protection of their business name and need register just once to ensure this protection across the state. Maccani suggests that small-business owners thoroughly investigate all aspects of incorporation before making a decision.

For more information of the pros and cons of incorporating, call the Michigan Department of Commerce at 1-800-232-2727 and ask for a free copy of the "Guide to Starting a Business in Michigan." The Detroit

office of the IRS also has information on this subject and can be reached at 1-800-424-1040.

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