

# National Association of Automobile Clubs of Canada

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Pontiac Is Dead; Is The Corvette Next?

## **What Detroit Will Build (and Won't) In Its Next Chapter**

by Rex Roy | AOL Autos

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### **Disappearing Cars**

**In a move largely seen as giving in to Washington, General Motors recently closed its High Performance Vehicles division.** The HPV team was largely responsible for GM's most exciting cars including the Cadillac CTS-V and the Chevrolet Corvette ZR1.

Bureaucrats have little use for performance-oriented V-8 powered cars, so don't expect cars like the Chevy Corvette, Dodge Viper, Chevrolet Camaro SS, or Dodge Challenger R/T to survive long term. Their survival is no longer tied to customer demand, but to the demands of the government that now controls the product portfolios and development dollars at GM and Chrysler. Recently, GM announced it was killing its Pontiac brand, a concept that seemed to define performance all by itself some decades ago. Now that brand is gone.

Ford Motor Company will also likely be affected. New emissions regulations may keep future V-8 editions of the Mustang in the barn.

According to John Wolkonowicz, Senior Analyst at HIS Global Insight, "With Obama's plan, everything changes in the domestic automotive world. The government will be able to dictate what General Motors and Chrysler can sell. Washington believes it knows what Americans should drive, and this bail out gives them the means to dramatically change the market." Wolkonowicz sees the potential for a significant narrowing of choice in the automotive market. He says, "With the power given them by the bail out, the government can simply mandate certain classes of cars and trucks out of existence, regardless of whether they are popular with American drivers or not."

After studying the government's response to GM's survival plan, Wolkonowicz believes that the only way for GM to secure government funds will be to become even smaller than they had proposed. The analyst expects GM to shrink to just two divisions, Cadillac and Chevrolet. Buick, Pontiac, GMC, Saturn, and HUMMER will all cease to exist.

While GM will soldier on in its smaller form, Wolkonowicz doesn't expect Chrysler to survive in its current form, even with news that Fiat has agreed to a broad partnership. If Wolkonowicz is wrong, the Fiat connection would provide Chrysler with needed small car vehicle platforms, but the fate of vehicles such as the Dodge Charger and Chrysler 300 doesn't look good.

## Who Is At The Wheel?

This new age of government oversight in the automotive industry may progress using one of two strategies. The first path continues the current practice of setting regulations and then allowing manufacturers to meet those regulations. This allows manufacturers a high degree of flexibility in how they react while developing vehicles consumers want to drive.

However, the essential takeover of GM and Chrysler signals a more active role that will likely dramatically change the way the automakers do business. This second scenario removes the consumer from the auto manufacturing equation. Customer demand is directly superseded by political interest in ecology and energy policy. In other words, manufacturers will only sell vehicles the government allows them to sell.

Even with ever-present worries of fuel prices, some 70-percent of the orders for Chevrolet's all-new 2010 Camaro are for the V-8 edition that produces over 400 horsepower (while achieving up to 25 mpg on the highway). **Clearly, American drivers want what they want. The question is whether that matches what the U.S. government will want Detroit to build.**

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The NAACC sees this as just the beginning.

Federal emissions will again be an easy target for the quick fix attitude of many uninformed lawmakers. Help protect your hobby.

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