

The North American automobile producers, by making structural changes to their assembly operations and sourcing more components offshore, have lowered their breakeven points and are once again in a strong profit position. In both 1983 and 1984 the companies earned record profits. The 1984 industry profit was around \$10 billion, 40 per cent more than the \$6.2 billion earned in 1983. The U.S. Department of Commerce believes that current cash flows should enable the industry to finance capital expenditures, debt repayments and dividends without substantial borrowing.<sup>3</sup>

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<sup>3</sup> U.S. Department of Commerce unpublished paper.