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## If the Auto Bailout Was a Success, I'd Hate to See What a Failure Looks Like

By Daniel J. Mitchell- 10/15/2012

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Sometimes it's no fun to be an economist. Or, to be more specific, it's rather frustrating to understand Bastiat's insight about the "seen" and the "unseen" and to always be asking "at what cost?" and "to what effect?" when politicians make inane statements.

The GM bailout is a good example. Politicians want us to believe that it was a success because the company is still in business. Heck, the Vice President's favorite campaign statement is that "Osama bin Laden is dead and General Motors is alive"

But if you're the type of person who recognizes the importance of tradeoffs and incentives, then it's easy to see how a political success can be an economic failure. Which is the message of this new video from the Center for Freedom and Prosperity Foundation.

This is music to my ears. I've been saying for years that any company can be kept afloat indefinitely with taxpayers subsidies. So if that's the definition of success, we can party until we hit the fiscal brick wall. But that wall won't feel good, as we can see from the fiscal chaos in Greece and other European welfare states.

But this issue involves more than just inefficient subsidies. I'm also concerned about the corruption that inevitably exists when cronyism replaces capitalism. It's quite likely, after all, that GM is spending lots of money on the Chevy Volt because of pressure from Washington rather than demand from consumers. And when you have a car company executive endorsing higher gas taxes, it's reasonable to think that he's currying favor with the political masters in DC rather than looking out for the best interests of drivers.

The GM bailout may be a win-win situation for politicians and lobbyists, but it's a lose-lose proposition for taxpayers and the economy.

P.S. If you want some auto bailout humor, here's a [spoof on the Chevy Volt](#), an advertisement for the new [GM Obummer](#), a couple of [good political cartoons](#), and a [very funny video on the Pelosi GTxi SS/RT](#).