



Political Punch

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How Much Did the Auto Bailout Cost Taxpayers?

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ABC News' Devin Dwyer reports: President Obama today will again herald the recovery of the U.S. auto industry and the success of the \$80 billion financial bailout his administration sponsored for GM and Chrysler.

"If any of the Republicans running for president now had been president in 2009, auto workers wouldn't be on the assembly line today, they'd be on the unemployment line," White House communications director Dan Pfeiffer said this morning on MSNBC.

But saving the auto companies from bankruptcy, and [preserving thousands of American jobs](#), has cost taxpayers at least \$14 billion, according to several estimates by government agencies and independent groups.

To put it in perspective, \$14 billion is double the annual budget of the Transportation Security Administration, or roughly two months of operating expenses for the U.S. military in Afghanistan, based on 2010 figures.

The Treasury Department announced Thursday that it sold its stake in Chrysler, which is owned by Italian automaker Fiat, resulting in a \$1.3 billion loss.

"As Treasury exits its investment in Chrysler, it's clear that President Obama's decision to stand behind and restructure this company was the right one," Treasury Secretary Tim Geithner said, citing the company's rebound.

The government has yet to recoup roughly \$27 billion from GM, although it holds 500 million shares in the company's stock. The value of that stock when the government sells it will determine just how much taxpayers stand to lose.

At its current price, the stock is worth roughly \$15 billion, meaning a potential \$12 billion loss. But don't expect the price to jump anytime soon, experts say, despite the new profitability of the business.

"The primary reason the stock isn't doing well because the market knows the shareholder — Treasury — wants to dump 500 million shares," CATO Institute analyst Dan Ikenson said. "No one wants to buy the stock knowing that there's going to be this huge sale. So, it's suppressing the price."

When will the government cash out?

Ron Bloom, assistant to the president for manufacturing policy, [told ABC News' Jake Tapper](#) earlier this week there's no set price to trigger a sell, and that the government will cut ties "as soon as possible" and "as soon as practical."

"There is no joy in ... recognizing that all of this money will not be returned," Bloom said. "On the other hand, as we record what was lost, we need to also record what was saved. External experts have stated that over a million jobs were saved by the president's actions, and other people have numbers substantially higher than that."

Ikenson said he expects the administration will want to fully divest of the GM before the 2012 campaign, meaning the ballpark headline cost of the bailout to taxpayers should remain around \$14 billion, for now.

"They didn't bail out the auto industry, they bailed out two companies," Ikenson said. "They denied Ford the spoils of competition, and I think they injected a sense of entitlement: If things go bad at Ford, they sort of 'banked' their bailout. They didn't get a bailout this time, but they've got a pretty strong argument if they run into financial trouble in the future. So there could be lingering costs out there."