

- FOXNews.com - May 12, 2010

Obama's Ex-Auto Czar Says GM May Have Stretched Truth About Loan Repayment

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The ad, which aired on multiple channels, was taken off the air amid a complaint with the Federal Trade Commission filed by a conservative think tank alleging that the company is lying about its health in a way that dupes consumers.

Steve Rattner, who was the auto czar last year, told reporters on Monday that GM may have stretched the truth, the Detroit News reported. But he also took his hat off to Whitacre.

"We should all wake up and thank God we have him. The guy's a hero," Rattner said, according to the newspaper.

But several Republican lawmakers accused GM of misleading the public.

GM had been running an ad on all the major networks claiming the company repaid its \$6.7 billion U.S. government loan "with interest five years ahead of the original schedule."

Whitacre can be seen in the ad walking through an auto plant as he touts the company's progress.

But some lawmakers, and even the inspector general for the bailout fund GM borrowed from, pointed out that General Motors repaid the bailout money by dipping into a separate pot of bailout money. They said the company did not actually use its own earnings to make the early payment and questioned why executives made such a big deal out of it.

Even GM has admitted that it repaid the loan with other government money, but it says a year ago "nobody thought we'd be able to pay this back."

The Competitive Enterprise Institute filed a formal complaint with the FTC last week, urging the agency to investigate the GM ad campaign because it could give consumers a false sense of confidence in the company.

"If I applied for a car loan using GM's financially misleading approach, I'd be tossed out of the dealership on my ear," Sam Kazman, CEI's general counsel, said in a statement.

"GM might argue that its ad is literally accurate, but the fact is it's completely misleading," said Hans Bader, CEI counsel.

The Federal Trade Commission's truth-in-advertising laws prohibit ads that are "likely to mislead

consumers."

But CEI's lawsuit has drawn criticism from an unlikely source: the libertarian-leaning Cato Institute.

Walter Olson, a senior fellow in constitutional studies, echoed the argument of free-market advocates who contend laws or regulations banning misleading advertising can endanger constitutional rights to free speech by "letting agencies and courts second-guess the content of 'issue ads' and speech on topics of public controversy."

"To begin with, it encourages advocates to turn to the law to silence disagreeable speech rather than muster their best arguments to rebut it," Olson wrote in a blog posting. "Despite its current dependence on government, GM is in every relevant legal sense a private company, so any precedents forged against it will wind up applying to every other private enterprise that might wish to advertise on matters of public controversy."

Olson cited a "grotesque" example in which MoveOn.org and Common Cause "actually petitioned the FTC to institute a complaint against Fox News over its use of the slogan 'Fair and Balanced,' since (they said) the network was neither."

"Some zealous enforcers would love for the FTC to do more to regulate speech by American business on matters of public concern, and it seems to me the last thing we should do is encourage such a trend," he said.

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