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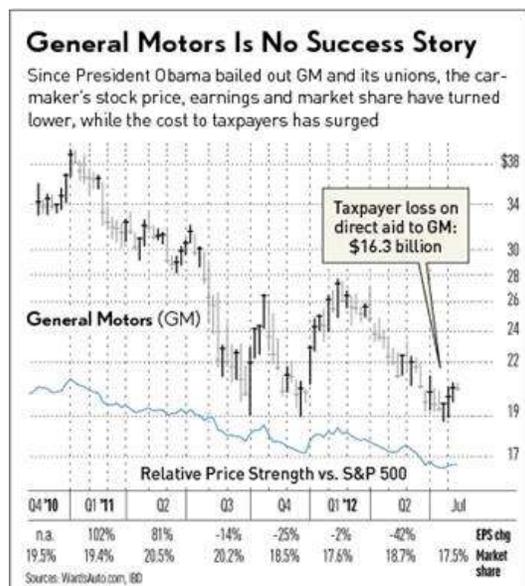# INVESTORS.com
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Obama's $25 Billion Government Motors Lemon

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General Motors Is No Success Story
Since President Obama bailed out GM and its unions, the car-maker's stock price, earnings and market share have turned lower, while the cost to taxpayers has surged

Taxpayer loss on direct aid to GM: $16.3 billion

General Motors (GM)

Relative Price Strength vs. S&P 500

	04 '10	Q1 '11	Q2	Q3	Q4	Q1 '12	Q2	Jul	
EPS chg	n.a.	102%	81%	-14%	-25%	-2%	-42%		
Market share	19.5%	19.4%	20.5%	20.2%	18.5%	17.6%	18.7%	17.5%	

Sources: WardsAuto.com, IBD

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As the Obama campaign continues to tout the GM bailout as an industrial policy success, the Treasury Department continues to revise upward the staggering losses inflicted on U.S. taxpayers.

On the day Government Motors, aka GM, announced it was recalling at least 38,000 of its vehicles — Impalas used by police nationwide and in Canada — due to a crash risk, a new Treasury report said it now expects to lose $25 billion on the bailout, $3.3 billion more than forecast earlier.

As the Detroit News reported, this loss was based on GM's stock price at the time of the report, which was 15% higher than the previous report. Because the stock price has fallen since then, the latest report likely understates taxpayers' real losses.

The monthly report sent to Congress last Friday covers predicted losses through May 31, when GM's stock price was $22.20 a share.

On Tuesday, GM fell $0.26, or 1.3%, to $20.21.

At that price, the government would lose another $995 million on its GM bailout. The report notes the government still has 500 million shares of GM and needs to sell those shares at $53 each for the government to break even on the bailout.

Worse yet, the entire financial loss suffered by taxpayers is the result of a massive and planned redistribution of wealth from them to the auto unions that form a key part of Obama's base and re-election drive.

In its analysis, the Heritage Foundation says all the taxpayer losses occurred because the administration manipulated bankruptcy law to shelter the United Auto Workers' compensation.

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"We estimate that the administration redistributed $26.5 billion more to the UAW than it would have received had it been treated as it usually would in bankruptcy proceedings. ... Thus, the entire loss to the taxpayers from the auto bailout comes from the funds diverted to the UAW," Heritage reckons.

On the jobs front, the auto bailout did less than nothing. Neil Barofsky, special inspector general for the $787 billion Troubled Asset Relief Program, reported to Congress that the forced closure of auto dealers, which hurt parts suppliers, was unnecessary and political.

"Treasury made a series of decisions that may have substantially contributed to the accelerated shuttering of thousands of small businesses and thereby potentially adding tens of thousands of workers to the already lengthy unemployment rolls," Barofsky said in a 45-page report.

Deciding which dealers were closed was determined by political, not business, reasons, with race and gender a key factor, the Barofsky report said. Some GM "dealerships were retained because they were recently appointed, were key wholesale parts dealers or were minority- or woman-owned dealerships."

Not even the push to force consumers into heavily subsidized electric cars like the Chevy Volt has helped.

As political consultant Karl Rove noted, GM employed roughly 252,000 workers in 2008. Now it has 207,000, with 131,000 working in foreign plants. Yet GM has not been accused of outsourcing jobs.

GM takes its place next to the Obama administration's Solyndras, another rotten fruit of an industrial policy where wealth is redistributed, not created, and where government picks winners and losers in an economy in which we all ultimately lose.