



Written by [Thomas R. Eddlem](#) on June 25, 2009

Ford Takes 5.9 Billion Government Loan

It's not a "bailout," Ford executives would likely argue, on the basis that the money is a loan. But would Ford have been able to obtain the same amount of money and the same interest rate in the free market? To what extent is the loan (the difference between the government-provided loan and what the free market would offer) a subsidy? Undoubtedly, a \$5.4 billion infusion of cash from already tapped-out taxpayers for doing what Ford was presumably already doing with their business model won't hurt their cash flow. And coming in a tough year for the auto industry, it was probably even more welcomed.



The Department of Energy [also announced loans](#) the same day to Nissan North America (\$1.6 billion) and the start-up U.S. auto company [Tesla Motors](#) (\$454 million), which specializes in electric vehicles.

The loans come out of the [\\$25 billion EISA loan program](#), which would be doubled by the American Clean Energy and Security Act of 2009, a bill now pending in Congress.

The news that all of the "big three" U.S.-based automakers are receiving assistance from the U.S. government is disheartening news. With the U.S. government already being the prime stockholder in both Chrysler and General Motors, should we be surprised if the government were to muscle in on Ford operations, using the billions Ford now owes the government as leverage?

The line between "private enterprise" and "government enterprise" is blurring daily under the administration of Barack Obama and his compliant Congress.

Photo: AP Images

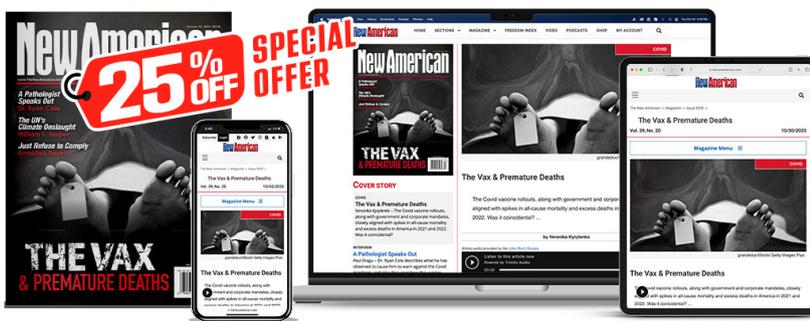


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