



Written by [Thomas R. Eddlem](#) on June 15, 2009

## Chrysler-Fiat Bailout Cost: \$870,000 Per Job Saved

The ongoing bailout of Chrysler is designed to save an estimated 38,500 jobs, [according to Bloomberg.com](#). The total federal commitment to Chrysler since the beginning of the year amounts to \$869,610 per job saved. And this assumes that Chrysler will survive over the next few years. Bankruptcy is among the most risky investments an investor can make. The U.S. government has no guarantees Chrysler will survive even after they've given to Chrysler the \$33.48 billion the federal government has already committed. And thus, they have no guarantee that 38,500 jobs will be saved.



And it's worth adding that these subsidy figures don't count the \$4 billion subsidy for the auto industry in the ["Cash for Clunkers" bill](#) that recently passed the House of Representatives.

Federal bailout funds to Chrysler originate from the following sources: Chrysler has [received \\$18.5 billion from last year's \\$700 billion TARP bailout](#) package, and the Obama administration has agreed to commit [an additional \\$15.5 billion from this year's \\$787 billion stimulus law](#) toward the Fiat deal.

The [details of the bankruptcy agreement](#) are not good for the taxpayer. The Obama administration [agrees to commit a total of \\$15.5 billion](#) from the most recent bailout law to Chrysler, including [contributing \\$3.2 billion](#) toward the bankruptcy process (i.e., paying off debtors with tax dollars the taxpayer will never see again) and [loaning up to an additional \\$6 billion](#) to the new Chrysler corporation over 8 years. (Note: Fiat is not expected to inject any capital into the new Chrysler under the "alliance" deal.)

The Chrysler bailout can be seen as a victory for the new American [corporatism](#). "Corporatism" is an economic philosophy refined by Italy's Mussolini, who urged corporations to support the state and for the state in turn to reward supportive corporations. (For an in-depth analysis of Mussolini's economic policy of deficits and corporate welfare, see [John T. Flynn's As We Go Marching](#).)

That's certainly what has happened with the Chrysler deal. According to the investigative website [OpenSecrets.org](#), Chrysler had given \$1,075,350 in campaign contributions during the 2008 election cycle, and had spent \$7,927,782 for lobbyists in 2008. OpenSecrets.org calculated this as a [60,990 percent "return on investment."](#) Of course, that figure was calculated way back in February, when the Federal Government had only committed a mere \$5.5 billion, i.e., before several recent rounds of bailout funds to Chrysler, its suppliers, and Chrysler's finance company. Updating those figures, Chrysler has seen about a 350,000 percent return for its campaign contributions and lobbyist expenses in just two years.

The bailout proves that while Chrysler's corporate leadership can't turn a profit in the free market, they have become very successful in the most profitable "market" of all: sucking up federal tax dollars.

Mussolini sold his corporatism under the label of "fascism," because the [fasces](#) was his symbol. The



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fasces is an axe with a handle made of many sticks bound together. Separately, a person could break any one of them. But bound together, they prove all but impossible to break with your hands. The idea behind Mussolini's symbolism was that everybody would win: corporations were guaranteed profits, unionized workers were guaranteed jobs, politicians were guaranteed support, and losses were put onto the ever-expanding national debt.

Everybody won under Mussolini, except the taxpayers who weren't in on the political deal. They were left paying the bill under Mussolini — always with more taxes, higher prices, and more government debt and borrowing.

In other words, it was a lot like U.S. taxpayers under the Chrysler-Fiat deal.

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