



Written by [Bob Adelman](#) on September 22, 2010

GM Caught in a Lie, Still Owes The United States Billions

Daniel Akerson, the new CEO of General Motors, said last week that the rate of payback of U.S. government bailout monies “will be determined by GM’s performance over the next several years. It would be ‘unrealistic’ to pay the government back all at once.”

[He added](#), We want the government out. Period. We don’t want to be known as Government Motors. It’s a goal of this company to return that (federal money). [However] I don’t think that’s going to be [done] in one fell swoop. I think that’s unrealistic.



This was a much different message from that delivered by his predecessor, GM CEO Ed Whitacre, back in March when he announced in a series of TV ads:

Im Ed Whitacre from General Motors. A lot of Americans didn’t agree with giving GM a second chance. Quite frankly, I can respect that. We want to make this a company all Americans can be proud of again. That’s why Im here to announce *we have repaid our government loan, in full, with interest, five years ahead of the original schedule.* [Emphasis added.]

At the time, progressives [were delighted](#) and poked fun at the Republican Party and Sen. Richard Shelby (R-Ala.) in particular: Its way too early for those [of us] who favored government aid for GM to break out in loud chants of I told you so, but if the good news out of GM continues, [we] might want to start thinking about warming up [our] vocal chords.

One of those not so reticent to rejoice was Secretary of the Treasury Timothy Geithner who exclaimed, We are encouraged that GM has repaid its debt well ahead of schedule and [we are] confident that the company is on a strong path to viability.

The Competitive Enterprise Institute saw through the sham and filed a [Complaint of Deceptive Advertising by General Motors Company](#) in May, stating, in part,

That claim [by Whitacre] gives the false impression that GM has used its own funds to pay back all the bailout money that it received from the federal government. *In fact, GM has only repaid a fraction of those funds barely ten percent.* [Emphasis in original.] Moreover, GM apparently repaid its loan *by using other federal funds.*

Most consumers would reasonably interpret GM’s ads as meaning both that GM has paid back all the money that it received from the government, and that those repayments were made with its own funds rather than with other government funds. Neither of these interpretations is accurate.

In reality GM used taxpayer money to make the repayment.

According to Hans Bader, the attorney who filed the complaint, GM has repaid less than \$7 billion of the \$50 billion it received from taxpayers, and this doesn’t include the additional \$17 billion used to



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rescue GMs financing subsidiary, GMAC. Earlier this year, GMAC [morphed into](#) Ally Financial, Inc., with little expectation and no visible plans to pay any of that \$17 billion back. Bader said that by bailing out GM rather than letting the company declare bankruptcy, The Obama administration left wasteful work rules and excessive benefits largely intact, and gave the United Auto Workers Union (UAW) a big chunk of General Motors stock, even though the UAW helped [destroy] the company the company has value today only because the federal government pumped billions of taxpayer dollars into the company and engineered the wiping out of General Motors bondholders.

Even though GM announced a public offering of stock to raise additional capital later on this year, the stock is non-voting preferred stock, leaving the federal government firmly in control, with none of the proceeds expected to be used to reduce what the company owes to taxpayers. And so the rule continues to apply: Marry in haste, repent at leisure. Taxpayers will have years to repent of this unholy marriage forced on them by out-of-control government.



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