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Congressional Oversight Panel Reports on Bailout of Auto Industry

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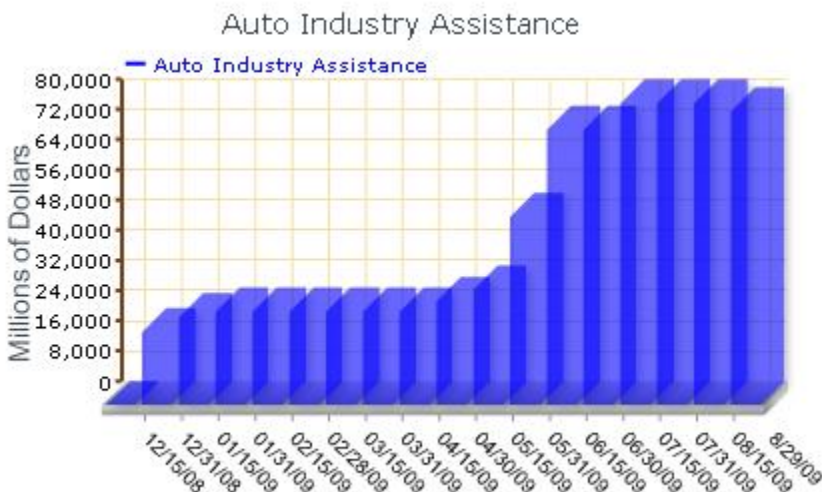
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 [treasury ten dollars.jpg](#) [1]

This morning, the Congressional Oversight panel released a [report on the use of TARP funds](#) [2] to bailout the auto industry, stating that the federal government is unlikely to recoup all of the bailout funds invested in General Motors and Chrysler.

Of the \$10.5 billion currently owed by Chrysler, \$5.4 billion is “highly unlikely to be recovered.” In addition, the report stated that full recovery of the nearly \$50 billion sunk into GM would require the company’s stock to reach levels higher than ever before. order for the Treasury, or taxpayers, to break even, the total value of GM would have to rise to \$67.7 billion, much higher than the \$57.2 peak value reached during the company’s peak in April 2008. To show how optimistic these levels are, total market value of GM currently stands at around \$7 billion.

All in all, the government has invested a peak of over \$79 billion to rescue the auto industry. At [Stimulus.org](#) [3], CRFB [tracks the spending and deficit costs](#) [4] of the auto rescues, along with all other TARP funds, Federal Reserve actions, and government guarantees.



From the financial crisis, American taxpayers have amassed sizable stakes in each company, owning 10% and 61% of Chrysler and GM, respectively. Here is the report’s summary of its

recommendations:

The Panel recommends that, to mitigate the potential conflicts of interest inherent in owning Chrysler and GM shares, Treasury should take exceptional care to explain its decision-making and provide a full, transparent picture of its actions. The Panel recommends that Treasury use its role as a significant shareholder in Chrysler and GM to ensure that these companies fully disclose their financial status and that the compensation of their executives is aligned to clear measures of long-term success. To limit the impact of conflicts of interest and to facilitate an effective exit strategy, Treasury should also consider placing its Chrysler and GM shares in an independent trust that would be insulated from political pressure and government interference.

Outstanding TARP funds by company as of 8/5/2009:

	Cumulative Obligations	Amounts Advanced
Chrysler	\$14,312,130,642	\$10,470,000,000
General Motors	\$49,860,624,198	\$49,500,000,000
GMAC	\$12,500,000,000	\$12,500,000,000
Loans for GMAC rights offering	\$884,024,131	\$884,024,131

Economic Recovery Measures

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