Obama Heads To Michigan To Tout Auto Bailout

Charles Babington, Associated Press Writer

WASHINGTON (AP) — President Barack Obama is going to the heart of the U.S. auto industry to push an important election-year claim: his administration's unpopular auto industry bailout has turned into an economic good-news story.

With Americans facing a still-limping economy and potentially pivotal congressional elections in three months, the White House sees progress in the auto industry as a concrete area of improvement — and one with direct ties to the president's own actions.

To highlight that progress, which presidential aides believe has received too little attention, Obama will stop at three auto plants over the next several days, visiting General Motors and Chrysler factories in Michigan on Friday and a Ford facility in Chicago next Wednesday. Hoping to ratchet up public notice further, the White House also had the administration's top auto officials brief reporters Thursday.

Following the government-led bankruptcies of GM and Chrysler, the companies have shown signs of improvement.

"You now have all those U.S. auto companies showing a profit. They've rehired 55,000 workers. We are going to get all the money back that we invested in those car companies," Obama said in an interview aired Thursday on the ABC daytime talk show "The View."

He said the government is on track to recover all the taxpayer money his administration poured into GM, Chrysler, auto lenders and suppliers to avert a near-certain industrywide meltdown.

However, the White House said that proclamation referred only to the $60 billion spent by the Obama administration, not the additional $25 billion funneled to the industry in 2008 under the Bush administration. The most recent government estimate found that taxpayers will lose $24.3 billion on the auto bailout.

In a report on the status of the auto industry, the White House said failing to intervene would have led to the loss of nearly 1.1 million jobs. The auto industry has added 55,000 jobs in the year since the automotive bankruptcies, making it the strongest year of job growth in the industry since 1999.

The administration pointed to several signs of progress: plans by GM and Chrysler to skip the typical summer shutdown of several auto plants to meet demand for hot-selling vehicles and the addition of shifts at GM, Chrysler and Ford Motor Co. plants. The report notes that the three companies are beginning to post profits.

White House officials estimate that Detroit automakers could add 11,000 new jobs

before the end of 2010.

Obama planned a Friday visit to GM's Hamtramck plant, which is planning to assemble the Chevrolet Volt rechargeable electric car. The plant is one of nine the automaker will keep open during the usual two-week summer shutdown.

In nearby Detroit, Obama will tour Chrysler's Jefferson North plant, which recently added a second shift of production, adding about 1,100 jobs. Next week, the president will visit the Chicago plant where Ford builds the Taurus sedan and plans to assemble a new Explorer sport utility vehicle.

"An investment had to be made in the auto industry. Restructuring had to happen," Obama's spokesman, Robert Gibbs, told ABC's "Good Morning America." ''The auto industry for the first time in more than a decade, so there is good news" even though "the economic recovery certainly is fragile."

GM has repaid $6.7 billion that the government considered loans, with the remaining $43.3 billion converted into a 61 percent stake in the company. GM is expected to conduct an initial public offering of shares in the company later this year, a move that could help the government recoup some of its investment.

United Auto Workers President Bob King said in a statement Thursday that GM would file paperwork in mid-August to start the process of selling stock to the public.

Chrysler received about $15 billion in government help and was placed under control of Italian automaker Fiat as part of its bankruptcy. The company has repaid about half of the $4 billion loan portion of its aid and is considering a public stock offering sometime in 2011.

Ron Bloom, the administration's senior counselor for manufacturing policy, said it was unclear how long the government would hold ownership stakes in the companies. "We don't like having this investment, but we're not going to sell it at a fire sale," he said.

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Associated Press writers Ken Thomas and Jennifer Loven contributed to this report.

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