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Don't Leave the Energy Department Out of It

Tell readers where the auto bailout money will come from

By Jane Kim

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Have you heard about the Advanced Technology Vehicles Manufacturing Loan Program? It's a recently created Department of Energy loan program that provides funds to companies for the development of fuel-efficient vehicles. It's also the pot of money from which the automakers, should the rescue bill for the auto industry pass a congressional vote, will receive their \$15 billion in emergency bridge loans.

You wouldn't know it from reading today's *NYT* article about the auto bailout, which doesn't say where the funds, should they be made available, will originate from:

The president's designee would disburse the short-term emergency loans to General Motors and Chrysler, which are at risk of financial collapse, and would directly supervise the reorganization plans that the auto manufacturers have agreed to carry out in exchange for government aid.

After a long weekend of drafting the auto bailout plan, Congressional Democrats on Monday afternoon delivered their draft bill to the White House, where senior officials quickly raised a number of concerns. The White House press secretary, Dana M. Perino, said Mr. Bush would insist on aiding only those automakers that can survive long term.

What the *Times* article doesn't mention is that, in order to sell the White House on the plan, the Democrats agreed to pull the funds from the pre-existing DOE loan program

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(authorized in November under the Energy Independence and Security Act of 2007), and not from the \$700 billion designated for the Troubled Assets Relief Program (TARP), the Democrats' preferred funding source.

It's information that has been reported throughout these negotiations. (This earlier *NYT* [article](#), for one, both addresses the decision to take the money from the DOE loan program (a compromise that sought to "end a weeks-long stalemate" between Bush and Pelosi) and notes the lingering concern of how the program's funds will be restored. But this is information that should be included in any story about the auto bailout, and today's story is no different. (And it's ultimately irresponsible to assume that readers of today's newspapers also read Saturday's paper, which reported the compromise.)

The Washington Post, for one, succinctly works in the information: "Democrats bent to the will of the president on several key demands, most notably in agreeing that the emergency funding would be drawn from an existing loan program aimed at promoting fuel-efficient technologies." It's a single line, but it provides context, and brings the reader up to speed.

Stephen M. Davidoff at the *NYT*'s Dealbook blog comes out and [says it](#) perhaps most clearly:

The first auto bailout bill – introduced mid-November and which drew on TARP funding – has been abandoned.

As the New York Times reported Monday, there is a new compromise bill circulating, this version drawing financing from the Energy Independence and Security Act of 2007. Congress recently appropriated \$25 billion to be loaned under that bill to the automakers to build more energy efficient and environmentally sound automobiles.

The latest bill is entitled the Auto Industry Financing and Restructuring Act and it takes that \$25 billion funding and simply loans it to the automakers without the environmental or energy efficiency conditions.

That's clear language, some of which the straight news report could have adopted. Along the same lines, Ed O'Keefe at *The Washington Post* [provides](#) more details on the program, which is run through the Energy Department's Office of the Chief Financial Officer:

The loan program already has received nine loan applications, DOE press secretary Healy Baumgardner said in an e-mail statement Monday night. Energy continues to carry out the program, Baumgardner says "unless and until Congress takes action which revises the DOE program in such a way as to require DOE to revisit the current regulatory scheme and/or the way it is being implemented."

O’Keefe cites Speaker Nancy Pelosi, who yesterday spouted reassurances that this redirection of funds wouldn’t affect other applicants to the DOE loan program just because some of that money is being used for emergency loans, and that the program’s funding would be replenished. Still, he ends his post with questions: “Will DOE get its money back and when? How much money will other loan applicants receive?”

Those are questions for the future, but they also represent the other side of today’s top auto bailout story, which makes them important to keep in mind—even if talk of who will be the new “car czar” is more titillating as speculative news.

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