



## Cash For Clunkers” Program Deemed a Success

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The Transportation Department states that the Cash For Clunkers program succeeded in putting 690,114 more fuel-efficient vehicles on the nation’s roads. The entire \$3 billion dedicated to the program was spent in an effort to retire older gas-guzzlers and stimulate vehicle sales.

One auto analyst called the program a success, after his research showed that it was responsible for saving 39,000 jobs that otherwise would have been eliminated. “It’s really more substantial than we had thought in terms of stimulus,” said David Cole, chairman of the Center for Automotive Research. “This is companies putting people back to work.”

General Motors announced last week that it will reinstate 1,350 workers and add overtime for about 10,000 at three plants, as the automaker replenishes inventory sold during the government program. Honda also said it will increase U.S. production.

Asian automakers were the big winners in the program. Eight of the top 10 new cars purchased through the program came from Honda, Hyundai, Nissan and Toyota, which claimed the top spot with its Corolla. The Corolla and Honda Civic are manufactured in the United States. The only top 10 vehicles produced by U.S. automakers were the Ford Escape and Ford Focus.

By contrast, all of the top 10 clunkers turned in were made by a Detroit company, with the four-wheel-drive Ford Explorer SUV, Ford F-150 pickup and the four-wheel-drive Jeep Grand Cherokee taking the

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top three spots. Even though no General Motors vehicle cracked the top 10 of best-sellers, GM's sales volume was strong, finishing second behind Toyota with 17.6% of all new vehicles sold.

The new cars average about 9 miles per gallon better than the clunkers they replaced, the Transportation Department said. "Moribund showrooms were brought back to life and consumers bought fuel-efficient cars that will save them money and improve the environment," Transportation Secretary Ray LaHood said in a statement Wednesday.

Under the program, car buyers were eligible for a federal government credit worth up to \$4,500 toward the purchase of a new qualifying vehicle.

It is unclear whether the program will be responsible for an overall increase in auto sales in the coming years, or if it merely pulled forward sales that consumers already planned to make in the future, resulting in no net gain for auto sales over the long run. The program, which had been a part of the original stimulus bill earlier this year but was deleted before final passage, was so popular that it required an additional \$2 billion in funding after it was underway.

Potential buyers could take advantage of the program until 8 p.m. Monday, but the government was forced to twice extend the deadline for dealers to submit paperwork. Some dealers complained about the program, saying they were not being reimbursed by the government quickly enough, while some set up their own privately-run deals.