

HOUSE ADDS \$2 BILLION TO CASH FOR CLUNKERS

The House just put another \$2 billion into the wildly popular Cash for Clunkers program; presumably, the Senate will follow suit before they leave today.

From the comments made during the House discussion on this, it sounds like the program was wildly more successful than even reported yesterday—largely because (in spite of an arguably crappy design) it is working to do what it's supposed to: get people to trade in old gas guzzlers for more efficient passenger cars. Here's the early pitch from the program:

Early statistics from automotive dealers on the CARS Program, commonly known as Cash for Clunkers, show clunker consumers getting a 69% mile-per-gallon (mpg) improvement which saves them an average of \$750 in gas bills a year by replacing their clunker with a new fuel efficient vehicle. "After gas and repair savings many consumers will spend less to drive a new car than they were spending to keep their clunker on the road," says Sharon O'Connell, the director of www.CashForClunkersInformation.org. "If consumers miss their old cruiser they can buy another one with the \$750 they save in gas." The organization interviewed some of the largest dealers in the country who have been selling vehicles to clunker consumers for almost a month and their findings were released today in their "clunker report."

According to www.CashForClunkersInformation.org, 79% of clunkers being traded in so far are SUVs, trucks and vans with over 100,000 miles and most are being replaced with

new passenger vehicles. The average age of a trade-in model is almost 13 years old, and the average odometer reading is approximately 138,000 miles. The most popular clunker trades are Chevrolet, Ford and Dodge and 84 percent of the new vehicles purchased are passenger cars.

In the sample, 64% of the government funded credits were for \$4500 and 36% for \$3500. "Lower priced cars have a better chance of qualifying for the larger \$4500 rebate because smaller vehicles typically have better mpg ratings," adds O'Connell. The rare exceptions are hybrids that cost more but often qualify for the \$4500 because of their higher mpg ratings. "The best deals for the Cash for Clunkers program are the less expensive vehicles that cost \$10,000-\$18,000. A list of these types of vehicles is available on www.CashForClunkersInformation.org."

Based on a 69% mpg improvement, www.CashForClunkersInformation.org estimates that personal fuel consumption could decrease by approximately 300 gallons per year, reducing personal fuel costs by almost \$750 annually at average gas prices. "If this early trend continues for all of the 250,000 sales that are estimated to occur under the program, it will save consumers more than \$187 million dollars in gas expenses while also helping the environment," says O'Connell. As a result, the US annual fuel consumption could decrease by approximately 75 million gallons, reducing spending by a total of nearly \$185 million on gasoline(1), and cutting CO2 emissions by more than 655,000 metric tons.(2)

I'll post more later about the one thing Republicans have found to grumble about: that dealers aren't getting their money quickly

enough (in a program that has existed for a week), and that there has been a significant rejection of claims (which sounds similar to regular rebate woes).

Clare McCaskill, herself from a car-manufacturing state, has her own gripe.

According to McCaskill, "forever" is "one week."

■ clairecmcWe simply cannot afford any more taxpayr \$ to extend cash for clunkers. Idea was to prime the pump, not subsidize auto purchases forever.

But for the moment, let's just ignore McCaskill, sit back, and watch government stimulus working the way it's supposed to work.