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Clunkers math: Taxpayers paid \$24,000 per car

Auto sales analysts at Edmunds.com say the pricey program resulted in relatively few additional car sales.

By [Peter Valdes-Dapena](#), CNNMoney.com senior writer
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NEW YORK (CNNMoney.com) -- A total of 690,000 new vehicles were sold under the Cash for Clunkers program last summer, but only 125,000 of those were vehicles that would not have been sold anyway, according to an analysis released Wednesday by the automotive Web site Edmunds.com.

The program gave car buyers rebates of up to \$4,500 if they traded in less fuel-efficient vehicles for new vehicles that met certain fuel economy requirements. A total of \$3 billion was allotted for those rebates.

The average rebate was \$4,000. But the overwhelming majority of sales would have taken place anyway at some time in the last half of 2009, according to Edmunds.com. That means the government ended up spending about \$24,000 each for those 125,000 additional vehicle sales.

In order to determine whether these sales would have happened anyway, Edmunds.com analysts looked at sales of luxury cars and other vehicles not included under the Clunkers program. Using traditional relationships between sales volumes of those vehicles and the types of vehicles sold under Cash for Clunkers, Edmunds.com projected what sales would normally have been during the Cash for Clunkers period and in the weeks after.

Edmunds.com's estimate of the ultimate sales increase generally matches what industry experts had thought, said George Pipas, a sales analyst with Ford Motor Co ([F](#), [Fortune 500](#)). But that misses the point, he said.

How many additional vehicles were sold is less important than when they were sold, he said. Even if the vehicles would have been purchased at some later date, the economy needed stimulus at that time.

"The whole purpose of the program was to provide some kind of catalyst to kick-start the economy," he said, "and by all accounts the extra production that was added this year was a boost to the economy."

Ford was one of the biggest proponents of the Cash for Clunkers program and several Ford models were among the top sellers under the program.



While auto sales in September were hurt because auto dealership inventories were drained of products by the program, sales this month are already back on track or better, Pipas said.

A spokesman for the Department of Transportation, which oversaw the program, was not immediately able to respond to Edmunds.com's analysis.

"I think the October sales results will show Clunkers is behind us and there's no more payback or inventories issues," he said.

Edmunds.com's projection indicates that, without Cash for Clunkers, October's sales increase would be even higher. ■

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