

“Cash for Clunkers”: A Retrospective from the Dealers’ Perspective

Michael Harrington

National Automobile Dealers Association

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Overview

- State of the Industry at the Time of Passage
 - ▣ The Right Program at the Right Time
- There were implementation challenges.
- The program fulfilled its goals.

Expectations and Concerns

- Would people buy cars under this program?
- Would there be widespread fraud?
- Would dealers be reimbursed in a timely fashion?

Implementation Challenges

1. Sundry implementation problems.
2. The first billion dollars soon runs out.
3. Wind-down of the program.
4. Reimbursing Dealers



Success Story: Enforcement

- There was widespread program compliance by dealers.
 - ≡ Dealers return \$3.5 million in Clunkers money *unsolicited*.



Benefits of Clunkers

- **Jobs:** 60,000 Jobs Were "Saved or Created"
- **Fuel Savings:** 824 million gallons saved
- **Global Warming:** 9 MMTs tons of greenhouse gases saved
- **Consumers Benefited:** Average voucher was \$4,209



Benefits of Clunkers

- **Dealers:** a record sales for month for many dealers
- **Vehicle Safety:** Improved
- **Criteria Air Pollutants:** Decreased
- **States:** \$900 million in additional tax revenues

Cash for Clunkers Denouement

- Popular with Consumers
- Immediately Stimulative
- Boosted the economy at a critical time
- Beneficial for the environment

Was The Clunkers Program Good For America?

“The biggest problem with C.F.C. was its overwhelming success. No one could have anticipated the receptivity of the general public. We are a relatively small group of stores (3) in western Wisconsin who sold 223 new units during the program. The most interesting aspects of our involvement were as follows:

- 78% of the people we sold had never purchased from us previously.
- 81% had never owned a new vehicle and yet had credit scores well into the 700's.
- We were paid by the agency, for every vehicle in a timely fashion.

We would be very pleased to vote for a re-enactment of the program at any time!!!”

--- VW and Audi dealer, WI

QUESTIONS AND COMMENTS

