

IT'S TIME TO TALK ABOUT LONG TERM CARE.

CLICK HERE

**CNNMoney.com**

 **PRINT THIS**

Powered by  Clickability

## Clunkers: 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  
Last Updated: October 29, 2009: 12:59 PM ET

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.



Still, auto sales contributed heavily to the [economy's expansion](#) in the third quarter, adding 1.7 percentage points to the nation's gross domestic product growth.

The Cash for Clunkers 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.

"It is unfortunate that Edmunds.com has had nothing but negative things to say about a wildly successful program that sold nearly 250,000 cars in its first four days alone," said Bill Adams, spokesman for the Department of Transportation. "There can be no doubt that CARS drummed up more business for car dealers at a time when they needed help the most."

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.

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

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

*Do you have a job because of the \$787 billion stimulus package? We want to hear from people whose jobs have been created or saved by the American Recovery and Reinvestment Act. Please [e-mail your stories](#) to [CNNMoney.com](#) and you could be part of an upcoming article. For the [CNNMoney.com Comment Policy](#), click [here](#). ■*

First Published: October 28, 2009: 4:52 PM ET

**Find this article at:**

[http://money.cnn.com/2009/10/28/autos/clunkers\\_analysis/index.htm](http://money.cnn.com/2009/10/28/autos/clunkers_analysis/index.htm)

☐ Check the box to include the list of links referenced in the article.

© 2007 Cable News Network LP, LLP.



## Press Release

### FOR IMMEDIATE RELEASE

#### Contact:

Jeannine Fallon/Chintan Talati  
Edmunds.com Corporate Communications

[www.Edmunds.com](http://www.Edmunds.com)

Media Hotline: 310-309-4900

[pr@edmunds.com](mailto:pr@edmunds.com)

### Cash for Clunkers Results Finally In: Taxpayers Paid \$24,000 per Vehicle Sold, Repor

**SANTA MONICA, Calif. — October 28, 2009 —** [Edmunds.com](http://Edmunds.com), the premier resource for determined that Cash for Clunkers cost taxpayers \$24,000 per vehicle sold.

Nearly 690,000 vehicles were sold during the Cash for Clunkers program, officially known as the National Buyback Program. Edmunds.com has calculated that only 125,000 of the sales were incremental. The rest of the sales would have occurred in the absence of the program.

Ironically, the average transaction price for a new vehicle in August 2009 was only \$26,911, down from \$28,577 in August 2008, or a \$1,667 decrease.

"This analysis is valuable for two reasons," explained Edmunds.com CEO Jeremy Anwyl. "First, it provides a complete assessment of the program's impact and costs. Second—and more important—it provides a snapshot of the state of auto sales and the economy. For example, October sales are up, but without Cash for Clunkers, they would have been even better. This suggests that the industry's recovery is gaining momentum."

The chart below sets forth actual SAAR (Seasonally Adjusted Annual Rate) compared to what the industry's SAAR would have been if the program had never been implemented.

	Actual (or Forecast)	If no Cash for Clunkers	Difference	Sales
Jan '09	9.59	9.59	n/a	65
Feb '09	9.14	9.14	n/a	68
Mar '09	9.69	9.69	n/a	85
April '09	9.20	9.20	n/a	81
May '09	9.85	9.85	n/a	92
Jun '09	9.67	9.80	-0.13	85
Jul '09	11.22	10.11	1.11	99
Aug '09	14.06	10.45	3.61	1,211
Sep '09	9.19	10.63	-1.44	74
Oct '09	10.40	10.89	-0.49	
Nov '09	10.40	10.82	-0.42	
Dec '09	10.61	10.85	-0.24	

"Our research indicates that without the Cash for Clunkers program, many customers would not have made a new purchase," Edmunds.com Senior Analyst David Tompkins, PhD told [AutoObserver.com](#). "The program gave more credence to the environmental claims, but unfortunately the economic claims have been re

To conduct the analysis, the Edmunds.com team of PhDs and statisticians examined the sales of vehicles that were not included in Cash for Clunkers, and applied the historic relationship of those vehicles to the current market. These estimates were independently verified through careful examination of sales patterns. The numbers were determined, Edmunds.com's analysts divided three billion dollars by 125,000 vehicles, resulting in \$24,000 per vehicle.

Coincidentally, a parallel analysis of the first-time homebuyer credit was reported yesterday by The New York Times. Johnson and Yale law student James Kwak, who both blog about economics at The Baseline

**About Edmunds Inc.** (<http://www.edmunds.com/help/about/>)

Edmunds Inc. publishes four Web sites that empower, engage and educate automotive consumers. [Edmunds.com](#), the premier online resource for automotive consumer information, launched in 1995 as an information Web site. Its most popular feature, the Edmunds.com [True Market Value®](#), is a tool that provides current transaction prices for new and used vehicles. Edmunds.com was named "Best Car Web Site" by Consumers' Choice, was selected by consumers as the "Most Useful Web Site" according to every J.D. Power and Associates (J.D. Power) Study(SM), was ranked first in the Survey of Car-Shopping Web Sites by *The Wall Street Journal*, and was named in a study of third-party automotive Web sites. [Inside Line](#) launched in 2005 and is the most-read automotive Web site. [CarSpace](#) launched in 2006 and is an automotive social networking Web site and home to the automotive community. [AutoObserver.com](#) launched in 2007 and provides insightful automotive news and analysis. Edmunds Inc. is headquartered in Santa Monica, California, and maintains a satellite office in

[Press Release Archive Index](#)

[Home](#) | [New Cars](#) | [Certified Cars](#) | [Used Cars](#) | [Car Reviews](#) | [Tips & Advice](#) | [Car Loans](#) | [Auto Insurance](#) | [Forums](#) | [Inside Line](#) | [Your Account](#) | [About Us](#) | [Affiliate Program](#) | [Dealer Inquiries](#) | [Search](#) | [Car Dealers](#) | [Auto Repair Shops](#) | [Glossary](#) | [Contact Us](#)

Edmunds Inc. is hiring! [Employment Opportunities](#)

© 1995-2009 Edmunds Inc.  
[Privacy Statement](#) | [Visitor Agreement](#)