

This is a printer friendly version of an article from [www.news-sentinel.com](http://www.news-sentinel.com)  
To print this article open the file menu and choose Print.

[Back](#)

---

Article published Aug 28, 2009

## **Not the costliest effort of all time, just the dumbest Who'd have thought we'd be glad "only" \$3 billion was wasted?**

Cash for clunkers has come and gone, leaving behind - what, exactly?

In the space of a month, auto dealers submitted claims for 690,114 sales that qualified for government rebates of \$2.88 billion. Indiana's share was \$6.6 million, 16th-highest in the nation, according to the U.S. Department of Transportation. One dealer in Fort Wayne sold 800 cars under the program. Many dealers in Fort Wayne and Indiana face the same problem as those in the rest of the nation: The creaky federal bureaucracy hasn't sent them their checks yet.

Eight of the top 10 car makes chosen by consumers were foreign (although some were made in this country), while all 10 of the makes turned in as clunkers were American made.

So, was it all worth it?

The Obama administration and its supporters are quick to say it was. The White House Council of Economic Advisors says about 42,000 jobs will be created or saved because of the increased car production the clunker program will spurt.

But critics make some sensible observations that cast doubt on the worth of cash for clunkers:

- ◆ Many of the people who bought the cars were likely going to buy one soon anyway. This just concentrated all those purchases in the summer.
- ◆ Many people who bought the cars will now not make other major purchases they might have contemplated, so the overall effect on the economy is negligible.
- ◆ The beneficial effects on the environment, the original reason for the program, might be hard to show. It's estimated that replacing 700,000 gas-guzzlers with more-efficient cars might save all of 12,000 barrels of oil a day in a country that consumes 9 million a day.

The libertarian Cato Institute says this may be the dumbest government program of all time:

"A few billion dollars worth of wealth was destroyed. About 750,000 cars, many of which could have provided consumer value for many years, were thrown in the trash. Suppose each clunker was worth \$3,000 at a guess; that would mean the government destroyed \$2.25 billion of value. Low-income families, who tend to buy used cars, were harmed because the clunkers program will push up used-car prices."

But at least this wasn't the most expensive screw-up in government history. Considering the trillions that are being thrown around, having only \$3 billion wasted almost seems like a bargain. Who could have guessed a mere six months ago that we could so casually dismiss such a boondoggle?

---