



YOU ARE HERE: LAT Home → Collections → Government Programs

Advertisement

Critics say 'cash for clunkers' bill is a lemon

The \$1-billion bill, backed by the auto industry, would pay consumers to trade in gas guzzlers. Opponents say criteria are so lax that the government could subsidize drivers for trading one gas hog for another.

June 13, 2009 | Janet Hook



WASHINGTON — Congress is about to approve a new federal program to pay car owners up to \$4,500 for trading in gas-guzzling automobiles for more fuel-efficient cars, to the applause of the struggling auto industry. But the program is drawing heavy criticism from an unlikely quarter: environmentalists who are sworn enemies of big, old clunkers that get poor mileage.

Critics contend that the "cash for clunkers" bill, which has auto industry backing, was designed more to boost auto sales than to reduce global warming.

The bill would provide vouchers toward the purchase of more efficient vehicles to people who junk their less-efficient cars. But critics say the improvements required in the trade -- as little as 1 mile per gallon for certain light trucks -- are so lax that the federal government could end up subsidizing consumers who swap one gas guzzler for another.

For passenger cars, consumers would receive a \$3,500 voucher if their new vehicle is 4 miles per gallon higher in combined highway and city mileage than their trade-in vehicle. They would get \$4,500 if the improvement is 10 miles per gallon or more.

Congress tacked the \$1-billion program onto unrelated legislation that funds the wars in Iraq and Afghanistan, an urgent bill that is expected to clear Congress next week.

A House-Senate conference committee that on Thursday drafted the final bill included the car-swap program over the objections of Republicans, who disliked the cost.

Also objecting, however, were environmental advocates such as Sen. Dianne Feinstein (D-Calif.), who said the program failed to ensure that subsidies would not be used to buy new gas guzzlers.

At a time when President Obama is moving aggressively to curb greenhouse gases and the U.S. auto industry is struggling to survive, "cash for clunkers" has become a policy fad in Congress practically overnight. It also had the potential to create a politically appealing marriage between auto manufacturers, who want to boost sales, and environmentalists, who are clamoring for improved fuel economy.

But as the legislation moved through Congress this year, the details ended up pitting the two interests against each other. In the program included in the war-funding bill, the industry won.

"This was a face-off between the auto industry shaking its tin cup in new and different ways and

FROM THE ARCHIVES

California auto buyers favor Toyota Prius; rest of U.S...

February 15, 2014

Car Makers' Productivity Bubble Pops

February 11, 2001

MORE STORIES ABOUT

Government Programs

Subsidies

Fuel Economy

Environment

environmentalists saying: If you're going to give a new bailout, there has to be more efficient vehicles," said Dan Becker, director of the Safe Climate Campaign.

"It is amazing how quickly a good idea can go bad in Washington," said Feinstein and Sen. Susan Collins (R-Maine) in an opinion article in the Wall Street Journal. It was headlined: "Handouts for Hummers."

Feinstein, Collins and other senators had sponsored an alternative that would have imposed stricter mileage standards and allowed used cars to be purchased with the vouchers.

But proponents of the program that eventually emerged, and which had passed the House earlier this month by a wide margin, had no apologies for designing it in a way that would maximize new car sales.

"Getting new cars moving is what gets Americans working," said Phaedra Dugan, spokeswoman for Rep. Candice S. Miller (R-Mich.), a cosponsor of the measure. "Our bill puts American workers and the American economy first, and our bill still gets gas guzzlers off the road."

Christin Baker, spokeswoman for Ford Motor Co., said the bill was "critically important" for the beleaguered auto industry.

"U.S. auto sales have seen the steepest decline in more than 50 years, and we need to help boost consumer confidence and jump-start auto sales," Baker said. "This program will help support jobs for automakers, suppliers and dealers in every community." Congress will soon have a chance to revisit the issue, because the program included in the war-spending bill will last only until Nov. 1 or until the \$1 billion provided for the program runs out.

To qualify for a voucher, a consumer would need to remove a car from the road that has a fuel economy of 18 miles per gallon or less. In addition, the car must have been owned by the consumer for one year.

Vouchers would be available for cars purchased between July 1 and Nov. 1, 2009. In addition to meeting the improved fuel economy targets, new cars purchased in the program would have to cost less than \$45,000 and get at least 22 miles per gallon. Consumers would be eligible for vouchers regardless of their income.

An earlier version of the bill would have provided subsidies only to cars made in North America, but that provision was dropped in the face of complaints that it could violate trade law.

Feinstein and Collins, in their recent opinion article, argued that the bill would allow subsidies for buying a new Hummer H3T, which gets 16 miles per gallon, according to federal data, but not for a 2-year-old Ford Focus, which can get as much as 27 miles per gallon. This is because the bill sets low targets for mileage improvements for light trucks but does not cover the purchase of used vehicles, the senators said.

"Our legislation is not aimed at bailing out the auto industry, although it would spur vehicle sales," Collins said in a statement this week about the alternative bill. "It is environmental legislation that has the added benefit of helping the auto industry."

--

janet.hook@latimes.com

Times staff writer Christi Parsons contributed to this report.



From the Web

Sponsored Links by Taboola

Which Cities Have The Highest Malware Infection Rates?

Microsoft

Limited Time Offer: Save Up to \$150 on the Surface Book & Dock

Microsoft

The Razor That's Changing An Industry

Harry's

Do You Binge-Watch Documentaries? You'll Love This Website

LA Times | Curiosity Stream

Are you a strategic thinker? Test your skills with millions of addicted players!

Sparta - Free Online Game

Want to invest in the robot uprising? Buy this portfolio for 50¢ per stock

Wired | Motif Investing

What a Guy Did With This Dumpy Old Camper Is Brilliant. And I Want It.

ViralNova.com

Get New Car Smart: 10 Most Comfortable Cars Under \$30k

Kelley Blue Book

MORE:

Seizure Led to FloJo's Death

His 104 scores make his case

Restaurant review: South Beverly Grill

Brutal Murder by Teen-Age Girls Adds to Britons' Shock

Comaneci Confirms Suicide Attempt, Magazine Says