November 4, 2013

Mark Steyn has more on the rollout.
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And, once he finds out who's running this Government of the United States rogue entity, he's gonna come down as hard on him as he did on that video-maker in California; he's gonna send round the National Park Service SWAT Team to teach that punk a lesson he won't forget.

Gloria Borger and CNN seem inclined to swallow the line that the president of the United States is not aware that he is president of the United States: for the media, just a spoonful of manure makes the Obamacare medicine go down. It remains to be seen whether the American citizenry will be so genially indulgent. Hitherto, most of what the president claims to be unaware of, they are genuinely unaware of: few people have plans to vacation in Benghazi, or shoot the breeze with German Chancellor Angela Merkel on her cell phone. But Obamacare is different: whether or not the president is unaware of it, the more than two million Americans (at the time of writing) kicked off their current healthcare plans are most certainly aware of it. ...

... But that's life in the Republic of Paperwork, isn't it? The remorseless diversion of time and energy to "futzing around." That's why so much of American life seems to be seizing up, why so many routine features of human existence require time-consuming bureaucracy-heavy painstaking navigation (to borrow a term from Obamacare's "customer-service representatives").

America would benefit from an opposition party that offered a serious de-futzing of the nation: a platform on the scale of Mrs. Thatcher's privatization program in 1979 or Sir Roger Douglas' in New Zealand in the Eighties that offered to make ordinary life comprehensible to non-wonks once more.

Instead, the Obama crowd have bet that, after the usual whining, you'll settle down and get used to it: higher co-pays, higher premiums, higher deductibles, higher mountain of paperwork, higher futzing. But the fact remains that nowhere in the western world has the governmentalization of health care been so incompetently introduced and required protection by such a phalanx of lies.

Obamacare is not a left/right issue; it's a fraud issue.

Remember Cash for Clunkers? The administration brags on that. But the Brookings Institution, a left wing think tank, says it too was a failure. **Seth Mandel at Contentions** has the story.
The ongoing debacle that is the administration's rollout of ObamaCare has reignited debate about technocracy and big-government liberalism. But Democrats who worry that their mode of coercive politics will be discredited by ObamaCare should be thankful it took this long.

A very well-timed reminder of this arrived yesterday from the Brookings Institution. Scholars at the left-leaning think tank analyzed the so-called "Cash for Clunkers" program, the 2009 "stimulus" program intended to get cleaner cars on the road by providing cash vouchers for those who trade in older gas guzzlers and buy newer, more efficient cars. The administration patted itself on the back when the program ran out of money, apparently pleasantly surprised that people took free money during an economic downturn. But Brookings confirms that this was, of course, a terrible program. Here are their major findings:

- *The $2.85 billion program provided a short-term boost in vehicle sales, but the small increase in employment came at a far higher implied cost per job created ($1.4 million) than other fiscal stimulus programs, such as increasing unemployment aid, reducing employers' and employees' payroll taxes, or allowing the expensing of investment costs.*
- *Total emissions reduction was not substantial because only about half a percent of all vehicles in the United States were the new, more energy-efficient CARS vehicles.*
- *The program resulted in a small gasoline reduction equivalent only to about 2 to 8 days' worth of current usage.*
- *In terms of distributional effects, compared to households that purchased a new or used vehicle in 2009 without a voucher, CARS program participants had a higher before-tax income, were older, more likely to be white, more likely to own a home, and more likely to have a high-school and a college degree.*

That last part just seems like pouring salt in the left's wounds. Not only was the program a massive failure, but it was also, by the way, a taxpayer-funded subsidy for white homeowners– ...

Seth is a free marketer. What does the liberal **Washington Post** say about Cash for Clunkers? They say, "Almost anything would have been better stimulus than 'Cash for Clunkers.'"

When the Obama administration first proposed its "cash for clunkers" plan in 2009, the reaction was generally favorable. Congress would spend $2.85 billion to encourage drivers to swap their old gas-guzzlers for newer, more fuel-efficient cars.

The program had something for everyone: It would lend a hand to the ailing U.S. auto industry. It would tamp down on oil consumption. And, once launched, the program proved so popular with consumers that it burned through $1 billion in its first five days. Sure, a few critics argued that the program wouldn't be very cost-effective, but no one was really listening.

But, as it turns out, the critics were on to something. A new analysis from the Brookings Institution's Ted Gayer and Emily Parker found that the program was fairly inefficient as economic stimulus and mostly pulled forward auto sales that would have happened anyway. It also cut greenhouse-gas emissions a bit — the equivalent of taking up to 5 million cars off the road for a year — but at a steep cost.

"Cash for Clunkers" wasn't good stimulus

Gayer and Parker find that Americans traded in nearly 700,000 old cars ("clunkers") through the program between July 1 and Aug. 24, 2009. Vehicle sales did rise during that period. But a *detailed study suggests that consumers just bought some cars slightly earlier than they otherwise would have. Cumulative purchases over the year were basically unchanged: ...*

We posted on Cash for Clunkers four years ago in **August 2009**. Here's Andy McCarthy from last August 2009.

Compared to the infinite complexity of healthcare and health-insurance, cash-for-clunkers is kindergarten stuff. You trade in your old car for a new one that gets (slightly) better mileage and the government gives you money — between $3500 and $4500. How hard is that?

Pretty hard, apparently. The Washington Times reports this morning that this simple, basic Big Gummint program has spun totally out of control: it was clearly not thought through (even a little), it was under-budgeted by 2 or 3 hundred percent (and counting), and it was woefully under-resourced — such that staff have to be hired from the outside or pulled away from other government functions (like running air-traffic control) in order to clear the back-log. Clearing the back-log, by the way, is a 24/7 operation that's also requiring additional budgeting for overtime pay and a training program. …

…All this from the people who, Mark Steyn reminds us this morning, tell you that the way to control healthcare costs is to set up a huge new entitlement program (even as the ones they've already set up sink deeper into a multi-trillion dollar sea of unfunded liabilities). Why do we trust them to do anything other than the very few things for which you actually need a government? …

Volokh Conspiracy links to a You Tube short on **The Death Throes of A Corvette**. The idiots of the obama administration are proud of the fact they had a program that ruined 700,000 cars and made used cars more expensive for the people they claim they want to help.

Ed Morrissey in a post, also from four years ago, says the big winners in the program were foreign auto makers.

The Obama administration spent three billion dollars subsidizing the destruction of 700,000 vehicles in order to boost car sales. Which auto makers actually benefited from these American tax subsidies? Reuters reports that foreign car manufacturers gained market share, while the two bailed-out American automakers lost significant portions of theirs in the big summer sale. ...

... Both GM and Chrysler had curtailed their production during their bankruptcies but had worked to have inventory ready for the new sales year. By launching C4C in the middle of the summer, when most dealers are already cutting prices to move inventory off the lot, the administration practically guaranteed that C4C would leave them on the sidelines. Chrysler had the worst inventory problems, but GM also had serious inventory issues. Ford, which didn't take the bailout, had continued production and had inventory ready to sell.

Shouldn't the owner of GM and Chrysler had known this? Didn't anyone on the Auto Task Force — say, Ron Bloom, the auto czar with no automaking experience — bother to check whether their companies were ready to compete in this program, and whether July was a smart time to launch this even apart from that? This is what happens when government enters the private sector; it makes decisions based on politics rather than sound business sense, and it picks leaders based on cronyism and political payoffs rather than expertise and competence.

Orange County Register

Choking on bad medicine

by Mark Steyn

CNN has been pondering what they call "a particularly tough few days at the White House." "Four out of five Americans have little or no trust in their government to do anything right," says chief political analyst Gloria Borger. "And now Obama probably feels the same way." Our hearts go out to him, poor wee disillusioned thing.

We are assured by the headline writers that the president was "unaware" of Obamacare's website defects, and the National Security Agency spying, and the IRS targeting of his political enemies, and the Justice Department bugging the Associated Press, and pretty much anything else you ask him about. But, as he put it, "nobody's madder than me" at this shadowy rogue entity called the "Government of the United States" that's running around pulling all this stuff.

And, once he finds out who's running this Government of the United States rogue entity, he's gonna come down as hard on him as he did on that video-maker in California; he's gonna send round the National Park Service SWAT Team to teach that punk a lesson he won't forget.

Gloria Borger and CNN seem inclined to swallow the line that the president of the United States is not aware that he is president of the United States: for the media, just a spoonful of manure makes the Obamacare medicine go down. It remains to be seen whether the American citizenry will be so genially indulgent. Hitherto, most of what the president claims to be unaware of, they are genuinely unaware of: few people have plans to vacation in Benghazi, or shoot the breeze with German Chancellor Angela Merkel on her cell phone. But Obamacare is different: whether or not the president is unaware of it, the more than two million Americans (at the time of writing) kicked off their current healthcare plans are most certainly aware of it.

For as long as I can remember, I've been opposed to government health care because, as I've said in at least two books, it fundamentally redefines the relationship between the citizen and the state into one closer to that of junkie and pusher. But that's a philosophical position.

Others prefer constitutional arguments: the federal government does not have the authority to do what it's doing. Dear old John Roberts, chief justice of the United States, twisted himself into a pretzel to argue that, in fact, the government does. But he might as well have saved himself the trouble and just used House Minority Leader Nancy Pelosi's line: asked by a journalist where in the Constitution it granted the feds the power to do this, she gave him the full Leslie Nielsen act and said, “You're not serious?” She has the measure of her people. Most Americans couldn't care less about philosophical arguments or constitutional fine print: For them, all Obamacare has to do is work. That is why the last month has been so damaging to Big Government's brand: in entirely non-ideological, technocratic, utilitarian terms, Obamacare is a bust.

The Canadian and British health systems get by on the principle that, as bad as they are, for enough people they're good enough, and you don't have to think about it. Obamacare doesn't even meet that modest standard, and it's not clear it ever will.

You have to think about it constantly, alert to every potentially catastrophic regulatory tweak that might scuttle your next prescription refill. On Day One, the junkies were eager for their fix: as the administration crowed, the site received 4.7 million unique visits. By the following morning, the Health and Human Services “war room” was informed that “six enrollments have occurred so far.” That's six as in half-a-dozen, as in fewer people than in just one vehicle of Obama's 40-car motorcade. Kathleen Sebelius had successfully enrolled one American for every assistant secretary of Health and Human Services. Oh, no, wait: she has seven assistant secretaries, so there was one free, waiting for that seventh enrollee. One in every 783,333 visitors managed to close the deal: Dr. Obama could make house calls to every one and still have time for a round of golf.

In order to meet its target of seven million enrollees by March 1, Obamacare needs to enroll approximately 46,358 Americans per day. So on its opening day it fell 46,352 short. Were it to maintain that enrollment rate, Obamacare would reach its target of 7 million enrollees in the year 5209. That's longer than waiting for a hip replacement on the Scottish National Health Service.

At the same time as dozens of Obamacare enrollees were being signed up, millions of other Americans were having their health insurance canceled – including so many pundits of left (Kirsten Powers), right (Michelle Malkin), and center (David Frum) that the Pulitzers should introduce a prize for Best Suddenly Uninsured Writing. Among their number was Matthew Fleischer, who wrote in the Los Angeles Times:

“Most young, middle-class Americans I know are happy that millions of previously uninsured people will receive free or heavily subsidized insurance under the Affordable Care Act.

“We just didn't realize that, unless we had health insurance at work, we'd be the ones paying for it.”

The reason he didn't realize it is because the president lied to him, not just once in a casual aside, but on dozens of occasions, and very bluntly: “If you like your health care plan, you can keep your health care plan. Period.” But the entire premise of Obamacare was that, in order to cover (some of) the uninsured and (in many cases) uninsurable, other Americans were going to have to pay significantly more.

Obamacare was always intended to be the Great Disruptor: Avik Roy, senior fellow, Manhattan Institute, reports that, by 2010, administration officials knew that 93 million Americans would lose their current plans under Obamacare. Small businesses are cutting back on full-time workers; medium businesses are dumping employees' spouses and children from their plans;

and the largest businesses are eating nine-figure bottom-line increases. Delta Airlines claims it will spend an extra $100 million on health-care expenses next year: even with cutbacks on complimentary mini-pretzels, a tenth of a billion is a big sum to recover. Meanwhile, the Obamacare plans won't recognize your preferred doctor, and major hospitals won't recognize the Obamacare plans.

My old comrade David Frum was somewhat insouciant about the extra $2,400 a year he'll have to find for his new Obama-approved health arrangements. These days, comparatively few Americans are that liquid, and for most an extra $200 a month will have to be clawed away from real things of value. “Not only will I pay more,” grumbled Mr Frum, “but I have had to divert many otherwise useful hours to futzing around with websites and paperwork.”

But that's life in the Republic of Paperwork, isn't it? The remorseless diversion of time and energy to “futzing around.” That's why so much of American life seems to be seizing up, why so many routine features of human existence require time-consuming bureaucracy-heavy painstaking navigation (to borrow a term from Obamacare's “customer-service representatives”).

America would benefit from an opposition party that offered a serious de-futzing of the nation: a platform on the scale of Mrs. Thatcher's privatization program in 1979 or Sir Roger Douglas' in New Zealand in the Eighties that offered to make ordinary life comprehensible to non-wonks once more.

Instead, the Obama crowd have bet that, after the usual whining, you'll settle down and get used to it: higher co-pays, higher premiums, higher deductibles, higher mountain of paperwork, higher futzing. But the fact remains that nowhere in the western world has the governmentalization of health care been so incompetently introduced and required protection by such a phalanx of lies.

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Contentions

Speaking of Failed Big-Government Programs…

by Seth Mandel

The ongoing debacle that is the administration’s rollout of ObamaCare has reignited debate about technocracy and big-government liberalism. But Democrats who worry that their mode of coercive politics will be discredited by ObamaCare should be thankful it took this long.

A very well-timed reminder of this arrived yesterday from the Brookings Institution. Scholars at the left-leaning think tank analyzed the so-called “Cash for Clunkers” program, the 2009 “stimulus” program intended to get cleaner cars on the road by providing cash vouchers for those who trade in older gas guzzlers and buy newer, more efficient cars. The administration patted itself on the back when the program ran out of money, apparently pleasantly surprised that people took free money during an economic downturn. But Brookings confirms that this was, of course, a terrible program. Here are their major findings:

- The $2.85 billion program provided a short-term boost in vehicle sales, but the small increase in employment came at a far higher implied cost per job created ($1.4 million) than other fiscal stimulus programs, such as increasing unemployment aid, reducing employers' and employees' payroll taxes, or allowing the expensing of investment costs.
- Total emissions reduction was not substantial because only about half a percent of all vehicles in the United States were the new, more energy-efficient CARS vehicles.
- The program resulted in a small gasoline reduction equivalent only to about 2 to 8 days' worth of current usage.
- In terms of distributional effects, compared to households that purchased a new or used vehicle in 2009 without a voucher, CARS program participants had a higher before-tax income, were older, more likely to be white, more likely to own a home, and more likely to have a high-school and a college degree.

That last part just seems like pouring salt in the left's wounds. Not only was the program a massive failure, but it was also, by the way, a taxpayer-funded subsidy for white homeowners– just in case the left reached for an "inequality" or race-based argument in a desperate attempt to shut down the debate on the program.

And along those lines, conservatives will especially like that first finding in the list above: a tax cut would have been a better stimulus than this program. Of course, that isn't a very high bar to clear; here's the headline from the *Washington Post*'s Wonkblog: "Almost anything would have been better stimulus than 'Cash for Clunkers'." It would have been difficult to come up with a worse idea for a stimulus than the program Obama chose.

It's not like they weren't warned, however. As the *Post* notes:

The program had something for everyone: It would lend a hand to the ailing U.S. auto industry. It would tamp down on oil consumption. And, once launched, the program proved so popular with consumers that it burned through $1 billion in its first five days. Sure, a few critics argued that the program wouldn't be very cost-effective, but no one was really listening.

But, as it turns out, the critics were on to something.

Yet we've known for almost a year that some aspects of Cash for Clunkers were failures. Part of the rationale for the program was to help the environment. In early January of this year, the environmental-news website Grist.org reported that Cash for Clunkers "drove right into a brick wall of waste." (It's fair to say the program was at least a stimulus for headline writers.) Grist explained:

Billed as stimulus both for automakers and the environment, the Car Allowance Rebates System, better known as Cash for Clunkers, turned out to be clunker itself. Besides fueling more unsustainable new-car-buying consumerism, the program also destroyed thousands of older, functional vehicles — vehicles that, according to the Automotive Recyclers Association (ARA), were almost 100 percent recyclable. Through Cash for Clunkers, about 690,000 vehicles had their engines destroyed and many were sent to junkyards, bypassing recycling companies altogether.

Perhaps unsurprisingly, auto dealers are speaking out to defend the boondoggle. Politico sums up their defense of the program: "And since many states and localities place high taxes on auto sales, the program generated $900 million for municipal and state coffers, according to the auto dealers." That's the defense: the program was a massive waste of taxpayer money whose benefit was to increase tax revenue during an economic downturn.

So yes, ObamaCare should serve to discredit big-government liberalism. But so should just about every other ill-conceived program dreamed up by the Obama administration.

Washington Post

Almost anything would have been better stimulus than 'Cash for Clunkers'

by Brad Plumer

When the Obama administration first proposed its "cash for clunkers" plan in 2009, the reaction was generally favorable. Congress would spend $2.85 billion to encourage drivers to swap their old gas-guzzlers for newer, more fuel-efficient cars.

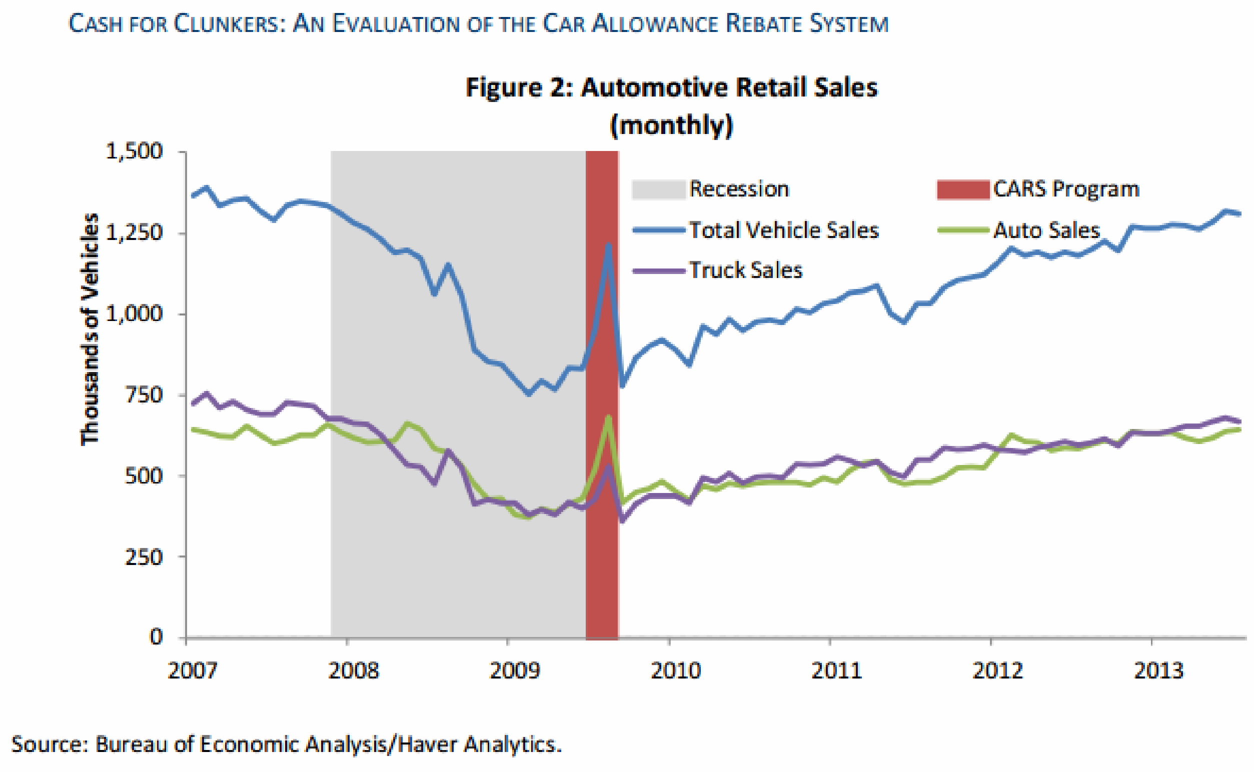
An old car dropped in an industrial trash bin advertising the Cash for Clunkers program at Battlefield Ford in Culpeper, Va., Aug. 1, 2009.

The program had something for everyone: It would lend a hand to the ailing U.S. auto industry. It would tamp down on oil consumption. And, once launched, the program proved so popular with consumers that it burned through $1 billion in its first five days. Sure, a few critics argued that the program wouldn't be very cost-effective, but no one was really listening.

But, as it turns out, the critics were on to something. A new analysis from the Brookings Institution's Ted Gayer and Emily Parker found that the program was fairly inefficient as economic stimulus and mostly pulled forward auto sales that would have happened anyway. It also cut greenhouse-gas emissions a bit — the equivalent of taking up to 5 million cars off the road for a year — but at a steep cost.

"Cash for Clunkers" wasn't good stimulus

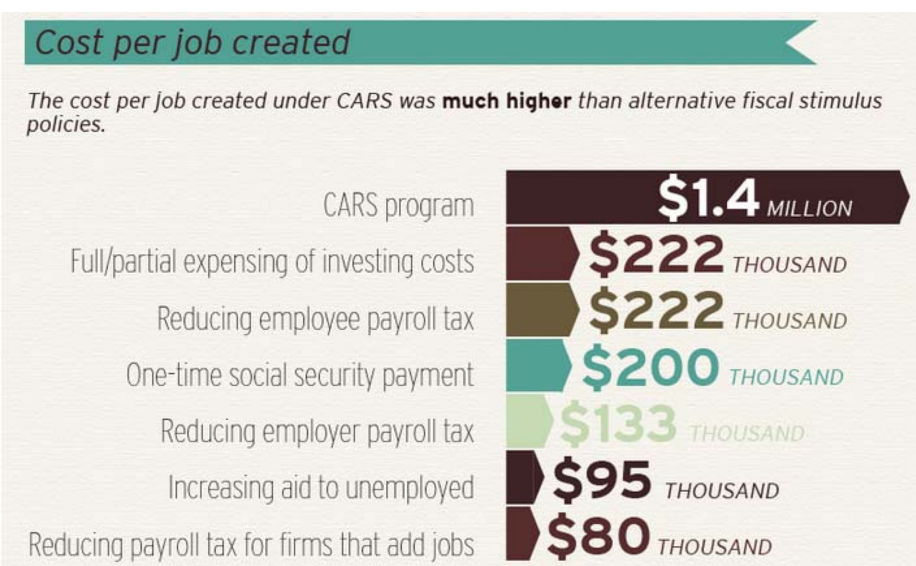
Gayer and Parker find that Americans traded in nearly 700,000 old cars ("clunkers") through the program between July 1 and Aug. 24, 2009. Vehicle sales did rise during that period. But a detailed study suggests that consumers just bought some cars slightly earlier than they otherwise would have. Cumulative purchases over the year were basically unchanged:



(source: Gayer/Parker)

Other studies have reported similar numbers. A 2011 analysis from Resources for the Future compared U.S. car sales under the program with those in Canada (which didn't have a clunker program) during the same time frame. That study found that 45 percent of cash-for-clunker vouchers went to consumers who would have bought new cars anyway.

Gayer and Parker estimate that pulling these vehicle sales forward probably boosted GDP by about $2 billion and created around 2,050 jobs. That means the program cost about $1.4 million per job created — far less effective than other conventional fiscal stimulus measures, such as cutting payroll taxes or boosting unemployment benefits:



Estimates on cost per job for those other programs come from the Congressional Budget Office. (Credit: Brookings/by Christopher Ingraham)

Why does this matter? It was just one tiny program, after all. Yet inefficient stimulus programs add up. One recent study by economists Gerald Carlino and Robert Inman found that the 2009 Recovery Act could have been fully 30 percent more effective in boosting the economy if it had been better designed (i.e., more focused on things like aid to states and payroll tax cuts).

What about the environmental benefits?

Now, there were some bright spots. By allowing people to upgrade their vehicles, the "Cash for Clunkers" program did improve the overall efficiency of the U.S. vehicle fleet and cut carbon-dioxide emissions by between 8.58 million tons to 28.3 million tons, the Brookings study found.

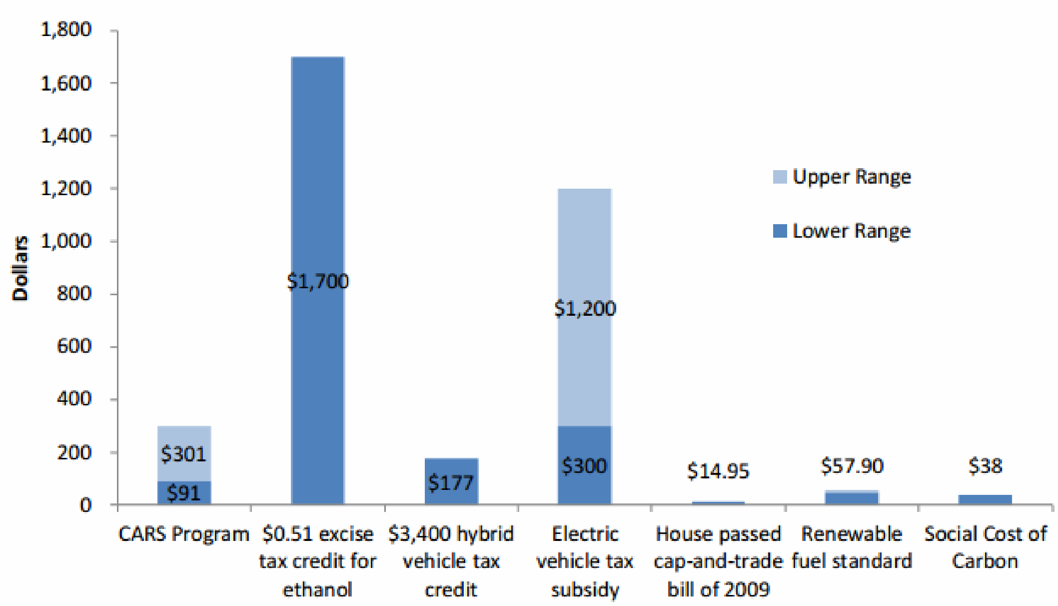
To put that in perspective, that's equivalent to saving one to three days' worth of U.S. oil consumption — or taking as many as 5 million cars off the road for a year. That's hardly going to halt global warming by itself, but it's not nothing either.

Yet economists usually want to know the costs of these environmental benefits, too. And Gayer and Parker point out that this is a fairly inefficient way to reduce emissions — costing somewhere between $91 and $301 per ton of carbon avoided.

As the chart below shows, "Cash for Clunkers" was a more cost-effective way to reduce carbon-dioxide emissions than, say, the ethanol tax credit. But it was less cost-effective than, say, a simple carbon tax would have been:

CASH FOR CLUNKERS: AN EVALUATION OF THE CAR ALLOWANCE REBATE SYSTEM

Figure 5: Cost Per Ton of Carbon Dioxide Reduced



Sources: Li, Linn, Spiller (2012), Congressional Budget Office (2012), Holland, et al (2011), Knittel (2012), and the Interagency Working Group on Social Cost of Carbon (2013)

(source: Gayer/Parker)

The 2011 Resources for the Future study found that Cash for Clunkers increased average fuel economy in the United States by just 0.65 miles per gallon. But, similarly, that study found that there were far cheaper ways to achieve similar savings.

There are a couple reasons the savings might have been so small. For one thing, the fuel-economy requirements were relatively lax: A person could, in theory, trade in a Hummer that got 14 mpg and get a $3,500 voucher for a new 18-mpg SUV. What's more, the gain in efficiency would be partially offset by the energy costs involved in manufacturing the new car.

Defenders of the program could argue that it at least had *some* impact — and it helped stabilize the U.S. auto industry, which was in an utter tailspin at the time. What's more, it's not as if more cost-effective environmental policies were on the table during the scramble to stimulate the U.S. economy in 2009.

Those are all arguments worth considering. For their part, Gayer and Parker are mainly pointing out that this is worth keeping in mind for next time. "In the event of a future economic recession," they conclude, "we would not recommend repeating the [Cash for Clunkers] program."

The Corner

Cash-for-clunkers: "No one anticipated ..." [Andy McCarthy]

Compared to the infinite complexity of healthcare and health-insurance, cash-for-clunkers is kindergarten stuff. You trade in your old car for a new one that gets (slightly) better mileage and the government gives you money — between $3500 and $4500. How hard is that?

Pretty hard, apparently. The *Washington Times* reports this morning that this simple, basic Big Gummint program has spun totally out of control: it was clearly not thought through (even a little), it was under-budgeted by 2 or 3 hundred percent (and counting), and it was woefully under-resourced — such that staff have to be hired from the outside or pulled away from other government functions (like running air-traffic control) in order to clear the back-log. Clearing the back-log, by the way, is a 24/7 operation that's also requiring additonal budgeting for overtime pay and a training program. The *Times* relates:

The U.S. Transportation Department, billions of dollars behind in paying "cash-for-clunkers" rebates, has hired private contractors and solicited volunteers from the Federal Aviation Administration and its own executive ranks to work overtime to clear the backlog. Employees of the FAA's air-traffic-control unit were asked to help, but the Transportation Department stressed Friday that essential safety personnel were not diverted from their duties. A total of 1,200 workers, including about 300 contractors from Citigroup, the financial services giant, are now working seven days a week to review applications and reimburse auto dealers for rebates advanced to customers, officials said. The department tripled its program staff to 1,100 last week, and recently added another 100 headquarters employees....

From the start, the Car Allowance Rebate System, or CARS, proved too popular for its $1 billion budget and the several hundred employees assigned to the program. Planners who expected to sell 250,000 cars in three months are now deluged with nearly twice that many applications seeking more than $2 billion in rebates after less than one month. Only 7 percent of the rebates have been paid, leaving many auto dealers out millions of dollars. Dealers were supposed to be repaid within 10 days....

Days after the program began, the Transportation Department had to seek additional funding. So many deals were in the pipeline, officials couldn't be sure when the original funding would be exhausted, and dealers were concerned they would be left holding the bag. Congress approved $2 billion in additional funding on Aug. 7. "We set up the program in 30 days, which was what Congress gave us," said Jill Zuckman, assistant to Mr. LaHood. "No one anticipated that 250,000 cars would be sold in the first four days. It proved to be more than the people we had available could handle." Dealers exacerbated the problem by making many thousands of deals before final program rules were posted on July 24, she said....

John D. Porcari, deputy secretary of transportation and the former top transit official in Maryland, was training Friday to help process applications this weekend. Mr. LaHood was out of town on business and missed the training session, Ms. Zuckman said.

One reason the department decided to wind down the program Monday is because it couldn't risk exceeding the program's $3 billion budget while Congress was in recess, she said.

All this from the people who, Mark Steyn reminds us this morning, tell you that the way to control healthcare costs is to set up a huge new entitlement program (even as the ones they've already set up sink deeper into a multi-trillion dollar sea of unfunded liabilities). Why do we trust them to do *anything* other than the very few things for which you actually need a government? How 'bout a deal where we leave healthcare and the auto biz to private industry but ask the government to see if it can at least keep convicted mass-murderers in jail?

Volokh Conspiracy links to a You Tube short on **The Death Throes of A Corvette**.

Hot Air

Big winners in Cash for Clunkers: Toyota, Honda, and Nissan

by Ed Morrissey

The Obama administration spent three *billion* dollars subsidizing the destruction of 700,000 vehicles in order to boost car sales. Which auto makers actually benefited from these American tax subsidies? Reuters reports that foreign car manufacturers gained market share, while the two bailed-out American automakers lost significant portions of theirs in the big summer sale. Only Ford managed to hold its own:

Transportation Department figures on the “clunkers” incentive, which offered consumers up to $4,500 when they traded in their older vehicles for more fuel efficient new models, showed on Wednesday that total sales amounted to just under 700,000 with $2.87 billion in rebates. …

According to the figures, Toyota's "clunkers" market share was 19.4 percent, compared with its year-to-date U.S. share through July of 17 percent. Honda captured 13 percent of the "clunkers" market compared with 11 percent for the first seven months of the year.

Nissan accounted for nearly 9 percent of "clunkers" sales compared with a January-July share of 7 percent. Hyundai was the biggest winner with a 7 percent share compared with 3 percent for the year through July.

Ford's "clunkers" sales topped 14 percent, compared with a 15 percent share for the year through July. GM reported 17 percent of "clunkers" business compared with 21 percent from January to July. Chrysler's "clunkers" share was 6.6 percent, compared with 11 percent otherwise.

Ford had the only two American-made vehicles in the top 10 models sold in Cash for Clunkers. Toyota and Honda both had three, while Nissan and Hyundai both had one each. Two of Toyota's entries were in the top three, the Corolla and the Camry.

Why did GM and Chrysler, both owned in part by the same government that launched C4C, do so poorly? In part, they didn't have cars to sell. Both GM and Chrysler had curtailed their production during their bankruptcies but had worked to have inventory ready for the new sales year. By launching C4C in the middle of the summer, when most dealers are already cutting prices to move inventory off the lot, the administration practically guaranteed that C4C would leave them on the sidelines. Chrysler had the worst inventory problems, but GM also had serious inventory issues. Ford, which didn't take the bailout, had continued production and had inventory ready to sell.

Shouldn't the owner of GM and Chrysler had known this? Didn't anyone on the Auto Task Force — say, Ron Bloom, the auto czar with no automaking experience — bother to check whether their companies were ready to compete in this program, and whether July was a smart time to launch this even apart from that? This is what happens when government enters the private sector; it makes decisions based on politics rather than sound business sense, and it picks leaders based on cronyism and political payoffs rather than expertise and competence.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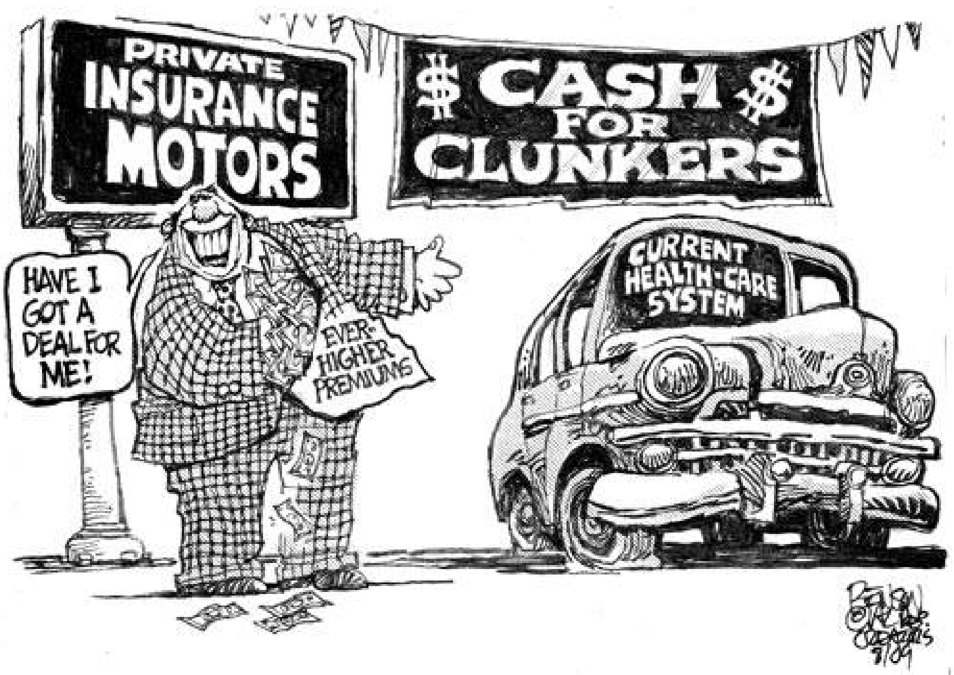
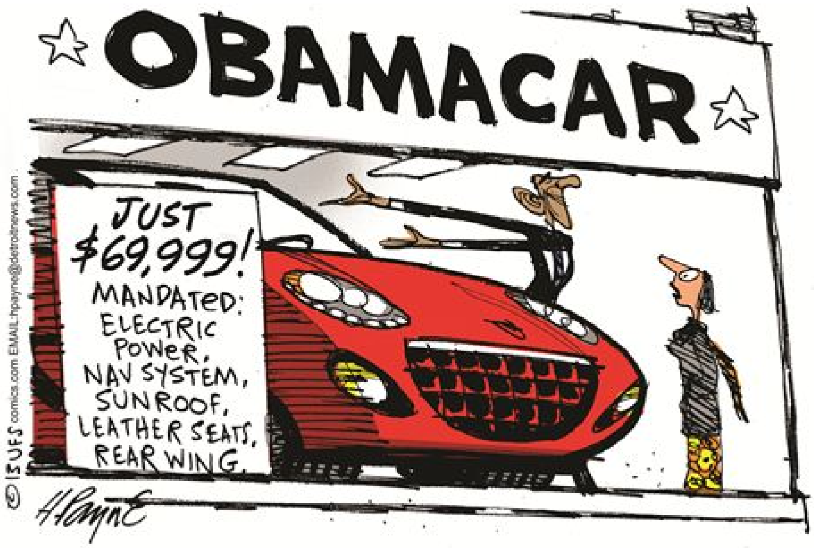
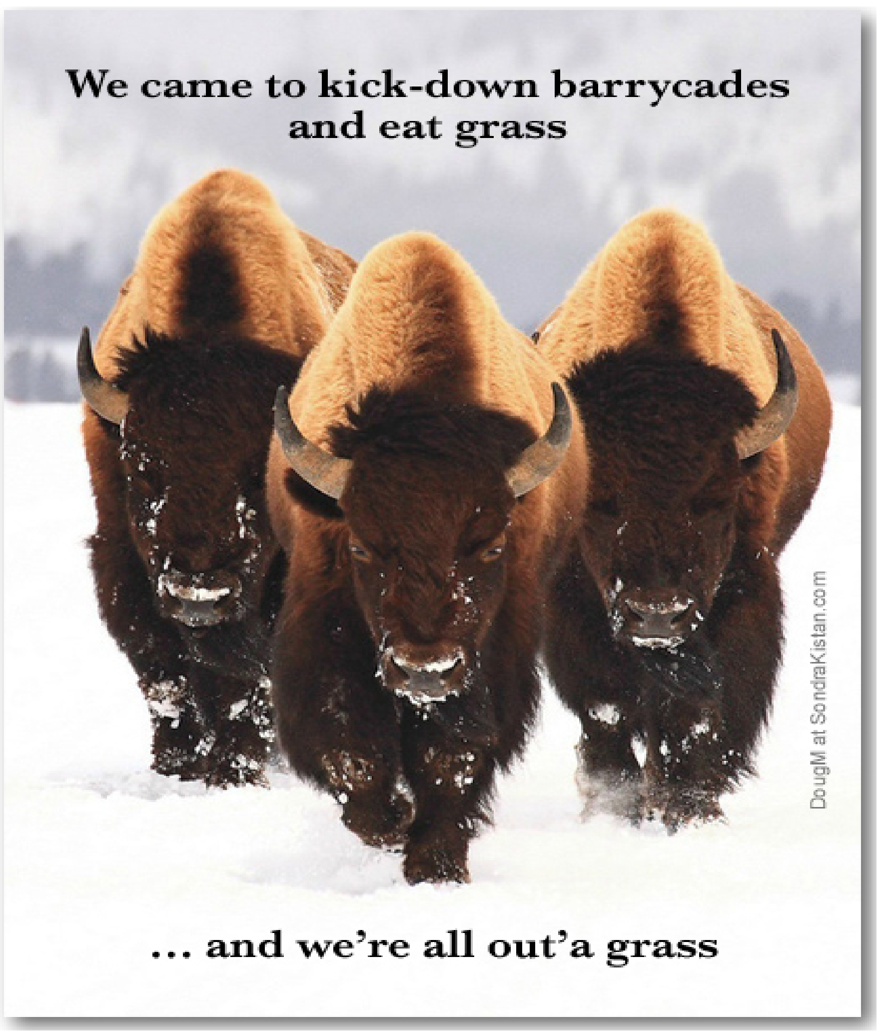
THE ONLY THING WE HAVE IN YOUR PRICE RANGE IS THIS TRADE-IN FROM THE CASH FOR CLUNKERS PROGRAM.
CARS


PRIVATE INSURANCE MOTORS
$ CASH $ FOR CLUNKERS
HAVE I GOT A DEAL FOR ME!
EVER-HIGHER PREMIUMS
CURRENT HEALTH-CARE SYSTEM

DAVE GRANLUND© www.davegranlund.com



"WHADDAYA' MEAN I CAN'T BUY A CHEAP COMPACT CAR?"

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I'M AFRAID YOU'LL JUST HAVE TO OWN IT FOR NOW.
HEALTH CARE


ORIGINAL OBAMACARE WEBSITE
The Health Insurance Marketplace is open!
APPLY NOW
The Health Insura
Marketplace is op
D'OH!
UPDATED WEBSITE
APPLY NOW
CATALINO
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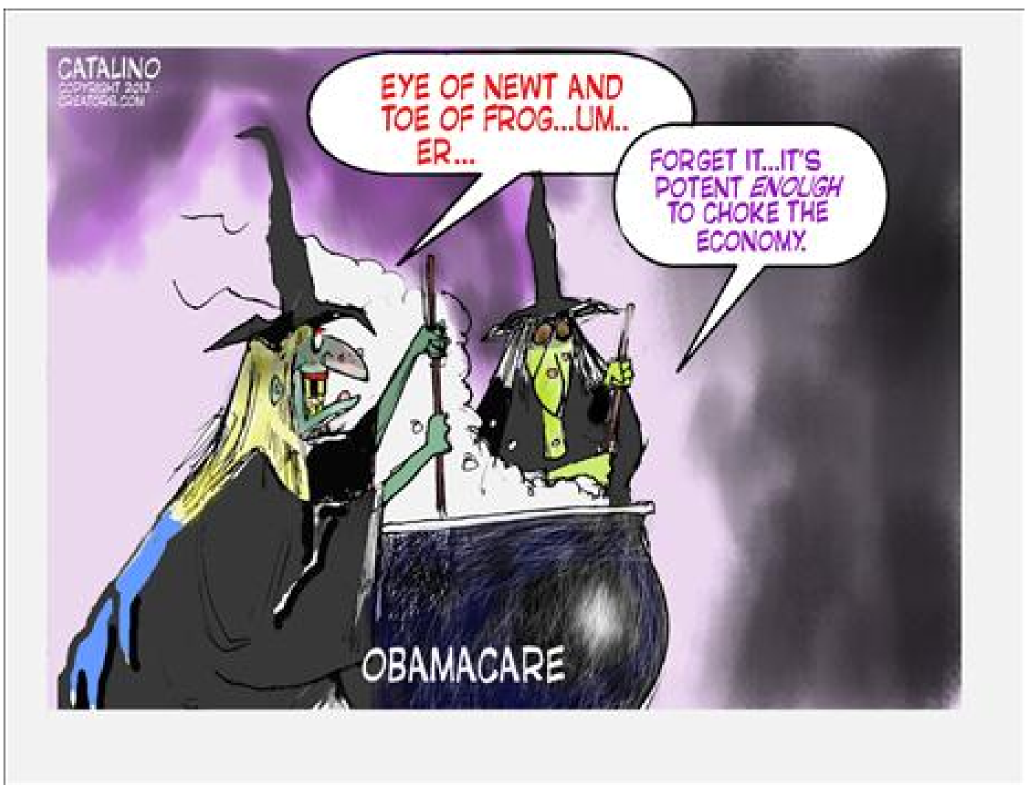
OBAMACARE
THERE IS NO DOUBT- I ADMIT IT- WE HAVE A FLAT TIRE.
ERICALLIE


CATALINO
EYE OF NEWT AND TOE OF FROG...UM.. ER...
FORGET IT...IT'S POTENT ENOUGH TO CHOKE THE ECONOMY.
OBAMACARE