

Cash for clunkers essay



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The Cash for Clunkers program, officially termed the Car Allowance Rebate System (CARS), is the first notable achievement of the Barack Obama administration. When the president took oath of office, the country was facing a steep economic decline, the likes of which was not seen since the Great Depression of 1929. As part of the stimulus plan for reviving the economy, President Obama initiated the CARS program that is popularly referred to as Cash for Clunkers. The program is reminiscent of stimulus initiatives undertaken by Franklin Roosevelt in the aftermath of the Wall Street Crash of 1929. The program provides incentives for car owners to exchange their fuel-guzzling cars with fuel-efficient ones. The dealership for this program is given to those who lost their jobs as a result of the auto industry crash. Initially, the government allocated \$1 billion for this program, which was subsequently infused with \$2 billions more. It has to be noted that this allocation of a few billion dollars is dwarfed when compared with the \$700 billion of taxpayer money that went toward bailing out corporate America. However, given the magnitude of the ongoing recession, any stimulus to the economy is better than none.

The Cash for Clunkers program helps several sections of society at once. The dealers saw decent inflow of customers to their showrooms after several months of poor sales. The car owners made a change for the better, as they disposed on high-maintenance fuel-inefficient cars for fuel-efficient and eco-friendly ones. In the process they got cost incentives in the form of government subsidy. The auto industry too benefited through the increase in sales. Overall, it was a plan that benefited everyone and helped gain credibility for the Obama Administration. The plan was implemented in July

of this year and the first allotment of \$1 billion got expended within weeks, underlining the success of the program. It also suggests that an earlier implementation of it would have brought about more robust revival in the automobile market. Official reports to emerge in recent months have shown how all major car manufacturers, including Toyota, Honda, General Motors, Nissan, Ford, etc, benefited from the program. As expected, the toxic emissions and fuel consumption of the new cars showed an improvement.

Still, the stimulus efforts undertaken by the Obama Administration is proving to be inadequate. As employment and consumption data trickles in each month, it is becoming clear that the turnaround in economy is still a long way off. Given the magnitude of the economic turmoil we are in, more measures such as the Cash for Clunkers are called for. This sentiment was implicitly expressed by the guests who participated in the MSNBC program The Ed Show, aired on 31st of July this year. The guest list for the program was representative of American polity, with representatives of both parties, journalists and commentators were invited to participate. This included Sander Levin, Virg Bernero, Leo Gerard, Brian Bilbray, Ken Vogel, Tim Griffin, Nancy Giles, Jeff Santos, Markos Moulitsas and Lizz Winstead.

Given the fact that seventy odd Republicans voted in approval of this program, one wonders why more such bipartisan measures are initiated in turning around the battered economy. With competition from emerging economies such as China and India looming in the horizon, the policy makers should utilize every opportunity to revive the ailing economy and bring relief and financial security to the American people.

References:

The Ed Show, first aired on 31st July, 2009, transcript retrieved from

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Obama signs \$2 billion bill to refill 'clunkers', retrieved from on 30th November, 2009

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