

# Cash for clunkers

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One of the major roles politicians and politics play in our daily lives is the attempt to shape and control what we do, how we do it and even when. Formulation of policies is therefore a critical part which has to be approached with soberness of the mind, the need for its adoption and possible outcomes whether positive or negative. This is very crucial since many lives are bound to be affected if a wrong policy is formulated without considering its impact. Despite this, many people are usually surprised by the manner in which decision making takes place especially in the confines of political leaders. Some stances and consensus reached at times leave the majority perplexed not knowing exactly what to do. It is also not easy to understand the motive behind an idea since history has recorded many leaders who formulated and approved policies only for their own selfish interests without having feelings for others. It is important to note that as the world looks at the United States as the world's super power there are several policies which have been formulated leaving many Americans unaware of their ultimate effect. Cash for clunkers is one of such policies which have led to many questions being asked without answers. Countless Americans wondered how workable the policy was, its economical effect, its lifespan and even its origin. Others have considered it as a future political tsunami aimed at benefiting the reach and driving politicians towards realizing their future ambitions.

But what exactly is 'Cash for Clunkers'? Cars for Clunkers also known as the Car Allowance Rebate System (CARS), was a U. S program that was aimed at providing incentives to all American residents in order to enable them be in a position to acquire new and better cars at subsidized prices (Conner, 2010). The program was also considered as quite economical in terms of fuel

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efficiency and environmentally friendly. As a result, many people viewed it as a better way of boosting the economy especially during this age of global economic recession without affecting the environment. It is pretty clear that anybody who heard about this great and bright idea must have highly appreciated the initiators of the whole program.

But how long did Cars for Clunkers last? Did it deliver? Are its effects being felt by any person in the entire U. S regardless of their economic status? The program commenced on July, 24 2009 and lasted for only one month when it was realized that all the allocated funds and resources were already exhausted. This proved the fact that many Americans received the idea with hope and confidence that indeed it was a good and promising scheme. Consequently, \$ 2 billion was further approved to enable more residents to be part of the program (Conner, 2010). The results for this were instant.

Many car dealers including but not limited to Toyota, General Motors, Nissan and Ford recorded increase in sales. It further led to the increase in demand for other car manufacturers from Korea and Japan. Another encouraging impact of the Cars for Clunkers was the fuel efficiency registered which shoot to up to 58%. As mentioned above, Car for Clunkers program was aimed at ensuring that most of the Americans possessed better cars which were more affordable and efficient.

However, the question many asked and still ask is the reason behind the minimum qualification requirement for viable cars that were to earn owners an opportunity of acquiring new ones. Why did the program lock out cars that were more than twenty five years? Did this imply that these cars were

environmentally friendly and economically efficient? Additionally, qualified cars were to be in drivable conditions and under continuous insurance cover together with registration evidence. Among other conditions, new cars which were to be acquired under the program were to meet certain conditions and a value of not more than \$45, 000. Although Cars for Clunkers was positively received by the public, this was not the case among politicians. Some politicians argued that the program was politically charged with unclear agenda propelled by Democrats. But how true were the claims even before implementation of the program.

The idea having received cordial reception among Democrats led to a different view among Republicans. Republicans argued against the policy on the basis that insufficient funds to run the program was a clear indication that President Obama's government was not in a position to support the health-care system which was aiming at improving the living standards of millions of Americans who were not in a position to acquire average health services. Was the argument valid having in mind that ' Cars for Clunkers' was to bring a number of recommendable advantages to Americans and to the economy at large? How did car dealers perceive the idea of implementing Cars for Clunkers? Every car dealer registered an increase in sales and the overall return was appealing led by Toyota Company which recorded the highest number of sales. Based on different car models existing with diverse tastes among people, the program did not offer equal sales opportunities for car dealers and manufactures. For instance, if many people had old Toyota cars that would imply that Toyota would register the highest number of sales since many people would move instantly to have their cars

changed for new ones. On the other hand, many critiques argued that Cars for Clunkers was not a thoroughly planned program that was to adversely affect the economy of Americans.

This program was not aimed at contributing to the net wealth of the nation. The idea was viewed as a way of simply transferring taxpayers' money to another taxpayer (Puzzanghera & Zimmerman, 2009). If the government was willing and able to subsidize for new cars, why was it hard for the same to be reflected in other sectors like housing and medical care? Many people were experiencing housing hardship yet they the government was not giving it full attention as a basic human need. How many people can survive without a car? Definitely there are millions of people around the globe who do not own cars yet they live their lives fully and contribute to the general growth of the economy. Why couldn't the government subsidize the cost on kitchenware or basic college education? Although Cars for Clunkers received criticism even before its implementation, it is worth noting that a lot was realized after the program was adopted. Despite the fact that cars are considered as luxurious requirements, they also play a major role in contributing towards economic growth.

Since Cars for Clunkers was aimed at enabling American residents to acquire new and more efficient cars, mobility and transport at large was to be highly augmented. How much time do people waste on the road because of old and outdated cars? Although almost no one bothers this, poor cars affect the economy of any nation in many ways. The program led to improvement in fuel consumption since the new cars that were to be acquired by residents had affordable fuel demands compared to many old cars which are

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uneconomical to use. Another advantage of this program was that it was a channel of safeguarding the environment which is daily eroded and polluted by old cars which emit a lot of exhaust gases into the atmosphere. Many Americans owning cars that were a threat to the environment and even to their personal safety were to acquire cars that were more user and environment friendly.

Old cars also cause air pollution by making extreme noise. All these effects were to come to an end through the implementation of the Cars for Clunkers policy. Similarly, many car dealers and manufacturing companies realized increased sales due to high demand in new cars subsidized by the government. This led to the expansion of the automobile industry and attracted international car manufacturers from Japan and China. Generally the Car for Clunkers as a policy by President Obama was a brilliant idea although it may have had hitches due to planning and implementation.

Its negative effects and shortcomings should not therefore be the basis of criticism but should serve as an eye opener for future planning and even considering another phase of Cars for Clunkers.