

Virginia Auto Law

Clunkers Cash Trickles Down

By: Bill Lehner. *This was posted Monday, August 31st, 2009*

The successful [Cash For Clunkers](#) (Car Allowance Rebate System) is over– except for [voucher payments](#), slowly trickling down to new motor vehicle dealers.

The program was a success because it gave a shot in the arm to a troubled industry, reduced inventories of many models of new cars and trucks which, in turn, led to the firing up of factories. The express purpose, although overshadowed by the economic effect, was to benefit the environment by swapping more efficient and less polluting new vehicles for older vehicles, which should occur to some less quantifiable degree.

C4C was (and continues to be) a beneficial, but frustrating experience for new car dealers, and has demonstrated again that government agencies do not run as efficiently as private enterprises.

Another unsurprising result is that the program has created a shortage of older used cars and driven up the price for used vehicles, generally. Some say that the program only brought buyers to the table that would have appeared later in the year, anyway. In my mind, it's more likely that the suggested uptake of buyers will have only a small impact because the program sold off mostly 2009 models. The new 2010 models will bring the usual buyers looking for something new or different...and the timing of what appears to be the beginning of an economic turnaround can only help.

How about your company? What will you do to sustain the weak momentum heading into the new model year?

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