

## Analysis: 'Cash for Clunkers' program is expensive way to cut carbon emissions

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New UC Davis estimates say the federal government's Cash for Clunkers program is paying at least 10 times the "sticker price" to reduce emissions of the greenhouse gas carbon dioxide.

While carbon credits are projected to sell in the U.S. for about \$28 per ton (today's price in Europe was \$20), even the best-case calculation of the cost of the clunkers rebate is \$237 per ton, said UC Davis transportation economist Christopher Knittel.

"When burned, a gallon of [gasoline](#) creates roughly 20 pounds of [carbon dioxide](#). I combined that known value with an average rebate of \$4,200 and a range of assumptions about the [fuel economy](#) of the new vehicles purchased and how long the clunkers would have been on the road if not for the program," Knittel said. "I even assumed drivers didn't change their habits, although some analysts have suggested that the owners of new vehicles will drive more than they would have with their old cars.

"In the end, the lowest cost to remove one ton of carbon from the environment was \$237. More likely scenarios produced a cost of more than \$500 per ton, even when we accounted for reductions in pollutants other than greenhouse gases. That suggests the Cash for Clunkers program is an expensive way to reduce carbon."

Knittel did not analyze the program's other key objectives: stimulating the economy and providing relief for automobile manufacturers.

More information: The analysis, titled "The Implied Cost of Carbon Dioxide Under the Cash for Clunkers Program," was published online today (Aug. 13) by the University of California Energy Institute. It was funded by the Energy Institute and the Institute of Transportation Studies. [www.ucei.berkeley.edu/](http://www.ucei.berkeley.edu/)

Source: University of California - Davis

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