

Fuel economy higher, thanks to Cash for Clunkers

September 14 2009

Cash for Clunkers may have run out of money, but certainly not gas.

Thanks to the federal program, the average [fuel economy](#) of all new vehicles purchased in the [United States](#) in July and August improved about 3 percent, according to a University of Michigan study.

Michael Sivak and Brandon Schoettle of the U-M Transportation Research Institute found that the program improved fuel economy of all purchased vehicles by 0.6 [mpg](#) in July, from an expected 21.5 mpg without the program to an actual fuel economy of 22.1 mpg. August was even better—an increase of 0.7 mpg, from an expected 21.7 mpg with no program to an actual 22.4 mpg under Cash for Clunkers.

The expected fuel economy, without the existence of the program, was calculated from a model that predicts fuel economy from the unemployment rate and the price of gasoline based on data from October 2007 through June 2009.

"Both the unemployment rate and the price of gasoline had significant effects on the average fuel economy of purchased vehicles," said Sivak, research professor and head of UMTRI's Human Factors Division. "In the months prior to the program, these two variables accounted for 58 percent of the variance in average fuel economy."

In comparison to the average fuel economy of 22.4 mpg in August 2009, the lowest value during the period examined was 20.2 mpg in October

2007. On the other hand, the highest fuel economy previously achieved was 21.7 mpg in May 2008, when [gas prices](#) hovered around \$3.77 per gallon.

More information: [Read the study \(.pdf\)](#)

Provided by University of Michigan ([news](#) : [web](#))

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