

Economists: Appliance rebates waste government money

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Taxpayers will lose a significant portion of the \$300 Million they are shelling out for the federal government's appliance rebate program and the energy-saving program could actually increase energy usage, two University of Delaware economists say.

Economics Professors Burton Abrams and George Parsons published their analysis of the program in the 1st Quarter 2010 issue of the *Milken Institute Review*. (Published Jan. 11, 2010)

Abrams and Parsons focused their analysis on refrigerators - a major energy user. They believe in some cases, [consumers](#) will buy new refrigerators but keep the old for extra capacity, increasing [energy usage](#). Unlike the Cash for Clunkers program, the appliance program does not require salvaging older models

They added benefits to the consumer and what society gets back in environmental benefits, and found for every \$100 spent by [taxpayers](#) for refrigerators, \$6 is lost.

The rebates, which range from \$50-\$200, could be lowered to \$30 and result in the same consumer response, they wrote.

Abrams and Parsons say while Cash for Clunkers wasted \$825 million, this new program's loss will be significantly smaller but is similarly ill conceived.

Provided by University of Delaware

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