



Consumer Federation of America

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STIMULUS BILL SHOULD INCLUDE AUTO BUYBACK PROGRAM TO JUMP START CAR SALES AND REDUCE DEPENDENCE ON FOREIGN OIL

Washington, D.C. – Today, the Consumer Federation of America (CFA) called on Congress to include an auto buyback program in the economic stimulus bill. Including the Accelerated Retirement of Inefficient Vehicles Act of 2009 (ARIVA) in the bill will speed the retirement of gas guzzlers on the nation's roadways and accelerate the purchase of more efficient vehicles, serving as a critically important stimulus to our struggling economy.

“One of the greatest challenges that Congress faces in crafting an economic stimulus package is to ensure that short term stimulus spending incorporates good long-term policy. The need to ensure that stimulus and good policy go hand in hand is especially important in areas like energy policy,” said Mark Cooper, CFA's Director of Research.

“In the long term, the U.S. needs to lower its oil consumption and refocus the auto industry on manufacturing more fuel efficient cars. This is exactly what ARIVA does by paying a bounty when gas guzzlers are traded in and fuel efficient vehicles are purchased,” said Jack Gillis, CFA's Director of Public Affairs and author of *The Car Book*. To cut gasoline consumption, the bill pays a sizable incentive when vehicles that are well below the average fuel economy are replaced by vehicles above the fuel economy standard. The bill provides a simple formula that will pay consumers from \$1,500 to \$5,500 for vehicles that get less than 18 mpg when they purchase a new, fuel efficient vehicle.

“In the short-term, this program can be implemented quickly, will help stimulate demand for new vehicles, and, when fully utilized, save up to 80,000 barrels of oil a day,” said Gillis. Because the program is based on fuel economy jumps from below 18 mpg to above 26, it will have an immediate impact on reducing dependence on foreign oil.

“This is a simple, common sense program that furthers sound energy policy and the need for stimulus in a sector that is suffering greatly as a result of the current downturn,” said Cooper.

CFA is urging Congress to include this program in its stimulus package.

The letter is available at <http://www.consumerfed.org/pdfs/ARIVA.pdf>.

CFA is a nonprofit association of some 300 consumer groups that, since 1968, has sought to advance the consumer interest through research, advocacy, and education.