

Bush Considers Plan To Offer Cash For 'Clunkers'

President George Bush was preparing in mid-March to revive the controversy over the hotly-debated Roth "Clunker" Bill by proposing a nationwide program to offer cash to consumers who junk their old cars.

According to reports in *The Wall Street Journal*, the Bush administration was putting together a plan to provide "marketable pollution credits for companies that buy old cars and junk them."

The financial newspaper said the White House was considering offering \$700 to \$1,000 for old cars in an effort to "reduce pollution and give a boost to new car sales."

Reports also indicated that along with cash-for-clunkers, President Bush was considering reducing the requirement for car-fleet fuel economy to 26.5 miles per gallon from the current 27.5 mpg.

The cash-for-clunkers deal, which was being prepared by the Environmental Protection Agency, has its origins in the Clean Air Act of 1990, which sought to reduce smog levels in the nation's most polluted cities by requiring factories and businesses to cut emissions. Companies that do better than nationally-mandated standards would earn credits, which they can then sell to other companies that can't meet pollution guidelines. The White House plan envisions open trading of the pollution credits in the marketplace, possibly as early as 1994.

The White House proposal broadens that concept to include cars. Under federal supervision, states would offer pollution credits to car

makers or other companies, such as public utilities, which buy and scrap old cars.

In 1990, Unocal Corporation of Los Angeles bought 8,376 cars built before 1971 for \$700 each and scrapped them.

Ford Motor Company participated in the Unocal program, buying and junking 1,000 old cars. Al Chambers, a Ford spokesman, said the company offered all those who sold cars in the Unocal program a \$700 coupon which could be used to purchase a new Ford.

The Unocal program drew sharp opposition from a number of collector car groups across the country, even though the Los Angeles oil company said no classic vehicles were involved in the purchase.

Sen. William V. Roth Jr. of Delaware authored legislation during the 1990 session of Congress to set up a nationwide program which would pay consumers who scrapped their old cars.

Sen. Roth's legislation met protests from car hobbyists and failed to pass.

In an August, 1991 letter to MCA Board Member Bob Deale of Marietta, GA, Sen. Roth wrote:

"First, I want to emphasize that the program is strictly voluntary. You are in no way forced to get rid of your car. The decision of what you do with your car is yours and yours alone."

Roth continued:

"However, if you do decide to trade in your pre-1980 car for a new car, my proposal increases the value of your trade in. This would be possible because the manufacturer of the new car will get a valuable mileage credit toward his Corporate Average Fuel Economy average."

Roth explained that his legislation would provide for fines for manufacturers who fail to meet fuel efficiency standards, but would offer credits for exceeding standards. Additional credits would be provided to manufacturers who sold fuel-efficient cars to consumers and then scrapped their inefficient trade ins.

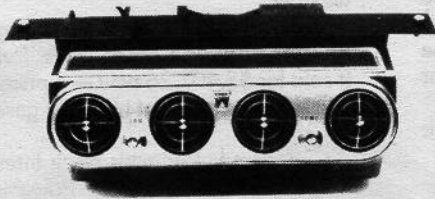
"It is estimated that 15-30 percent of the hydrocarbons emitted into our atmosphere each year come from pre-1980 cars," Roth said. "These hydrocarbons contribute significantly to unhealthy air."

He added, "My legislation is good for the consumer because it saves him or her money when purchasing a new car. It is good for the manufacturer because it promotes the sale of new cars. It is good for the environment because it reduces the emission of hydrocarbons."

Collector car hobbyists apparently fear that efforts to junk "clunkers" from the pre-1970 era could eventually lead to federal or state legislation barring these cars from using the nation's highways.

Ford said only a few hundred consumers took advantage of the \$700 coupon and purchased new vehicles after scrapping their old vehicles.

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