Car Salesmen, Lobbyists, and Charts
Illustrating the Dangers of the Biased Use of Data

Raj Date
Executive Director, Cambridge Winter Center

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Over the past weeks, the politically powerful auto dealer lobby has besieged members of the Senate, requesting a special exemption from a new consumer protection regulatory framework. Although it is not especially clear why it is relevant to the debate, the dealers have insisted, through the use of a chart like the one on the left, that auto credit has been rock-solid through the crisis. The auto dealer lobby’s own data, though, suggests that the opposite is true. The dealers have deliberately chosen to present data in an unfortunately distorting way to pitch their case to public officials.

**CAR SALESMEN, LOBBYISTS, AND CHARTS**

**Mortgage and Auto 60+ Day Delinquencies, 4Q04-4Q09**

Credit performance data, as presented by auto dealers’ lobbyists to U.S. Senators and their staffs . . .

**Auto 60+ Day Delinquencies, 4Q04-4Q09**

. . . and the same exact data, as it might be portrayed by a similarly cavalier lobbyist making the opposite argument . . .

**Auto 60+ Day Delinquencies, 4Q04-4Q09**

. . . and the same exact data, as it might be used by an objective policy analyst.

Source: National Automobile Dealers Association data; Cambridge Winter Center analysis

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Also central to the auto dealers’ rhetoric is the notion that they are “Main Street” stalwarts unconnected to “Wall Street” miscreants. Again, reality intrudes. Wall Street funds more than 70% of auto dealer loans. Indeed, the alliance of Wall Street funding (through the ABS and unsecured markets) provided to auto dealer loans accounts for more than half of the market.

CAR SALESMEN AND WALL STREET

**Auto Finance Channel Mix, 2007**  
Percent of loan & lease originations

- 21%
- 79%

Most of auto loans and leases are originated by auto dealers …

**Dealer-Originated Loans & Leases, by Ultimate Funding Source, 2007**  
Percent of dealer originations

- Wall Street: 80%
- Banks and thrifts: 16%
- Credit unions: 4%

... and most of dealers’ loans and leases are ultimately sold or financed by Wall Street …

**Auto Finance Market, Channel and Funding Map, 2007**  
Percent of outstandings

- Wall Street with Dealers: 57%
- Banks with Dealers: 14%
- CU with Dealers: 6%
- Banks Direct: 16%
- CU Direct: 7%

... so it should come as no surprise that the partnership of Wall Street financing and auto dealer loans control more than half the market.

Source: Federal Reserve; J.D. Power; Cambridge Winter Center analysis

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