

Obama's fuel economy rules a job killer, auto dealers say

October 3 2011, By Jim Motavalli

Flying squads of auto dealers descended on Washington, D.C., in late September. Amped up by a rabble-rousing talk by House Speaker John Boehner and clutching copies of a dealers' association pamphlet entitled "A Flawed Fuel Economy Structure Produces a Flawed Result," about 500 dealers lobbied their elected representatives to do what they could to overturn the 54.5 mpg Corporate Average Fuel Economy (CAFE) standard for 2025 hammered out between automakers and the Obama administration.

On the surface, it didn't make much sense. As Dan Becker, director of the Safe Climate Campaign at the Center for Auto Safety, points out, the automakers agreed to the 54.5 rule, and signed letters of commitment not to try and overturn them through legislation or litigation.

But the National Automobile Dealers Association (NADA), which declined to speak on the record for this story (other than to confirm that the dealers were in town) goes its own way on this issue.

In the first quarter of 2011, the association spent \$605,000 on lobbying the federal government on fuel economy standards (and other issues), the Associated Press reports. In April, the U.S. Court of Appeals finally rejected NADA's lawsuit (brought with the U.S. Chamber of Commerce) to try and overturn California's right to set separate [fuel economy standards](#).

What automakers want, says Gloria Bergquist, a vice president of the

Alliance of Automobile Manufacturers, is "a single national program for fuel economy and carbon dioxide to avoid a patchwork of regulations." And that's exactly what they got with the 2017-2025 federal rules, because it folds in California and creates one uniform rule for all 50 states. But despite the automakers winning some significant concessions in the 54.5 rule (including a big SUV exemption), the auto dealers - who see an unholy alliance between California's regulations and the greens at the EPA - aren't happy. Hence the [lobbyists](#).

NADA's goal is passage of an amendment that would prohibit the EPA and California's Air Resources Board from being involved in writing 2017-2025 regulations, leaving the task solely to what they consider to be a more industry-friendly National Highway Traffic Safety Administration (NHTSA). Just such an amendment, proposed by U.S. Rep. Steve Austria (R-Ohio) passed the House attached to an appropriations bill, but that's as far as it went.

"Unless NHTSA is the sole fuel economy regulator, jobs will needlessly be at risk," says NADA. The group puts the number of jobs at risk at 200,000, and says that the cost of a new vehicle would increase \$3,000 by 2025. NADA spokesman Bailey Wood calls that "a softball estimate." He thinks it could go up as much as \$10,000, citing a Center for Automotive Research (CAR) estimate. That's in addition, of course, to the \$150 billion industry cost to comply with what Wood calls "the most expensive auto rule in history."

Becker, who was personally ejected from Boehner's NADA talk by Wood, is scoffing. "This is a political ploy," Becker says. "Obama stood up with 11 auto company CEOs and said this is what we can achieve on reducing global warming if we cooperate, and the Republicans can't stand it. They want an amendment that would put the standards on ice for a year or two until, presumably, a Republican president comes in and permanently kills them. It's not hard getting such an amendment through

the House - in the current climate, they'd pass a law repealing the first law of thermodynamics - but getting it through the Senate and enacted into law is a much bigger hurdle." The Senate is likely to defeat such an amendment, and even if it sailed through there it would face a certain Obama veto.

The auto industry isn't actively supporting NADA's lobbying - Bergquist says it's focused on negotiating last-minute details of the CAFE standard - but it's at least sympathetic. Bergquist said in an email, "We understand that dealers are on the front line of the marketplace and are concerned about future sales, especially of advanced technology vehicles needed to achieve these higher standards. There is some reason for concern. Last year there were 30 models of hybrids on sale, and there combined sales were only 2.4 percent of total sales."

There's no shortage of refutation for NADA's position. The Union of Concerned Scientists says that the CAR job loss statistics cited by NADA are rife with "misused data" with "basic technical and mathematical errors." UCS says that that a 2025 car meeting the federal standards would "provide savings of about \$7,500 over its lifetime compared with today's vehicles." And the standards will cut U.S. oil consumption by 2.5 million barrels daily by 2030. And avoid 3.3 billion metric tons of greenhouse gas emissions between 2017 and 2025.

CERES, a national coalition of institutional investors and public interest groups, claims that CAFE will create 484,000 new jobs, including 48,000 in the retail trade sector that presumably includes auto dealers, by 2030. And Roland Hwang of the Natural Resources Defense Council says that "NADA has nada" in claiming that CAFE is a job killer opposed by business interests.

Hwang cites a new poll released by the Small Business Majority advocacy group that found 80 percent of 1,257 small business owners

surveyed supporting a 60 mpg 2025 standard - higher than the one actually on the books.

I talked to John Arensmeyer, the founder and CEO of Small Business Majority, and he told me that owners are more worried about the cost of doing business than about regulation or taxes. Stronger [fuel economy](#) rules mean lower costs for operating vehicle fleets, he said. The poll found the owners asking why auto companies aren't being pushed to innovate more. The CAFE process does push innovation, because it simply gives the [automakers](#) a target, without saying how they have to get there. It's not specifically an electric car mandate, and in fact Ford and other carmakers will meet it in part with new eco-smart three- and four-cylinder engines.

The Austria amendment, and others like it, will be back. There will be determined efforts to spike the CAFE process. From where I sit now they're not going to succeed, but the effectiveness 500 home-state auto dealers unleashed on Congress is not to be sneezed at.

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