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First, Do No Harm to Motorists

Six Reasons Not To Raise CAFE Standards

By Sam Kazman*

Invoking global warming and high gasoline prices, politicians are on an energy-efficiency kick. Numerous proposals to boost efficiency standards for a huge array of items—from furnaces to appliances to cars—are on the table. The Senate may soon take up one of the most prominent of these, the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007 (S. 1419).

In the case of automotive standards—known as CAFE, for Corporate Average Fuel Economy—the controversy involves not whether to raise the standards, but by how much. The debate sounds like a political poker game. "27.5 mpg is too low; let's raise it to 30." "I'll see your 30 and raise it to 35." "I'll match your 35 and throw in light trucks."

But experience with CAFE and other government efficiency standards demonstrates that these programs have often produced disastrous results. For these reasons, Congress should focus its attention not on making these standards more stringent, but on scrapping them. At a minimum, it should avoid making them worse.

CAFE has many things wrong with it. It raises new car prices, forcing some consumers, especially those with low incomes, to hold on longer to their old cars. It restricts consumer choice, since manufacturers are forced to pay more attention to what the law requires rather than to what consumers want. It is highly questionable at a time of rising gas prices. And worst of all is CAFE's lethal impact on auto safety. When these are taken into account, the case for making this program even more stringent falls apart entirely.

1) CAFE Kills. CAFE restricts the production of larger, heavier vehicles. These vehicles are lower in fuel economy, but they are also safer than similarly equipped smaller cars. For this reason, while CAFE may improve fuel economy, it also increases traffic deaths.

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The relationship between vehicle size and safety is well established. Larger cars have more mass to absorb crash forces, and more interior space in which their occupants can "ride down" a collision before striking a dashboard or side pillar. The smallest cars have occupant death rates that are more than twice those of large cars.

CAFE's tradeoff of safety for fuel economy is widely documented. A 2002 National Academy of Sciences study concluded that CAFE's downsizing effect contributed to between 1,300 and 2,600 deaths in a single representative year, and to 10 times that many serious injuries.[1] A 1989 Brookings-Harvard study estimated that CAFE caused a 14 to 27 percent increase in occupant fatalities-an annual toll of 2,200 to 3,900 deaths. A 1999 *USA Today* analysis concluded that, over its lifetime, CAFE had resulted in 46,000 additional fatalities.

CAFE's advocates frequently deny that CAFE has any adverse safety effect at all. Safety advocates such as the Center for Auto Safety and Ralph Nader support increasing CAFE to 45 mpg and contend, in the Sierra Club's words, that "we can do so safely."[2]

But Nader took a totally different view years ago, when large cars weren't as politically incorrect as they are now. In a 1989 interview on what type of car he'd buy, Nader said, "Well, larger cars are safer—there is more bulk to protect the occupant. But they are less fuel-efficient." Asked which cars are least safe, he replied: "The tiny ones." The Center for Auto Safety took the same position. In 1972 it published a detailed critique of the Volkswagen Beetle, *Small on Safety: The Designed-in Dangers of the Volkswagen*, which explained how "small size and light weight impose inherent limitations" on safety.[3] In short, CAFE has a lethal impact, regardless of what its advocates say today.

2) New Technologies Will Not Eliminate CAFE's Lethal Effects. Advocates of higher CAFE standards argue that while the program may have reduced vehicle safety in the past, new technologies allow us to escape this tradeoff in the future. They point to the fact that cars can be made more fuel-efficient in ways that don't involve downsizing.

Such technologies certainly exist—hybrid engines, improved aerodynamics, and advanced transmissions are examples. But stringent CAFE standards will restrict vehicle weight regardless. No matter what fuel-saving technologies we put into the car of the future, adding weight to that car will both lower its fuel efficiency and increase its safety. A large hybrid sedan, for example, will be safer than a similar small hybrid sedan.

As safety researcher Dr. Leonard Evans, former president of the International Traffic Medicine Association, points out, the no-tradeoff argument is like "a tobacco executive claiming that smoking isn't risky because exercise and good diet can make smokers healthier." No matter how fit you are, there is always a tradeoff between smoking and health. No matter how advanced automotive technology might become, there will still be a tradeoff between fuel economy and safety.

3) Efficiency Standards Can Unexpectedly Ruin Even Simple Technologies. According to the June 2007 issue of *Consumer Reports*, the cleaning ability of affordable top-loading washers has been ruined by federal energy efficiency rules. The magazine noted:

> "Not so long ago you could count on most washers to get your clothes very clean. Not anymore…What happened? As of January, the U.S. Department of Energy has required washers to use 21 percent less energy, a goal we wholeheartedly support. But our tests have found that traditional top-loaders…are having a tough time wringing out those savings without sacrificing cleaning ability, the main reason you buy a washer."[4]

It concluded: "[F]or the first time in years we can't call any washer a Best Buy because models that did a very good job getting laundry clean cost $1,000 or more."[5] This is a far cry from the agency's claim that the rule would not affect cleaning ability.[6] If government efficiency standards can ruin something as simple as a washing machine, who knows what they will do to far more complex technologies like cars?

4) If Energy-Saving Technologies Work, They Don't Need Laws Mandating Their Use. Government higher efficiency mandates are often accompanied by admissions that they may raise prices. But, their advocates claim, those higher prices will be more than offset by reduced operating costs, leaving consumers on balance better off.

These claims are impossible to verify in advance. As the washing machine fiasco demonstrates, it's often impossible to know just how a new technology will work out in practice. But what is clear is that forcing such technologies on the public strongly indicates that the claims being made for them are suspect. After all, if these new technologies are so good, then why do we need laws forcing consumers to buy them?

5) Higher CAFE Standards Will Undermine the Conservation Effect of High Gasoline Prices. The post-Katrina gas price increases have significantly altered Americans' car-buying patterns. Hybrids have grown in popularity. Large SUVs have dropped in sales while smaller, more fuel-efficient crossover models have gained customers. This May, for first time in five years, passenger car sales exceeded light truck and SUV sales.[7]

But making CAFE more stringent would reduce this consumer response. Fuel economy mandates make driving less expensive on a per-mile basis, encouraging both more driving and less attention to gas prices. One of the great ironies of the CAFE debate is that those who decry our alleged "addiction to cheap oil" are often at the forefront of making oil even cheaper, in terms of cost per mile driven, by promoting higher CAFE standards.

6) Fuel-Saving Technologies That Look Great on Paper Can Be Risky in Practice. The Union of Concerned Scientists (UCS), a leading advocate of higher CAFE standards, touts its portfolio of "blueprints" for more fuel-efficient vehicles.[8] According

to UCS, these blueprints feature existing technologies that automakers can readily utilize; presumably, only industry stubbornness prevents us from having these vehicles.

Yet things are not that simple. Consider the fuel-efficient tires that UCS advocates. Several years ago Ford attempted to use such tires for its Explorer, and the results were disastrous. Scores of people died as a result of blowouts in defective Firestone tires. A 2001 report by UCS's colleagues at Public Citizen made clear that the quest for higher fuel economy lay behind this episode. According to the report, Ford had first asked that the recommended inflation pressure for the Explorer tires be lowered to reduce rollover risk. That, however, raised the tires' rolling resistance and worsened the vehicle's fuel efficiency. To compensate, Ford then asked Firestone to design a lighter tire. That is when the trouble began.[9]

The connection between the Ford-Firestone issue and fuel economy was rarely raised in the press. Both Public Citizen and UCS continue to advocate higher CAFE standards, acting as if this episode never occurred.

Conclusion. CAFE may well be one of the worst regulatory programs ever. It restricts consumer choice, raises new vehicle prices, and undercuts the price signals that lead people to conserve gasoline. Most importantly, it kills—a fact its advocates have rarely acknowledged. Despite this, CAFE may well be made even more stringent. For the reasons discussed above, that would be an immensely unfortunate result.

Fuel economy mandates are a highly questionable form of regulation that deserve to be reexamined, and CAFE is the best place to start.

Notes

[1] National Research Council, *Effectiveness and Impact of Corporate Average Fuel Economy (CAFE) Standards,* Executive Summary Finding 2, p.3 (2002), http://books.nap.edu/openbook.php?isbn=0309076013&page=3

[2] Sierra Club, "The Biggest Single Step to Curbing Global Warming and Saving Oil." http://www.sierraclub.org/globalwarming/cleancars/cafe/BiggestSingleStep.pdf

[3] The contradictions between certain safety advocates' views of CAFE and their past statements on size and safety are compiled in CEI, *Flip-Flopping on Small Car Safety,* http://www.cei.org/pdf/2353.pdf

[4] "Washers & Dryers: Dirty laundry," *Consumer Reports*, June 2007, p. 42.

[5] Ibid., p. 43

[6] "The Department does not expect the cleaning ability…of washing machines to be changed by the design changes anticipated" under the new rule. 66 Fed. Reg. 3315 (Jan. 12, 2001).

[7] "Cars Outsell Light Trucks for First Time Since 2002," N.Y. Times, June 2, 2007, B4.

[8] UCS, "Clean Vehicles: building better cars, pickups & SUVs", http://www.ucsusa.org/clean_vehicles/cars_pickups_suvs/

[9] In the report's words, "the decreased inflation and increased rolling resistance…*lowered the Explorer's fuel efficiency. To correct the fuel economy problem, Ford changed the tire design* to make the tire lighter in weight, less durable, and more prone to the stresses created by use on an Explorer at Ford's recommended inflation pressure." Public Citizen, *The Real Root Cause of the Ford-Firestone Tragedy*, April 2001, p. 8 [Emphasis added], see also pp. 1, 16-17, 30; http://www.citizen.org/documents/rootcause.pdf.