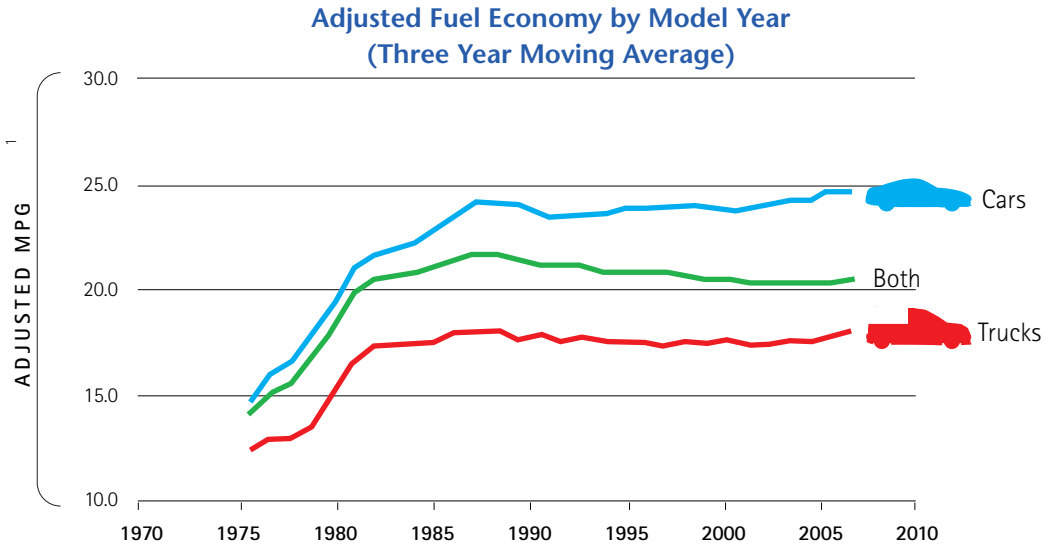
History of Fuel Economy: One Decade of Innovation, Two Decades of Inaction



1970s

- In response to the oil price shocks of the early 1970s, Congress passed the nation's first fuel economy standards in 1975. The law called for a doubling of passenger vehicle efficiency—to 27.5 miles per gallon—within 10 years. The National Highway Traffic Safety Administration (NHTSA) was also given the authority to set a separate standard for "light trucks," which at the time accounted for only one-fifth of new vehicle sales.

- That fuel economy law gave NHTSA the authority to propose standards beyond 27.5 mpg for passenger vehicles, subject to veto by the Senate.[2]

- Domestic automakers predicted fuel economy improvements would require a fleet full of subcompacts. In 1974, Ford testified the standards could "result in a Ford product line consisting ...of all sub-Pinto-sized vehicles."[3] Congress passed the law anyway, and today Ford's top seller is its F-Series pick-up.

1980s

- Vehicle efficiency increased steadily throughout the early 1980s, due to phase-in of the fuel economy law. Between 1975 and 1985, passenger vehicle mileage doubled from around 13.5 to 27.5 mpg, while light trucks increased from 11.6 to 19.5 mpg.

- In the mid-1980s, Ford and GM, however, lobbied the Reagan Administration to lower the standard. NHTSA complied, setting a 26 mpg standard for 1986, prompting Chrysler Chairman Lee Iacocca to declare, "We are about to put up a tombstone, 'Here lies America's energy policy.'"[4]

- At industry's urging, for each of the next three years NHTSA kept fuel economy levels at 26 mpg, below the benchmark set by Congress. The agency also failed to raise light truck standards during this period, holding them at 20.5 mpg. Finally, in 1989, NHTSA restored the 27.5 passenger vehicle standard, but lowered light truck requirements to 20 mpg.

> *"CAFE protects American jobs. If CAFE is weakened now, come the next energy crunch American manufacturers will not be able to meet the demand for fuel-efficient cars."*
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> Chrysler advertisement, New York Times, August 11, 1985.

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1990s

- In 1990, Senators Richard Bryan (D) and Slade Gordon (R) sponsored legislation raising fuel economy standards for cars and light trucks 40% over a decade. It passed 14-4 in the Commerce Committee, but was filibustered on the Senate floor. Had it passed, the U.S. would currently be saving more than one million barrels of oil per day.[5]

> *"There's no better argument for reducing our dependence on foreign oil than news reports from the Persian Gulf."*
>
> Sen. Richard Bryan on his 40 mpg fuel economy bill, March 1991

- When the Clinton Administration began the process for raising light truck standards, Congress responded with an appropriations rider taking away its authority to increase vehicle efficiency. This anti-fuel enonomy rider remained in force from 1995 to 2000. According to the Government Accountability Office, NHTSA's technological expertise with respect to fuel economy has yet to recover from the impact of these congressional riders.[6]

- The steady increase in light truck sales, partly driven by the loophole holding trucks and SUVs to lower fuel economy standards than other passenger vehicles, actually drove down fleet-wide efficiency during the 1990s. The average car and truck sold at the end of the decade went about a mile less on each gallon of gas than it did 10 years earlier.

2000-Present

- In 2002, the National Academy of Sciences reported that cars and trucks could meet a 37 mpg, fleet-wide standard within 10-15 years without sacrificing performance or safety. The Academy also estimated that the nation currently saves 2.7 million barrels of gasoline per day because of previous increases in vehicle efficiency.[7]

- After Congress lifted the freeze on fuel economy in 2000, President Bush enacted a pair of minimal light trucks increases. His latest rule, finalized in 2006, will raise standards from 22.2 miles per gallon to 24 miles per gallon between model years 2008 and 2011, a mere 2% annual increase.

- That light truck rule replaced the single average standard for each automaker's light truck fleet with a size-based system that sets mileage requirements according to a vehicle's footprint.

- In 2005 after four years debate, Congress passed comprehensive energy legislation that failed to increase vehicle efficiency standards.

- In his 2006 State of the Union speech, President Bush talked about our addiction to oil, but did not mention vehicle inefficiency—one of the primary causes of that dependence. In his 2007 address, he set a target of increasing vehicle efficiency 4% annually but then proposed legislation that merely asks for the authority to "reform" passenger vehicle standards without any guaranteed improvement. Bi-partisan legislation in the House and Senate (H.R. 1506 and S. 357) would grant the Administration its regulatory flexibility while requiring NHTSA to meet a fleet-wide 35 mile per gallon target, achieving the President's efficiency objective.

> *"Cost efficient fuel economy increases of 12 to 27 percent for cars and 25 to 42 percent for light trucks were estimated to be possible without any loss of performance characteristics . . . [or] degradation of safety."*
>
> National Academy of Sciences, 2002

[1] "Executive Summary," *Light-Duty Automotive Technology and Fuel Economy Trends: 1975 Through 2006,* Environmental Protection Agency, July 2006, p. iii, <www.epa.gov/otaq/cert/mpg/fetrends/420r06011.pdf>.

[2] Subsequent court decisions have found similar "one house vetoes" unconstitutional, which would give the Administration even greater authority to raise passenger vehicle standards.

[3] Sen. John Kerry, *Congressional Record*, Sept. 25, 1990, at S13696 (citing Ford).

[4] Daniel J. Evans and John Heinz, "Reject the Plea from Ford, GM," *New York Times*, April 20, 1985, p. 23, <http://select.nytimes.com/gst/abstract.html?res=FB0A1EF73A5C0C738EDDAD0894DD484D81&tn=Top%2fNews%2fBusiness%2fCompanies%2fFord%20Motor%20Company>.

[5] "Fuel Economy: Going Farther on a Gallon of Gas," Union of Concerned Scientists Website, <www.ucsusa.org/clean_vehicles/fuel_economy/fuel-economy-going-farther-on-a-gallon-of-gas.html>.

[6] Statement before the Senate Commerce Committee of Katherine Siggerud, "Passenger Vehicle Fuel Economy: Preliminary Observations on Corporate Average Fuel Economy Standards," GAO, March 6, 2007, p. 3, <www.gao.gov/new.items/do7551t.pdf>.

[7] National Academy of Sciences, "Executive Summary," *Effectiveness and Impact of Corporate Average Fuel Economy (CAFE) Standards*, Washington, D.C.: National Academy Press, 2002, p. 3.