



## **Fuel-Economy Proposal Will Cut Traffic Deaths, Lower Car Prices, EPA Says**

Ivan Pentchoukov

August 2, 2018

The Environmental Protection Agency proposed a set of new fuel economy and emissions standards on Aug. 2, estimated to result in 12,700 fewer traffic deaths, make passenger cars more affordable, and give automakers more freedom to create cars based on consumer preference rather than government mandate.

Car manufacturers currently are mandated to incrementally reach an average fuel economy of 54 miles per gallon across their passenger car and light truck fleets by 2025, under guidelines put in place in 2012 under President Barack Obama. The Trump administration proposes freezing the increase at 37 miles per gallon in 2020, and keeping that until at least 2025.

While the new standard is significantly lower than Obama's 2025 target of 54 miles per gallon, the difference is expected to have a minimal impact on climate. The EPA estimates that the new rules would result in a 0.003 degree Celsius difference in the global climate by the year 2100, compared with the Obama-era mandate.

"This has very little to do in reality with the globe's surface temperature," said climatologist Dr. Patrick Michaels, director of the Center for the Study of Science at the Cato Institute.

"If the United States emissions dropped to zero—that means all electrical generation emissions, all transportation emissions, all manufacturing emissions—if they all went to zero, it would be very hard to see that signal in the global temperature even by the year 2100."

President Donald Trump said in March last year that his administration is working on relaxing the Corporate Average Fuel Economy (CAFE) standards set by his predecessor.

"I'm sure you've all heard the big news that we're going to work on the CAFE standards, so you can make cars in America again," Trump told a crowd in Detroit on March 15, 2017. "We're going to help the companies, and they're going to help you."

"If the standards threatened auto jobs, then common-sense changes could have and should have been made."

In a 978-page document ([pdf](#)) released on Aug. 2, the EPA and the National Highway Traffic Safety Administration are also proposing to retract a waiver issued to California in 2013, which enabled the state to set its own stricter emissions standards. Several other states followed California's guidelines, creating a fragmented set of standards across the country.

The Trump administration is arguing that the multiple standards complicate regulation. Despite the waiver, California still fails to meet federal clean air guidelines, the agencies noted. Meanwhile, California's strict fuel economy and emissions standards have caused financial losses for carmakers, which must raise prices on cars elsewhere to make up for the loss, the proposal states.

"The National Auto Dealers Association estimates the federal standards demanded by California will add \$3,000 to the cost of new motor vehicles by 2025, potentially pricing millions of low-income households out of the market for new cars," Marlo Lewis, a senior fellow at the Competitive Enterprise Institute (CEI), said in a [statement](#). "Kicking California bullies out of the fuel economy playground will expand consumer choice, while making new cars more affordable."

California is expected to challenge the withdrawal of the waiver in court.

A group of 20 state attorneys general announced their [intent to sue the government](#) over the EPA's proposed rules, arguing that the new guidelines would cost Americans up to \$236 billion in gas and add the equivalent of emissions from 400 million cars.

White House press secretary Sarah Sanders dismissed concerns, pointing out that the standards are only a proposal and subject to a comment period.

"The reporting that we're reversing Obama-era fuel efficiency standards and pre-empting the tougher California standard is simply false," Sanders said. "The notice lays out a series of options on how to go forward with CAFE standards and the notice asked for comments on a range of options. We're simply opening it up for a comment period, and we'll make a final decision at the end of that."

The Obama-era rules also drove car prices higher, since prior estimates fell short of what incremental improvements to fuel efficiency actually cost. For example, Obama's EPA argued that a dual-clutch transmission would soon be widely adopted as a cost-effective way to get more miles per gallon. But consumer complaints and quality issues led to reluctance on the part of manufacturers to accept the technology.

As car manufacturers boosted fuel economy across their fleets, incremental improvements have become more costly and complicated while returns have diminished, the agencies say. As a result, car prices are soaring. The average new-car transaction is now \$36,000, up more than \$3,000 since 2014, according to Kelley Blue Book.

The prices on new cars have become unaffordable to median-income families in every metropolitan region in the United States except Washington, according to an independent study by Bankrate.com.

The newly proposed CAFE standards are thus good news to consumers, according to a [statement](#) from Myron Ebell, the director of CEI's Center for Energy and Environment.

“It means that the federal government will have slightly less control over the kinds of cars and trucks people can buy,” Ebell said. “It might even cause car prices to stop increasing so rapidly.”

The soaring prices of cars have led more Americans to hold off on new auto purchases. As a result, the age of the average car in America is now almost 12 years old, the highest in U.S. history, according to IHS Markit.

Older cars are less fuel efficient and less safe. The proportion of passengers killed in cars that are older than 18 years is almost double that of cars that are newer than three years, according to a recent National Highway Traffic Safety Administration (NHTSA) study. As a result, the Trump administration estimated that the proposed rule would prevent more than 12,700 on-road fatalities.

The Trump’s administration’s fatality estimate isn’t novel to observers of the car industry. In 1989, a Harvard-Brookings study estimated that the modest 27.5 mile-per-gallon requirement at the time caused a 14 to 27 percent increase in traffic deaths because carmakers downsized vehicles. In 1992, a federal appeals court ruled that the NHTSA was using “bureaucratic mumbo-jumbo” to avoid addressing the lethal effects of the CAFE standards.