

Time for a U-Turn

Automakers' History of Intransigence and an Opportunity for Change

HIGHLIGHTS

Over the decades, automobiles have improved tremendously—unfortunately, the automobile industry has not. As this report shows, automakers have consistently fought to block or undercut rules on safety and the environment, utilizing exaggerated rhetoric, misinformation, and political influence to undermine the public interest. At the same time, the industry has proven up to each new engineering challenge. Industry is again standing in the way of progress, fighting fuel economy and emissions standards which not only reduce emissions and oil but put fuel savings back in the pocketbooks of their customers. Today, the industry faces an opportunity to turn away from its long history of intransigence by living up to its promises to reduce emissions and oil use and supporting strong standards.

Since the 1950s, automobiles have become dramatically safer and cleaner, and they travel much farther on a gallon of gas, all to the benefit of drivers, communities, and the environment. These improvements have come about thanks to strong, effective public policies. Laws like the Clean Air Act, the National Traffic and Motor Vehicle Safety Act, and the Energy Independence and Security Act have been essential to putting cleaner, safer vehicles on the road and protecting generations of Americans.

Unfortunately, mirroring this record of progress is another pattern: the intransigence of an auto industry that consistently fights to block or undercut rules on safety and the environment, even as automakers have managed to meet every challenge laid out for them in federal policy.

Time for a U-Turn looks at how automakers and their trade groups have fought against the rules and standards that have delivered better cars to the nation. Through exaggerated rhetoric, misinformation, and political influence, automakers have undermined the public interest.

In 2009, automakers seemed to turn over a new leaf as they began working with federal agencies to design new, flexible standards so that cars and trucks would consume less oil and emit less global warming pollution. Those standards, implemented beginning in 2012, have worked well—but old patterns are repeating themselves. The industry's trade groups are again trying to renege on promises they made to the American people.



After decades of fighting against improved fuel economy and safety standards, it's time for the auto industry to turn away from its "can't-do" attitude and put the American public first.

For at least the next 10 years, auto manufacturers collaborated to stave off rules and even technologies designed to limit smog-causing emissions.

Automakers have an opportunity to leave behind their history of intransigence. It is time they live up to their public statements, bring clean and efficient vehicles to market, support strong, technology-forcing standards, and ensure that their industry rises to the challenges of the 21st century.

Scare Tactics

In response to proposals to improve passenger vehicles, automakers have deployed a consistent line of attack to scare policymakers.

- **“It cannot be done:”** Automakers overstate technical challenges to meeting new rules.
- **“It will cost too much:”** They claim that complying with new standards will cost far more than federal agencies estimate.
- **“It will destroy the industry and kill jobs:”** They cast every new requirement as a potential apocalypse for automakers, leading to mass layoffs and closed factories.
- **“Consumers do not want this:”** Their industry groups suggest that automakers must choose whether to produce vehicles that customers want or vehicles the new rules would mandate.
- **“The science is not clear:”** On issues like air pollution, climate change, and the effectiveness of seat belts, auto companies and trade groups attack the science, inflate uncertainty, and deny or question the facts.
- **“The market will solve it:”** Whatever the issue, automakers claim that voluntary, self-enforcement is sufficient.

Time after time, all these arguments have been proven wrong. The record shows that automakers have over-performed when faced with new rules. Rising to each challenge, they have implemented innovative solutions, complying with health, environmental, and safety standards at lower cost than even the agencies had initially estimated.

An Historic Pattern

The auto industry’s tactics of denial, delay, and hyperbole have emerged at pivotal points throughout the last seven decades.

As early as 1950, research showed that auto exhaust was a principal factor in the growing problem of smog. For at least the next 10 years, auto manufacturers collaborated to stave off rules and even technologies designed to limit smog-causing emissions. Wielding strategies that would become standard, automakers insisted they could not implement pollution-control technologies and worked behind the scenes to delay the development and adoption of such devices. A cooperative venture begun by industry in 1955, ostensibly to explore answers to smog, instead gave automakers an arena for collaborating to delay solutions. It took action by California, as well as innovations by independent auto-parts suppliers, finally to bring such technologies to market.

In the years that followed, similar tactics and arguments appeared again and again. As Congress debated the Clean Air Act of 1970, Ford CEO Lee Iacocca insisted that the legislation “could prevent continued production of automobiles” and “do irreparable harm to the American economy.” General Motors took out national ads insisting that the act was unnecessary because automakers could reduce emissions voluntarily. A Chrysler Corporation ad claimed—falsely—that “there is no scientific evidence showing a threat to health from automotive emissions in the normal, average air you breathe.” As a group, these automakers insisted that it was technologically impossible to build cars that could achieve the act’s 1975 targets.

Industry leaders used the same tactics to delay or block regulations requiring catalytic converters, fuel-economy improvements, and even safety features like seat belts and airbags. As chairman and CEO of Ford, Henry Ford II called 1966 requirements for seat belts and safety glass “arbitrary, unreasonable, and technically infeasible,” suggesting they might cause Ford to “close down.”

Needless to say, the auto industry not only still exists but is thriving, delivering vehicles equipped with a wide range of environmental, health, and safety features targeted by automakers in decades past as impossible.

Recession, Recovery and New Standards

Ten years ago, America’s automakers faced a crisis. The recession hit the industry hard, and it faced a potential collapse that would take millions of jobs down with it. Through 2008, 2009, and 2010, the federal government’s emergency



Philadelphia was one of a number of cities experiencing smog well into the 1970s, thanks largely to increases in automobile usage. Automakers spent decades fighting smog reduction regulations, even after the passage of the Clean Air Act.

measures—including loans to all three domestic manufacturers (the “Big Three”) and bankruptcy and restructuring for (General Motors) GM and Chrysler—brought auto companies through the crisis.

While many factors had threatened the industry, one was certainly the fact that they had let improvements in fuel economy stall, instead offering more SUVs and trucks and minimizing investments in more efficient cars. This left them unprepared for the shift in economic conditions and gas prices. “We had data about consumers’ preferences about fuel economy, but we chose to ignore it; we thought it was an anomaly,” said former GM economist Walter McManus in 2010. “But it’s by having a bias against fuel economy that we’ve put ourselves in the pickle we’re in now.”

As automakers emerged from the crisis, they entered into negotiations with the federal government to build a new program of fuel economy and emissions standards. In 2010, President Barack Obama and industry leaders agreed to implement new standards that would include flexibility based on vehicle size. Responding to consumer choice, the goal was to deliver more efficient models of every vehicle class every year. This was the promise automakers offered the American people: cars and trucks of all sizes that would use less gasoline and emit fewer global warming emissions.

Those standards have worked. Today, automakers are meeting or even exceeding the standards’ targets, and drivers

have saved nearly \$50 billion at the pump. At the same time, the auto industry has more than recovered: it recorded record sales numbers in 2015 and 2016 and is on track to continue that success in 2017.

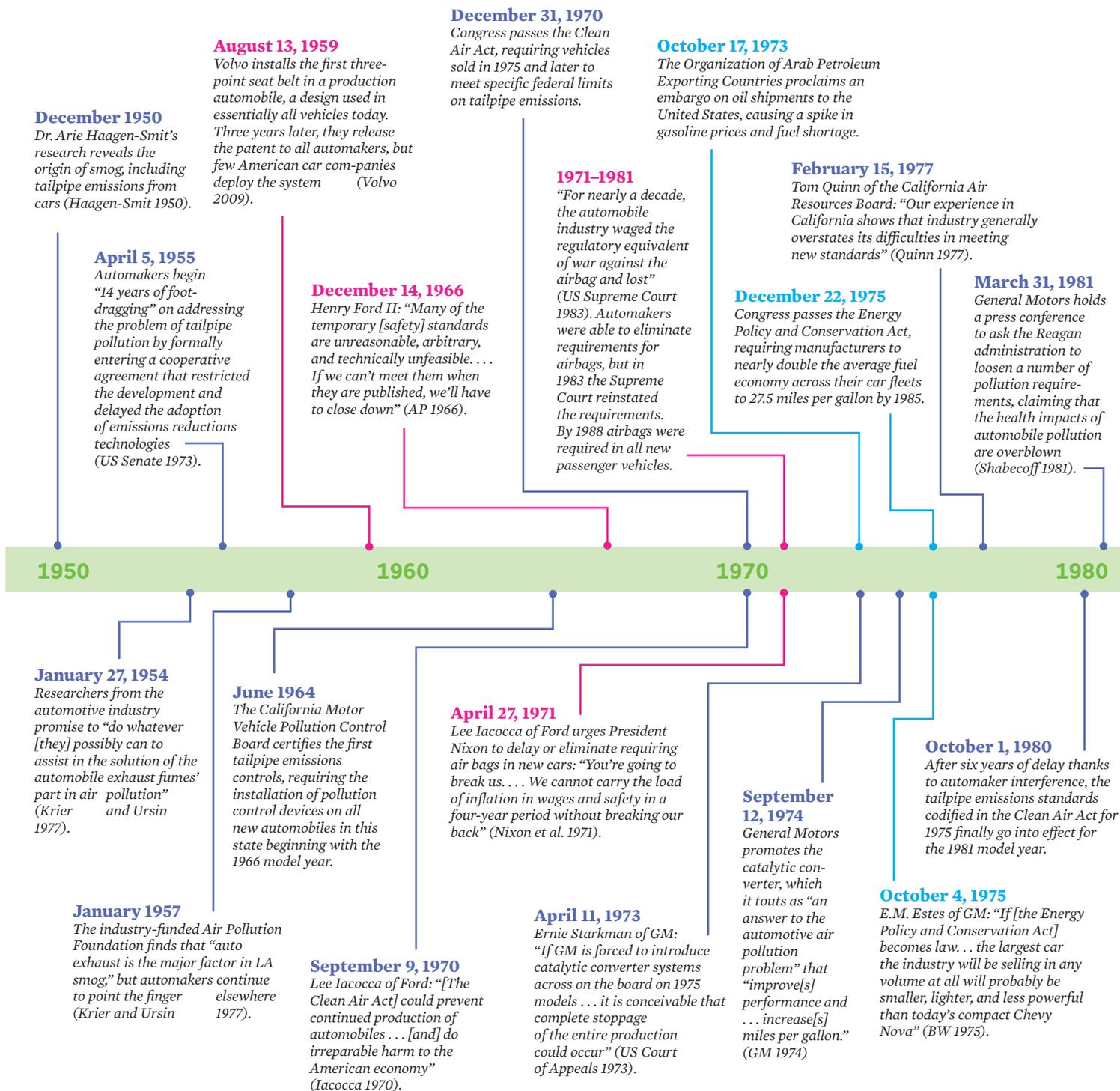
In 2016, federal agencies kicked off a required midterm review of the standards and issued a report assessing them: they are succeeding at lower cost than initially anticipated. That report, based on a thorough, robust scientific analysis as well as extensive stakeholder input, led the Environmental Protection Agency (EPA) to announce, in January 2017, that the standards can and should proceed as planned.

However, in the months since, automakers have retreated from their commitments, seeing opportunity in a new administration and new leadership at the EPA and the US Department of Transportation. Using tactics familiar from decades of opposition, the industry and its trade groups are pushing at every level to weaken and roll back today’s standards.

The State of the Industry Today

It is impossible to imagine retreating from decades of progress. No manufacturer would sell a vehicle to the general public without seat belts or airbags or market a vehicle that lacks basic pollution controls. The nation has raised the bar despite the intransigence of the auto industry. And while strong

A History of Automaker Intransigence, 1950–2017



Over the course of almost 70 years, the American automaker industry has maintained a "can't-do attitude" on tailpipe pollution, driver and passenger safety, and fuel economy and climate change, placing profits ahead of the needs of the public.

March 1, 1985

Ford and GM petition the National Highway Traffic Safety Administration to reduce fuel economy standards for the 1986, 1987, and 1988 model years, claiming that they would need to “deprive our customers of a product they want” in order to meet the standards, and that “if [they] have to pay fines, it will be with the capital . . . [needed] to develop more fuel-efficient cars” (Conte 1985).

October 1, 1985

NHTSA lowers fuel economy standards for 1986. It repeated the action one year later, reducing standards for 1987 and 1988, leaving GM “pleased” (Brown 1986).

November 1, 1989

Detroit automakers wage an ad campaign against stronger emissions standards, claiming there will be little public health benefit, little impact on lower fuel economy, a shortage of available vehicle models, driving performance issues, and higher costs for consumers.

July 11, 1995

A measure supported by House Majority Whip Tom DeLay prohibits NHTSA from setting new fuel economy standards; it appears in every appropriations bill for the Department of Transportation during the Clinton administration.

July 17, 1997

Robert Eaton, CEO of Chrysler, writes, “Autos are not a major contributor to total global warming emissions in the environment” and calls for delaying action on climate change. “It would be an unwise and unnecessary move even if scientists could agree that the earth’s atmosphere is getting warmer because of manmade carbon dioxide and other gases. It becomes even more so given the fact that they can’t” (Eaton 1997).

June 14, 2000

Walter Huizenga, president of a dealer trade group: “If Congress mandates an increase in fuel economy, certain models of pickups, minivans, and sport-utility vehicles could potentially be eliminated from the market” (AIADA 2000).

May 19, 2009

President Obama announces first joint fuel economy and global warming emissions standards. Automakers, labor, and environmental groups supported the announcement, and representatives of all three constituencies flanked the President in the announcement from the White House.

February 10, 2017

Every major automaker CEO signs a letter to President Trump requesting the midterm review be re-opened, citing a widely debunked claim that a million jobs are at risk and that costs to meet the standards exceed both EPA and NHTSA estimates.

December 31, 2016

Automakers enjoy back-to-back years of record-setting sales, selling 17.55 million vehicles in 2016.

1990

2000

2010

May 2, 1989

Robert Liberatore of Chrysler: “We believe that the potential impact of CAFE on the global issue of planetary warming are [sic] difficult to demonstrate” (US Senate 1989a).

November 1996

As part of a campaign against stronger air quality standards, Richard Klimisch of the American Automobile Manufacturers Association claims, “The effects of ozone are not that serious. . . . what we’re talking about is a temporary loss in lung function of 20 to 30 percent. That’s not really a health effect” (Warrick 1996).

February 28, 2007

With gas prices rising and impending bankruptcies for Chrysler and GM, ex-GM economist Walter McManus noted the industry’s reticence to adapt: “[The industry has] had a change of heart, but it’s fairly recent. We had data about consumers’ preferences about fuel economy, but we chose to ignore it; we thought it was an anomaly. But it’s by having a bias against fuel economy that we’ve put ourselves in the pickle we’re in now” (Jones 2007).

January 12, 2017

After extensive analysis, EPA affirms the 2025 standards while acknowledging that manufacturers could meet even stronger standards.

August 11, 1985

Lee Iacocca, now of Chrysler, defends fuel economy standards: “Dialing back fuel standards on cars will set up the American people to be energy hostages again and again” (Chrysler 1985b).

October 1994

In response to a possible increase in light truck fuel economy standards, Robert Liberatore of Chrysler declares that such action “would have a very destructive effect on our business” (Templin 1994).

August 1999

The Alliance of Automobile Manufacturers fights Tier 2 tailpipe emissions standards, claiming that the regulations are neither necessary nor feasible.

October 21, 2015

Automaker trade associations testify in support of legislation that would allow auto manufacturers to meet fuel economy standards in part by adopting safety technologies that had not been proven to reduce oil consumption. The action is the first in a number of bills that automakers advocate for in Congress that would undermine vehicle efficiency standards.

- Tailpipe Pollution
- Safety
- Fuel Economy and Global Warming Emissions

standards have pushed manufacturers to make the cleanest, safest cars in history, the industry is grossing \$600 billion in the United States alone, accounting for 3 percent of the US economy.

Drivers have benefited enormously from the advances in auto technology over the past decades, despite the industry's repeated efforts to derail the policies that have helped us progress. We cannot let the apocalyptic claims of auto industry executives and trade groups derail policies needed to improve cars and trucks for America's drivers.

Today, automakers are meeting or even exceeding the standards' targets, and drivers have saved nearly \$50 billion at the pump.

What Comes Next?

We have seen, repeatedly, what bad behavior from auto manufacturers looks like, but that pattern does not have to continue. Automakers have an opportunity to be honest and responsible as they address policy changes, and they can translate high-minded rhetoric about sustainability into action.

In 2009, Bill Ford, now executive chairman of the Ford Motor Company, said in an interview, "I hope that we will be recognized by customers for being a leader in the application of technology that makes their lives better." On Ford's website, he says, "Nothing is more important to me than our reputation as a family company that people trust to do the right thing."

Automakers can live up to those words. To build trust with the public and leave a history of intransigence behind, they must:

- support strong safety and emissions standards and keep the promises they made to the American people to build cleaner cars;
- distance themselves from trade groups that seek to undermine today's standards, and make it clear that these groups do not speak for all automakers on issues of safety and the environment; and
- cease spreading disinformation about the standards and their impacts.

Union of **Concerned Scientists**

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