



Republican Regret: What if a Republican Congress had passed, not blocked, higher fuel economy standards?

A report of the Select Committee on Energy Independence and Global Warming Majority Staff

This Select Committee staff report details the oil, consumer and national expenditure savings America would currently be enjoying had Republicans passed a 35 mile per gallon standard as the Democrats did in 2007. The report examines the years 1994, when the Clinton administration began to formulate a new fuel economy proposal, only to be blocked by a new Republican-led Congress from advancing the proposal; and 2001, when the Republican Congress first allowed a vote on a fuel economy proposal.

Brief Historical Background:

In 1975 - after the Arab oil embargo of 1973-74 and in the face of increasing prices and increasing imports from OPEC - Congress passed the “Energy Policy and Conservation Act”, establishing corporate average fuel economy (CAFE) regulations for automobiles with the goal of doubling new passenger car fuel economy by model year 1985. CAFE worked. By 1985, new passenger cars got 27.5 miles per gallon (mpg), and oil imports fell from 47% of consumption in 1977 to 27% by 1985.

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However, light trucks were exempted from the 27.5 mpg original mandate because at the time, most of these vehicles were used for work rather than consumer purposes. By the late 1990s, with the introduction and aggressive marketing of SUVs and minivans that had been classified as “light trucks,” this “light truck loophole” began to impact the fuel economy of the entire fleet since these vehicles began to approach 50% of new vehicle sales.

In October 1993, less than one year after taking office, the Clinton administration issued its Climate Change Action Plan, and this included a process that was to be co-chaired by the White House National Economic Council, Office of Science and Technology Policy and the Office of Environmental Policy to reduce greenhouse gas emissions from motor vehicles. In April 1994, it published an advanced notice of proposed rulemaking to develop fuel economy standards for light trucks for model years 1998-2006. Seven months later, Republicans won control of Congress and promptly began to attach “riders” on annual appropriations bills to prevent funding for administration activity to develop or implement new fuel economy rules for light trucks.

These riders blocking progress on fuel economy improvements remained in place until President Bush took office. By the summer of 2001, Congressional Republicans had embarked on developing energy legislation based on the recommendations of the Cheney Energy Task Force.

In 2001, 2003, 2005 and 2006, Rep. Edward J. Markey (D-MA) offered amendments to increase fuel economy standards during the Committee on Energy and Commerce Committee markup of energy bills in 2001, 2003 and 2005 and fuel economy legislation in 2006. Rep. Markey also offered amendments on the House floor in 2001, 2003, and 2005 to increase CAFE standards (The Republican leadership refused in 2006 to allow a floor vote on Rep. Markey's CAFE amendment). All of these amendments had support from a majority of Democrats and were defeated with the opposition of a majority of Republicans.

The Energy Independence and Security Act:

- ✓ Saves 2.5 million barrels of oil per day by 2030
- ✓ Saves consumers \$5000 per vehicle in gasoline not purchased

It was not until 2007, when Democrats took control of Congress, that efforts to increase fuel economy standards to at least 35 mpg by 2020 were successful and included in the Energy

Independence and Security Act (EISA). This legislation will save at least 2.5 million barrels of oil per day by 2030, and will save consumers about \$5000/vehicle in gasoline not purchased (assuming \$4/gallon gasoline)

The following scenarios assumes current prices of \$4 per gallon of gasoline and \$130 per barrel of oil

1994 scenario: What if the Clinton Administration had not been blocked by Congressional Republicans from embarking on the same 35 mpg path that the Democratic Congress enacted in the 2007 Energy Bill?

Fuel Economy of the fleet: By model year 2008, new cars and light trucks sold would have already had a fleet-wide average of 35 mpg for two years.

Money not spent on oil not purchased: In 2008, two years after the 35 mpg target would have been reached, America would be saving 1.5 million barrels of oil per day, or 547.5 million barrels of oil per year. When converted into money saved at the gasoline pump, consumers would be saving \$90 billion a year, and the American economy would avoid spending \$71.2 billion per year buying oil.

What Consumers would get out of it on a per vehicle basis: The annual consumer savings at the pump per average vehicle on the road in 2008 would be \$391, a savings of almost 20 percent from what consumers are currently spending (about \$2,375/vehicle). The fuel economy of the average vehicle on the road would be lower than 35 mpg because of how long it takes for the entire fleet to turn over, meaning the consumer savings for a new vehicle purchased in 2008 would be higher.



2001 scenario: What if President Bush and Congressional Republicans had supported Rep. Markey's amendment during consideration of the 2001 Energy Bill to put the fleet on a path to reaching 35 mpg by 2013?

Fuel Economy of the fleet: By 2008, we would be in year 5 of this plan (instead of waiting until 2015 to get to an equivalent position, as we are now doing as a result of EISA).

Money not spent on oil not purchased: America would already be saving 150,000 barrels of oil per day, or 54.75 million barrels of oil per year. American drivers would be saving \$9 billion, and \$7.12 billion per year that this country would not be spent buying oil.

What consumers would get out of it on a per vehicle basis: The annual consumer savings at the pump per average vehicle on the road in 2008 would be \$39. The fuel economy of the average vehicle on the road would be lower than that for a new vehicle because of how long it takes for the entire fleet to turn over, meaning the consumer savings for a new vehicle purchased in 2008 would be higher.

