



Wednesday, September 28, 2005

## Gas-saving proposals pile up

Senator from Illinois proposes U.S. will help Big 3 with health costs if fuel economy improves.

By Jeff Plungis / Detroit News Washington Bureau

**WASHINGTON** -- Relief from soaring health care costs in exchange for more fuel-efficient cars. That's what Sen. Barack Obama, D-Illinois, is advocating as one of many new ideas being floated in Congress to improve the gas mileage of America's cars and trucks.

Noting the importance of keeping the American auto industry strong while also reducing oil use in the United States, Obama called for using government money to relieve Detroit automakers of some of their staggering health care obligations if they commit to improving fuel economy by 3 percent a year for 15 years.

"By picking up part of the tab for the health care costs of their retirees, we'd be lifting a huge burden off the auto industry so that they'll invest in the technology that will finally reduce America's dependence on foreign oil," Obama said in a speech earlier this month.

With Obama -- arguably the hottest voice in the Democratic party right now -- joining the debate, the politics of fuel economy are changing. Once the realm of a few policy wonks, more and more lawmakers are delving into the federal government's Corporate Average Fuel Economy program and searching for ways to bring new technology and alternative fuel vehicles to the market.

Just a few months ago, with the president's signature on a comprehensive energy bill, fuel economy seemed like a settled issue. After a four-year debate over energy policy, automakers successfully fought off any mandates that would require cars and trucks go farther on a gallon of gas.

But with gas prices near \$3 per gallon -- they spiked to \$4 and \$5 per gallon in some areas in the wake of Hurricane Katrina only to be followed by another supply disruption scare with Rita -- lawmakers are looking at ways to break the logjam.

"The politics are absolutely changing," said Bracken Hendricks, senior fellow at the Center for American Progress, a centrist think tank in Washington, who worked on Obama's health care-for-hybrids plan. "People have to deal with this every day at the gas pump. It's harder and harder to look the other way."

There is no guarantee that the burst of proposals will reduce oil consumption or require more fuel-efficient cars and trucks. There are still formidable obstacles to overcome to pass higher fuel economy requirements, such as safety concerns about smaller cars and the feeling that Detroit's struggling automakers shouldn't be saddled with additional regulatory hurdles.

Some think the buzz around the issue that was growing after Hurricane Katrina is already fading.

"Right now, on the Hill, they're focusing a lot more on price gouging," said Melissa Anderson, spokeswoman for the American International Automobile Dealers Association.

Sometimes lost in the post-Katrina debate is the fact that the National Highway Traffic Safety Administration proposed a new framework for the Corporate Average Fuel Economy program. NHTSA is looking at a different way to calculate fuel economy requirements, based on vehicle size, and its plan would gradually require efficiency improvements through the 2010 model year.

An early test of the push for doing even more on fuel economy will come today, when Rep. Ed Markey, D-Mass., will offer an amendment to a new energy bill in the House Energy and Commerce Committee. The plan, co-sponsored by Rep. Sherwood Boehlert, R-N.Y., and a group of 10 Republicans and eight Democrats, would establish an overall fleet average of 33 mpg, up from about 24 mpg now. Similar efforts have been shot down as recently as this summer.

In the Senate, lawmakers who have stayed on the sidelines of the fuel economy debate are now looking seriously at the United States' thirst for oil. Sen. Pete Domenici, R-N.M., conservative chairman of the Senate Energy and Natural Resources Committee, supports higher fuel economy and expanded offshore oil drilling to address demand and supply.

Domenici played a key role in shaping the just passed energy bill, which did not include fuel economy hikes.

Sen. Ted Stevens, R-Alaska, whose Commerce Committee has jurisdiction over the Corporate Average Fuel Economy program, promised to hold hearings on the issue after dealing with the immediate aftermath of Hurricane Katrina. Sen. Larry Craig, another senior Republican who has rejected fuel economy hikes, is mulling legislation to reform the fuel economy program along the lines that NHTSA recently proposed.

"We're seeing a new pattern emerging," said Deron Lovaas, a transportation expert with the Natural Resource Defense Council in Washington. "We hope it's a precursor to breaking out of the all-or-nothing politics, and the ice will begin to melt."

Automakers have already responded to heightened consumer interest in fuel economy. Last week, [Ford Motor Co.](#) said it would increase the number of gasoline-electric hybrids it sells tenfold by 2010. Chairman and CEO Bill Ford Jr. also asked President Bush to convene an industry-consumer task force to explore new ways to conserve fuel. [General Motors Corp.](#) is touting its models that get 30 mpg or more in national ads.

But that doesn't mean the automakers are embracing new regulations. GM's Washington spokesman, Chris Preuss, said there is a danger an emotional Congress will overreact, wreaking its own kind of havoc through new mandates that will distort the marketplace.

"The last thing we need is a knee-jerk reaction on the political level," Preuss said. "High prices at the pump will have the most immediate impact on consumer driving patterns and the use of fuel. When we get into actions that interfere with supply and demand, that's when we get into trouble."

Set America Free, comprised of conservatives such as Admiral James Watkins, a former Energy Secretary in the first Bush administration, and Robert McFarlane, a national security adviser to President Reagan, is focusing on the nexus between oil use and national security.

The group says it wants to reduce oil use by boosting the production of flexible fuel vehicles that can run on ethanol or "plug-in" hybrids -- gasoline-electric vehicles with bigger batteries -- that can achieve up to 75 mpg.

The group has been getting a lot more interest on Capitol Hill in recent weeks, said Anne Korin, the group's policy director. "We decided we need to get creative," Korin said. "We cannot drill our way out of this problem. We need to look at the demand side, and that means looking at transportation."

Backers of higher fuel economy point to polls like the one released last week by 40mpg.org, an offshoot of the Massachusetts-based Civil Society Institute.

In the poll, 81 percent of respondents said the federal government wasn't doing enough about high energy prices and U.S. dependence on foreign energy. On fuel economy, 73 percent said it was "much more" or "somewhat more" important for the government to require higher fuel-efficiency standards for new cars. On both questions, the support was strong across party lines.