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## Politics Forcing Detroit to Back New Fuel Rules

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WASHINGTON, June 19 — For a quarter-century, American automakers and their allies argued that any legislation to increase fuel economy standards would rob them of profits, force them to lay off workers and deprive consumers of the vehicles they wanted to buy.

Even as recently as last weekend, a lobbying group financed by auto companies was still running radio ads in 11 states, raising the prospect that soccer moms might lose the opportunity to buy big sport utility vehicles if they did not urge Congress to reject legislation calling for higher mileage.

“Why can’t they let me make the choice?” one of the ads said. “I’m all for better fuel economy, but for me safety is my top concern.”

But this week, with a vote possible in the Senate on an energy plan, Detroit blinked, and the car companies retreated from their longstanding argument. They are now lobbying for a modest increase in mileage standards, a position already adopted by Toyota, in the hopes of silencing calls for even tougher targets.

Auto executives say they changed strategy partly because longtime backers in Washington, who helped them defeat previous pushes to raise fuel economy standards, made it clear that the political climate had changed. If they did not back a proposal they could live with, lawmakers told the automakers, they might face even more stringent regulations.

Consumers played a role, too, since they are no longer clamoring for those S.U.V.’s and trucks that Detroit had suggested they could not give up.

Environmentalists also found new support from surprising quarters, including a coalition of top corporate and former military leaders called SAFE, for Securing America’s Future Energy.

The group, led by Frederick Smith, the chief of FedEx, and Gen. P. X. Kelley, a former Marine Corps commandant, argues that higher fuel economy is among the steps needed to reduce the nation’s dependence on foreign oil.

“The world now has shifted dramatically from where we thought we could take care of our own issues to having to worry about all kinds of things,” said Gen. Charles E. Wald,



a member of the group's board and former deputy commander of the United States European Command.

With gasoline above \$3 a gallon in much of the country, presidential candidates from both parties are also pushing for increases in fuel economy standards that could be even harder to meet than the plan the automakers are now backing. The Bush administration wants higher standards, too, under a plan Mr. Bush introduced during the State of the Union address in January.

Some of Detroit's most loyal supporters, like Senator Carl Levin and Representative John D. Dingell, both Democrats from Michigan, have bluntly told the auto companies that there is little chance of escaping an increase — and that it is better to propose one than to have one imposed on them.

Mr. Levin, joined by a number of other senators, proposed last week that automakers increase the fuel economy of their cars and trucks in the next decade, but with easier targets than the original bill, which may go before the Senate in the next few days.

The fuel economy standard for cars, 27.5 miles a gallon, has not changed since 1983. Light trucks, including S.U.V.'s, pickups and minivans, must achieve a minimum average of 21.3 miles a gallon over each carmaker's entire fleet.

Under compromise legislation drafted by Mr. Levin, cars would have to achieve an average fuel economy of 36 miles a gallon by 2022, while trucks would have to reach 30 miles a gallon by 2025.

The original bill would require cars and trucks to reach 35 miles a gallon by 2020. As recently as two years ago, auto companies turned back a Congressional effort to set fuel economy standards much higher, warning that such a move would wipe out jobs and profits, and limit their offerings of S.U.V.'s and pickups.

But the Detroit companies have lost billions of dollars and have cut tens of thousands of jobs anyway. And sales of smaller S.U.V.'s and cars have climbed.

Mr. Levin has used Toyota's reputation for building fuel-efficient cars as a selling point for his proposal, pointing out that it is a member of the Alliance for Automobile Manufacturers, the industry group that has been most vocal against fuel economy increases. "Toyota is known as a green car company," Mr. Levin said at a news conference last week.

But officials at Toyota, which edged past General Motors as the world's No. 1 automaker for the first time in the last quarter, were alarmed by the group's negative lobbying strategy, people familiar with their thinking said. It started running new ads that seek support for Mr. Levin's proposal.



Capitol Hill was crowded on Tuesday with dealers from General Motors, Ford Motor and DaimlerChrysler's Chrysler Group, along with Ford's president for the Americas, Mark Fields.

Mr. Fields visited six members of Congress, including Senator Evan Bayh of Indiana, to push for Mr. Levin's version of the legislation, saying Ford sought "to advance aggressive — yet economically feasible — fuel economy increases" as part of the energy bill, according to a Ford statement. Debate could begin on Wednesday.

Environmentalists say the Levin proposal is so weak that it will do little good. The Sierra Club has referred to it as a "poison pill."

Carmakers say the plan will probably cost the industry tens of billions of dollars in development costs for new vehicles and technology over the next decade. The United Automobile Workers union is pushing Congress for tax breaks and job protections while automakers retool their factories to produce higher-efficiency vehicles.

Martha Voss, a spokeswoman for Toyota, said Mr. Levin's proposal would still be challenging for the industry. "But we think it's a more reasonable approach," she said.

House and Senate Democrats from Michigan have been telling automobile executives for months that they would have to accept some increase in mileage requirements.

"My message to them was that they should not be saying no, but should be saying yes to what they could achieve," said Senator Debbie Stabenow, Democrat of Michigan.

Two weeks ago, Senator Byron Dorgan, a Democrat from North Dakota, told executives the discussion essentially was over. In what is viewed by the carmakers as a political tipping point, Mr. Dorgan declared at a hearing, "You've lost on this issue."

The debate also went beyond the usual environmental groups that have fought for higher fuel standards for years. Members of the SAFE coalition, an offshoot of the bi-partisan Energy Security Leadership Council, realized they could use their corporate and military influence with members of Congress who might otherwise turn a deaf ear to environmentalists or individual companies.

"We concluded that the overall dependence of the United States on oil was a great vulnerability, and by continuing it, that we were helping the people who opposed us," said Herbert D. Kelleher, Jr., executive chairman of Southwest Airlines. "The place we could make the greatest advances in the shortest period of time was fuel economy."

Known for his political acumen, Mr. Kelleher expressed surprise that Detroit companies initially did not sense a shift in public and political opinion. But, he said, he believed that they got the message.



“I think they recognize, too, that there is a problem and something needs to be done about it,” Mr. Kelleher said. “The debate is over about what needs to be done. Now the issue is the legislation.”