

54.5 MPG and the Law of Unintended Consequences

Legislators and regulators need to observe a fundamental Golden Rule: Do not implement new laws if you have not considered or cannot control important unintended consequences.

A perfect example is the Obama administration's plan to increase new car mileage standards, from the currently legislated requirement of 35.5 miles per gallon by 2016 to 54.5 mpg by 2025, as an average across each automaker's complete line of cars and light trucks.

Carmakers reluctantly agreed to the new requirements to avoid even more onerous standards, or different standards in different states. But the deal does nothing to alter the harsh realities of such a requirement.

First, National Highway Traffic Safety Administration (NHTSA) analyses indicate that the mileage standards will add \$3,000 to \$4,800 to the average price of new vehicles for models from now until 2025. Moreover, this price increase does not include the \$2,000 to \$6,000 in total interest charges that many borrowers would have to pay over the life of a 36-60 month loan.

The consequence: 6 million to 11 million low-income drivers will be unable to afford new vehicles during this 13-year period, according to the National Auto Dealers Association (NADA). These drivers will essentially be eliminated from the new vehicle market, because they cannot afford even the least expensive new cars without a loan—and many cannot meet minimal lending standards to get that loan.

These drivers will be forced into the used car market. However, far fewer used cars are available today, because the

\$3-billion “cash for clunkers” program destroyed 690,000 perfectly drivable cars and trucks that otherwise would have ended up in used car lots. In addition, the poor economy is causing many families to hold onto their older cars longer than ever before.

Exacerbating the situation, the average price of used cars and trucks shot from \$8,150 in December 2008 to \$11,850 three years later, say the NADA and *The Wall Street Journal*. With interest rates of 5-10 percent (depending on the bank, its lending standards and a borrower’s financial profile), even used cars are unaffordable for many poor families, if they can find one.

All this forces many poor families to buy “hoopties”—pieces of junk that cost much more to operate than a decent low-mileage used car. These higher-operating costs can cripple families in borderline poverty situations. The compounded financial impact is a “regressive” tax and a war on the poor.

Another, far worse consequence of the skyrocketing mileage requirements is that many cars will need to be made smaller, lighter, and with thinner metal and more plastic to achieve the new “corporate average fleet economy” (CAFE) standards.

These vehicles—even with seatbelts, air bags and expensive vehicle modifications—will not be as safe as they would be if mileage weren’t a major consideration. They will have less “armor” to protect drivers and passengers, and less space between vehicle occupants and whatever car, truck, bus, wall, tree or embankment their car might hit.

The National Highway Traffic Safety Administration, Brookings Institution, Harvard School of Public Health, National Academy of Sciences and *USA Today* discovered a shocking reality. Even past and current mileage standards have resulted in thousands of additional fatalities, and tens of thousands of serious injuries every year—above what would have happened if the

government had not imposed those standards.

They also learned that drivers in lightweight cars were up to 12 times more likely to die in a crash—and far more likely to suffer serious injury and permanent disabilities. Increasing mileage requirements by a whopping 19 mpg above current rules will make nearly all cars even less safe than they are today.

For obvious reasons, most legislators, regulators and environmental activists have not wanted to discuss these issues. But they need to do so, before existing mileage requirements are made even more stringent.

These affordability and safety problems may be unintended. However, no government officials—elected or unelected—can claim they are unaware of them.

Finally, the asserted goals of CAFE standards may once have been somewhat persuasive. The standards were necessary, it was argued, to preserve U.S. oil reserves that were rapidly being depleted, reduce oil imports from unstable parts of the world and prevent dangerous global warming. However, the rationales used to justify these onerous, unfair, injurious and lethal mileage standards are no longer persuasive.

New seismic, drilling and production technologies have dramatically increased our nation's oil and natural gas reserves. Opening some of the publicly owned lands that are currently off limits would increase reserves even more. Using government and industry data, the Institute for Energy Research has calculated that the USA, Canada and Mexico alone have 1.7 trillion barrels of recoverable oil reserves—enough to meet current U.S. needs for another 250 years, and another 175 years of natural gas.

As to global warming, even the U.N.'s Intergovernmental Panel on Climate Change is now backing away from previous claims about alarming changes in global temperatures, sea levels, polar ice caps and major storms, due to greenhouse gas

emissions.

All of us should conserve energy and be responsible stewards of the earth and its bounties, which God has given us. However, to ignore the unpleasant realities of existing and proposed mileage mandates is unethical, immoral and unjust.

We must not emphasize fuel savings at the cost of excluding poor families from the automobile market—and putting people at greater risk of serious injury or death.

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