POLICY STABILITY AND DYNAMICS OF POLICY CHANGE: CORPORATE AVERAGE FUEL ECONOMY 1975-2012

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ABSTRACT OF DISSERTATION

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ABSTRACT

Political scientists studying policy change over time in the United States have posed a range of conceptual frameworks to analyze and make sense of often perplexing phenomena. This study uses a longitudinal case study, the three decades long saga of the establishment and eventual increase of the Corporate Average Fuel Economy standard (CAFE), to examine the utility of three dominant frameworks for understanding policy change: John Kingdon’s convergence model of agenda formation and policy change, Paul Sabatier’s advocacy coalition framework, and the punctuated equilibrium model pioneered by Frank Baumgartner and Bryan Jones. This analysis of long-term stasis and then major – and sudden – change in CAFE standard at first glance would most support the Baumgartner and Jones model of punctuated equilibrium. However, the CAFE case differs in some fundamental ways from the types of policy areas on which Baumgartner and Jones based their theoretical model. Nor does Sabatier’s advocacy coalition framework, by itself, seem to account for the timing and scope of policy change after decades of stasis. In the end, Kindgon’s convergence model, even with its explanatory limitations, best fits any account for what at first glance seems to be an unexpected, and even unexplainable, shift in longstanding policy.
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Chapter 1: Introduction

On January 31, 2006 then President George W. Bush announced in the State of the Union that “we have a serious problem: America is addicted to oil.” After years of supporting unrestricted oil production in almost every debate about energy policy, the leader of the Republican Party was publicly shaming the nation’s relationship to its primary energy source, not to mention a cornerstone of the economy in Bush’s home state. In this same speech, the president announced a relatively aggressive and comprehensive national energy plan in the Advanced Energy Initiative [AEI]. Bush’s overtures went beyond lessening dependence on oil to changing the way we fuel our homes, and businesses – although the overtures were argued to be just that, and were considered far too modest by environmental groups such as the National Resources Defense Council. The Advanced Energy Initiative was reinforced later by the Department of Energy’s FY2007 spending, with billions of dollars spread across several “green energy” programs; clean coal, hydrogen technology, fuel cell technology, biomass, solar, and wind research programs, a range of subsidies for almost every imaginable energy industry.

While critics argued that these changes were nothing more than a free-for-all of subsidies and fell far short of what was needed, these Republican-led actions and associated language highlighted a notable shift in the larger national discussion about energy. They mark a change in the dominant narrative, and a powerful change in the language used to describe oil dependence. Over the decade exigencies like the attacks of September 11, 2001, costly wars in Iraq and Afghanistan, a deep recession, climate change consciousness, destabilizing oil prices, greater

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international demand for oil, and the decline of US auto manufacturers all brought this “addiction” into sharp relief.

The mass media latched on to this language of addiction. Cornerstones of print media, like *The New York Times*, *The Washington Post*, and *The Wall Street Journal*, all spoke in the tongue of this metaphor: Could we quit “cold turkey”?\(^2\) Was OPEC America’s cartel?\(^3\) This language is evidence that the idea of transitioning away from oil would be as painful as quitting a drug. Even taking small steps, such as limiting consumption, would be jarring.

While America began to acknowledge its need to kick the habit, international demand, or competition, for oil was on the rise as well, with the booming growth – or perhaps looming threat, depending on your perspective – of China and India exacerbating these concerns. Indeed, China’s remarkable economic growth led headlines throughout the decade, and continues to do so today. Enormous burgeoning economies would need a larger chunk of global oil to match their expansion. Naturally, as competition for resources heightened, the scarcity of those resources became more real, and much more salient. In his June 2004 *National Geographic* feature story, “The End of Cheap Oil,” Tim Appenzeller wrote: “you wouldn't know it from the hulking SUVs and traffic-clogged freeways of the United States, but we're in the twilight of plentiful oil.”\(^4\) Odd calculations emerged, such as, “if everyone in China lived like Americans, how many earths would we need?”\(^5\) The finite nature of the planet was perhaps news to many.

However, it would be a mistake to treat these considerations as entirely new, even if occasionally novel. America had come up against similar uncertainty with oil in the past, notably the 1973 oil embargo. Dealing with a worrisome drop in supply from the Organization of the

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Petroleum Exporting Countries (OPEC), the United States faced a sudden and severe oil shortage. Concerns at the time mirrored those of the 2000s: the US was too dependent on foreign oil, particularly from the politically volatile Middle East, oil was not as price-stable as people had come to expect, and M. King Hubbert’s 1956 thesis that the U.S. was about to experience a peak and decline in conventional oil production began to gain more credence.⁶

More palpably, long lines for gasoline and dry filling stations became iconic images for this era. In response, the government adopted, among many other actions, fuel economy standards – termed Corporate Average Fuel Economy (CAFE). CAFE was designed to be a tool for encouraging manufacturers to produce automobiles with better fuel economy (initially set at a fleet-wide average of 27.5 miles per gallon by 1985), which they had been reluctant to do in the past for fear that consumers would not buy them. By mandating greater overall fuel efficiency, CAFE was intended to get consumers over this perceptual obstacle and become more accustomed to buying more fuel efficient vehicles.

The decades between the creation of CAFE and their doubling by President Barack Obama in 2012 saw statutory, even if not political stability. Congress reviewed CAFE many times, three times as major legislation, each time generating impassioned arguments by advocates on all sides. President Ronald Reagan pushed for the outright repeal of CAFE while President Bill Clinton promised to increase standards. California officials fought tooth-and-nail to increase fuel economy standards in their state, tying fuel economy to their tailpipe standards, and suing the EPA under George W. Bush for their right to do so. So the issue had clearly made the rounds by the time Senators John Kerry (D-MA) and John McCain (D-AZ) proposed bipartisan fuel economy increases in 2002, with similar failure.

Why were these successive attempts at budging fuel economy policy in one direction or another unsuccessful between the mid-1970s and 2007? Was it simply resistance by powerful U.S. automakers and their political allies? With few exceptions, the Big Three certainly opposed being regulated. Some analysts have identified Detroit’s lobbying efforts as being significant in derailing fuel economy policy, particularly in the 1990s. By 2007, in contrast, the Big Three were in poor financial shape, and Chrysler and General Motors in 2008 were to require substantial federal loan guarantees just to survive. However, the industry faced similar troubles in the past, without apparent impacts on their views on fuel efficiency. Indeed, all three companies were in terrible fiscal shape and losing market share to the Japanese during their most expensive lobbying effort against CAFE in 1990. GM and Ford were in trouble in 1985, when increases to CAFE were also defeated. So, easy answers bring us back to the present. Why now?

The Energy Independence and Security Act of 2007 increased CAFE standards, at President Bush’s suggestion, for the first time since their creation in 1975. These combined increases, which ultimately went into effect with President Obama’s executive actions in 2012, came as a flurry of increasingly intense regulatory changes. Why did these changes occur; what phenomenon, or series of phenomena, succeeded in bucking the decades-long trend? There were clearly ample opportunities and appropriately timed challenges sprinkled along the timeline. Certainly, Bush didn’t take stage at the State of the Union in 2006, utter the word “addiction,” and then watch a long dominant policy paradigm crumble. So, why did it happen at that time rather than any other point in the history of the struggle over fuel economy policy?

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This Work and the Policy Process:

Policy change in the United States is typically portrayed as being sluggish, and/or taking place only in sporadic, reactive, energetic upheavals marked by their contrast to long periods of policy stability, or even stasis. While we have a suite of conceptual, theoretical, and methodological tools at our disposal to examine this assertion, I argue that the reality of incremental policy change in the United States is truly conventional wisdom. Moreover, prima facie, this case provides no exception to that conventional wisdom. Fuel economy policy remained relatively unaltered for nearly three decades into the new century, and then changed rapidly. My goal is to understand why that change in CAFE occurred starting in the early 2000s and into the latter half of the decade, which became a period of significant policy change. To understand this period of change, it is also essential to understand why policy was gridlocked for over two decades despite successive efforts to change it.

Christopher Klyza and David Sousa suggest the notion of “green drift” in examining the relatively gridlocked era of environmental policy from 1990-2006. In their view, these apparently inactive periods in legislative action mask broader policy instability and a general drift in fits and starts towards greener policy. The idea of green drift illustrates that incremental adjustments to policy often occur through alternative venues when traditional venues of policymaking, such as the legislature, are gridlocked. By the definition of legislative gridlock, the laws and statutes associated with an environmental policy area, for example, the Clean Air Act, remain stable. However, the broader policy area (e.g., air pollution), remains active and unstable, as other venues for policy change are explored by competing parties.

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While a range of alternative avenues for policy change were repeatedly accessed by competing sides in the fuel efficiency case – some examples being administrative fiat, regulatory loopholes, appropriation riders, and the courts – policy in this area does not appear to have drifted along a greener, or more progressive, direction. In fact, it took hardly any direction at all, until very recently. Part of this stasis-despite-instability could be because alternative venues are just as likely to become veto points – points for stalling the system for time, points for appeal, or even points for breaking down executive action – as they are points for small policy changes. Perhaps congressional gridlock was just as likely to be accompanied by gridlock in alternative venues. But this can’t be the only factor to consider. Klyza and Sousa’s notion of a kind of “progressive policy drift” borrows from older theories, pioneered by Charles Lindblom and others, which state that policymaking in America could be interpreted as, and should be conducted as, “muddling through,” with policy changes occurring incrementally. That is, policymakers try to find appropriate solutions to societal problems through small-scale trial and error, without setting an eye to some kind of permanent solution. However, incrementalism, perhaps better evidenced by the more modern and dynamic idea of “policy drift”, implies some kind of movement in policy. However, with the exception of a brief slackening of CAFE standards by the Reagan administration, absolutely nothing happened to actual CAFE regulations between 1975 and 2007. That being said, we do not imply that the policy area was inactive, or perhaps unstable. Discussing incrementalism and “policy drift” at least points us in the right direction, for two reasons. First, it provides a basis for understanding and explaining perhaps more applicable ideas such as frameworks, and second, as

a general guiding assumption that certain policies, under certain conditions may only change slowly, if at all, despite being unstable.

The core notion of incremental policy change was expanded upon by, among others, the punctuated equilibrium framework promoted by Frank Baumgartner and Bryan Jones. They indirectly rebranded the basic idea of incrementalism as “equilibrium” with phases of “negative feedback” and hypothesized that equilibrium would be occasionally interrupted, or punctuated, by large-scale departures from the policy past. Negative feedback refers to the incremental movement of policy, understood as if it exists in a necessarily conservative, or slow moving, system. Groups interested in challenging prevailing policy put resources such as time, money, and political capital into the fray in hopes of making change. However, negative feedback also refers to the decreasing returns challengers receive in such attempts. They push against the reigning policy paradigm with as much force as possible, achieving only small concessions, and then equilibrium is restored; a classic bend but don’t break scenario. So, as challengers to the status quo pour resources in this negative feedback phase, they receive less and less return on their political investments and the status quo retains dominance; equilibrium is restored.

With punctuated equilibrium, what supports equilibrium are political institutions and the definitions of the issues processed by those institutions. Under these circumstances, the institutional arrangements and the actors situated in them form policy monopolies, whose definitions of “the problem” play an integral role in maintaining policy stability. The possibility for changing policy lies in the ability to challenge the definitions supporting and supported by a policy monopoly, thereby undercutting its authority in its given sphere. Therefore, it also

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behooves interested parties to have a positive policy image. The existing policy monopoly and the associated policy benefit from a positive public image, or a general positive tone.\textsuperscript{12}

This framework would not exist without the previous work of E.E. Schattschneider, who originally highlighted the importance of conflict expansion in \textit{The Semisovereign People}.\textsuperscript{13} In it, Schattschneider observed that policy change hinged on the comparative ability of competing interests to control the expansion of conflict, essentially the scope of public involvement in an issue. Much of later work on policy stability and change, including the punctuated equilibrium framework, extends from Schattschneider’s insights about conflict. In essence, policy elites, termed “policy monopolies” for Baumgartner and Jones, spend their resources trying to manipulate public understandings and definitions of issues in order to limit or expand the scope of conflict. The policy coalition with more legitimate and widely accepted claims to the issues at hand, and the political power of the institutions supported by those ideas, will typically seek to minimize the scope of conflict. Conversely, policy outsiders seeking change would try to expand the scope of conflict.

More recently, Sarah Pralle builds on these concepts in her work on environmental policy and conflict expansion, using oil as a hypothetical example of problem ownership and control over scope of conflict.\textsuperscript{14} She posits that when an energy shortage is framed as a problem of energy supply rather than consumer demand, oil companies and government agencies in charge of energy supply and trade are empowered. However, if it is defined as a demand-side problem, “outside” groups are advantaged. In making this argument, Pralle offers a concise explanation of the mechanics of scope expansion and containment:

\begin{itemize}
\item \textsuperscript{12} Ibid, 26.
\item \textsuperscript{13} E.E. Schattschneider, \textit{The Semisovereign People: A Realist’s View of Democracy in America}, (Wadsworth Press 1960).
\item \textsuperscript{14} Sarah B. Pralle, \textit{Branching Out and Digging In: Environmental Advocacy and Agenda Setting}, (Washington DC: Georgetown University Press, 2006), 23.
\end{itemize}
Issue expansion strategies attempt to dislodge dominant groups’ claims of ownership, arguing for a broader understanding of the issue that encourages more people to claim a proprietary interest in the issue. Issue containment strategies on the other hand, seek to limit ownership of the issue to the original set of policy claimants.\textsuperscript{15}

Her example, while hypothetical, is appropriate for our purposes not just because it deals with oil and expansion of conflict, but because it also highlights \textit{problem populations} and \textit{issue ownership}.\textsuperscript{16} Parsing out who owns the issue, or non-issue, who is affected by it and how they are affected is central to understanding how the scope of an issue can change, and therefore, how a policy changes over the decades. Moreover, this notion of “ownership” is important for answering the question: why now?

\textbf{Frameworks and Theories:}

The actual “policy process” is extremely complex, possesses a multitude of relevant actors, and often has a timeline measured in decades.\textsuperscript{17} Making it more complex is that the policy problems we tend to study closely are often intractable or “wicked problems.”\textsuperscript{18} That some kind of general theory of policymaking would be able to adequately address the entire policy process in every possible permutation is meddling in metaphysics. However, frameworks, or theories of the policy process, emerged in order to address the perceived need to organize and generalize political complexity all while taking steps towards maintaining a reasonably sound toolkit for

\begin{itemize}
  \item \textsuperscript{15} Sarah B. Pralle, \textit{Branching Out and Digging In: Environmental Advocacy and Agenda Setting}, (Washington DC: Georgetown University Press, 2006), 23.
  \item \textsuperscript{18} For the most often cited example of work on wicked problems see: Rob Hoppe and Aat Peterse, \textit{Handling Frozen Fire: Political Culture and Risk Management}, (Boulder: Westview Press 1993).
\end{itemize}
synthesizing policy studies into more comprehensive models.\(^{19}\) This was also what Baumgartner and Jones sought to do in their punctuated equilibrium framework,\(^{20}\) which may be of particular relevance for this study since it was devised with an explicit focus on explaining policy stasis and change in a single theory.\(^{21}\)

That being said, no model, framework, or explanation of the policy process is ever a perfect match, particularly over a long timeline. Moreover, as much as it would make things easier, studying the policy process is not a science. There simply is not one framework or model out there to synthesize all possible policy and actor arrangements across all problem types, and there probably never will be. Moreover, there is no generally applicable tool that can aptly detail the rich contextual stew that cultures, societies, and their political systems establish. However, we need not throw up our hands and declare that none of it is worth our time. Various analytical tools often arise because they either expose a flaw that another model has when dealing with certain cases, or aspects of certain cases. This is not a Kuhnian exposure of anomalies and overturning of paradigms, but more a recognition that policy studies are more often than not a piecemeal and \textit{ad hoc} affair, and nothing useful gets left behind.

Take the policy subsystem, perhaps the most important unit of analysis for studying the policy process. The policy monopoly mentioned above, a central component of punctuated equilibrium, is such a subsystem. However, it is only one of the successors to earlier elitist images of subsystems such as the iron triangle. The iron triangle is conceptualized as a firm and exclusive set of relationships among legislative committees, executive agencies, and interest


groups – a close-knit relationship of elites controlling an entire policy sphere. This model is useful for explaining that three-way relationship, but fails to explain when a subsystem does not look like the iron triangle –or looks like one, but isn’t. Take, for instance, Charles O. Jones’ observation about energy policy being dominated by “big sloppy hexagons,” not iron triangles.\(^\text{22}\)

Or what about even more nuanced conceptions of subsystems, such as issue networks and policy communities – models with much more inclusive (though not necessarily pluralistic) and dynamic ideas of who is involved and how they influence the system and when?\(^\text{23}\) At the risk of taking words slightly out of context, B. Guy Peters instructively points out that “some scholars make a great deal over the differences between these concepts.”\(^\text{24}\) In this work, I do not, or at least I do not on a long enough timeline. Hugh Heclo reminds us that “looking for the few who are powerful, we tend to overlook the many whose webs of influence provoke and guide the exercise of power” –or “kibitzers” as he called them\(^\text{25}\) As a given policy moves along temporally, “kibitzers” are ordered in and out, and the arrangement of a subsystem may change from snapshot to snapshot, to borrow a metaphor from Christopher Bosso.\(^\text{26}\) In a short span of time, something that began resembling a firm iron triangle in one snapshot may instead come to resemble a decentralized issue network in the next—or perhaps a solid core with fuzzy edges.\(^\text{27}\) So, as the subsystem changes, our conceptual tool for defining it may change. Moreover, as the subsystem changes, any number of variables could be changing along with it and this is the point here. For the CAFE case study, my suspicion is that we will see radical change in how


subsystems appear in chronologically ordered cross sections. How other concepts fare, including entire frameworks, across the entire timeline is central to studying both policy stasis and political/policy change.\textsuperscript{28}

Noting the \textit{ad hoc} nature and complexity of political reality, another framework – although it wasn’t developed as a framework, \textit{per se} -- for consideration here is what some have called the Multiple Streams Framework, formulated by John Kingdon.\textsuperscript{29} In contrast to punctuated equilibrium, or even Sabatier’s ACF, which noted complexity and so-called wicked problems, Kingdon acknowledges the apparent chaos in policy choices. Layers of “local” rules and randomness, or even chaos, account for change more than any order imposed from on high.\textsuperscript{30} Moreover, systems move in a more chaotic and constantly changing fashion rather than moving, rather neatly, between equilibriums, as with Baumgartner and Jones’ model.\textsuperscript{31} In the tradition of the garbage can model of organizational choice, multiple streams notes that policy choices, and therefore policy change, is highly context dependent and subject to the convergence of public moods, ideas and political structure.\textsuperscript{32}

The notion of converging multiple streams posits that what appears as first as randomness can be assigned to “streams” of problems, politics, and policy. The \textit{problem} stream is filled with the issues that elements of society want to address, whether climate change, health care costs, drunk driving, and so on. The \textit{politics} stream speaks to the vagaries of national mood and partisan ideology, and how such factors can affect overall perceptions political feasibility. The \textit{policy} stream is more or less the mix of “solutions” to problems, what Kingdon called a

\textsuperscript{31} Ibid, p 226-227.
\textsuperscript{32} Zahariadis, “The Multiple Streams Framework,” 66.
“primordial soup” of policy ideas pushed by various interests. For example, in this study, creating corporate fuel economy standards would be one idea in the policy stream, even as rising oil prices resides in the problem stream. The political feasibility of matching a policy solution to a problem exists in the politics stream. Policy change occurs in the convergence of these three streams. These streams converge in a “window of opportunity” or policy window, the perhaps fleeting moment in time when policy advocates can convert a pet solution in actual policy.

Lastly, and quite important here, is Kingdon’s popularization of the notion of a focusing event, the observation that problems are often not pressing or powerful enough to get on the agenda without a boost from a “crisis or disaster that comes along to call attention to the problem, a powerful symbol that catches on, or the personal experience of a policymaker.”33 Was there a focusing event in this case? When and how did the problems in this case get onto the agenda, and when and why did policy advocates gain the potency to push change through?

**Chapters:**

Chapter 2 begins the narrative of this roughly 35-year long CAFE case study by first briefly explaining the industrial history and triumph of the car. From the initial automobile boom through the post-war period and into the 1960s, the American auto industry enjoyed decades of minimal-to-no regulation, a condition not highly irregular as many industries in this modernizing era outpaced the growth of corresponding regulation. It is within the context of regulatory vacuum that we can move on to examine the establishment of the laws that became the automobile regulatory infrastructure.

After 50 plus years of free reign for the auto industry, the mid-1960s ushered in a decade of briskly paced regulatory creation as several key national level automobile regulations were put in place between 1965 and 1975. A series of focusing factors like automobile safety, smog and

urban haze, and a 1973 energy crisis oriented the agenda towards seatbelts, tailpipes, and greater fuel economy. Respectively, these new concerns substantiated into comprehensive national policies with the Motor Vehicle Safety Act, the Clean Air Act, and CAFE standards as the chronological capstone.

The adoption of these laws rather abruptly and permanently changed the way Detroit would do business with Washington and its customers, and vice versa. The new statutes were also nestled within the establishment of other sweeping environmental and consumer rights regulations that were to have impacts far beyond the auto industry. It is nearly impossible to discuss what happened in the following decades without first visiting this era.

Chapter 3

The third chapter examines the 1980s and the first political tests of fuel economy regulations. During this period CAFE was in a stage of implementation as the standards were being increased each year to reach their ultimate 1985 goals. CAFE was also up for legislative review that same year. Alongside the implementation and review of CAFE, Ford and GM were experiencing difficulties with and losing market share to the Japanese automakers, which had truly begun to establish themselves in the previous decade. Chrysler, on the other hand, was enjoying a remarkable comeback after being aided by the federal loan guarantees in 1979. Ronald Reagan’s ascendance to the presidency, and his relentless fight against regulation of any kind, provide the backdrop for his effort to abolish CAFE standards outright. Thus, the battles over CAFE were fiercer than may have been anticipated a decade earlier. Despite zero statutory change, this decade exhibited a great degree of political instability and is vital in explaining longer run statutory stability.

Chapter 4:
While the new decade saw Presidents George H.W. Bush and Bill Clinton ease off of Reagan’s anti-regulatory fervor, no new ground was broken. Congress examined CAFE again at the beginning of the decade but passed on any changes, arguably in exchange for the 1990 Clean Air Act Amendments. By this point as well, Detroit had come to count on a staunch array of regular and powerful advocates on the Hill, and was also beginning to truly flex its lobbying arm. Come mid-decade, the newly Republican-dominated House neatly locked up the possibility of executive level changes in appropriations riders. As with the previous decade, and despite capital opportunities for increasing CAFE standards, changes withered in a storm of political instability. This is the principal decade Klyza and Sousa refer to as gridlocked, and special attention is needed here before moving on to the turn of the century.

Chapter 5:

While it is difficult to point to any single factor leading to the substantive policy changes of 2007-2012, Chapter 5 lays out the range of factors that broke decades of stalemate. The 1990s and early 2000s saw the sports utility vehicle (SUV) sneak into the light truck category of fuel economy standards, meaning it required less stringent gas mileage. These large vehicles, while mostly resembling trucks in size and feature, quickly become the “car” of choice for most Americans. While Americans were happily consuming cheap and plentiful oil in the 1990s, and Detroit was turning hefty profits on SUVs, all this changed dramatically with the attacks of September 11th 2001, which shocked the political environment into refocusing nearly everything, including energy supply and consumption, into terms of security. Compounding matters, global warming concerns reached an all time high while oil prices began to destabilize. The reluctant acknowledgement of peak-oil, or an “End of Cheap Oil” heightened uncertainty, as National Geographic wrote in a groundbreaking issue. Energy legislation in 2005 seemed to be a weak
bandage and merely a political first step foreshadowing real policy change as paths of resistance met critical mass. Sharply increasing oil prices from 2003-2008 intensified all of these factors. Throw in a brutal recession in 2008, and a clear cause and effect relationship begins to emerge for the substantive policy changes from 2006 to 2012.

In 2005 and again in 2007 the United States adopted energy focused legislation, which would have been impossible to pass just 5 years earlier, the latter raising CAFE standards for the first time since 1975. As President Bush left office, it was likely hoped by Republicans and allies of Detroit that the fuel economy changes that made it into the 2007 Energy Independence and Security Act (EISA), would be as far as changes went. However, when President Obama took office, under quite favorable political conditions, a severely weakened automobile sector was forced to the table. Under the new provisions of EISA, President Obama made semi-unilateral, executive level changes to CAFE, capping a 30-year battle over fuel economy with a definitive shove towards doubling fuel economy in a matter of years.

What can this case tell us about the policy process and political change? Does it simply affirm Baumgartner and Jones’ punctuated equilibrium framework, as some analysts have asserted?34 Certainly, it is accepted as a preliminary hypothesis above. Again, what this case tells us about the policy process holistically is obviously important here. However, whether or not it specifically affirms one framework is less important. What kind of change is this, and why did it happen now?

Chapter 2: The Genesis of CAFE and EPCA

Automobiles and Industry in America:

It is safe to say that the automobile shaped 20th century America, its lifestyle, its cities and towns, its entire economy and even the range of personal relationships built around the conveniences -- and inconveniences -- of the car. As the nation’s economy grew, so did the automobile industry, which enjoyed an exceptional compound annual growth rate of 8% over the century, the bulk of it occurring between the end of World War II and the early 1970s. From the era of Henry Ford’s “car for the great multitudes” to the two-car households in the 1950s as Americans moved to new suburbs, car ownership exploded to the point of being a necessity.

Yet, the car was not a simple commodity, and consumers cultivated a taste for cars that were large, fast, and by the 1960s and 1970s, “loaded.” Growth in automobile size continued while smaller foreign automobiles failed to catch on; imports as new registrations and import market share were respectively small and flat until the end of the 1960s. At the same time, American manufacturers’ own forays into smaller, more fuel-efficient cars faltered. Former GM executive and engineer John DeLorean bemoaned the corporate attitude at GM towards his recommendations in the 1960s and early 1970s for smaller cars and more flexible manufacturing. Ford Motors, which had dabbled in making smaller cars in the 1960s, backed off because profit margins were higher on larger vehicles. Emphasizing the corporate attitude with a dash of rhetoric, Henry Ford II pointed out that “mini cars” lead to “mini profits.” There was hardly any corporate, or consumer, will to produce smaller, more fuel-efficient vehicles.

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Even when smaller imported models began to take up market share at the end of the 1960s, American manufacturers seemed to double down on big. By 1973 over 80 percent of American cars manufactured (including trucks) came with 8 cylinders, and the average weight of new cars had increased from the previous decade. As the industry would point out, part of this was due to new regulations, such as the 1965 Motor Vehicle Safety Act, which empowered the federal government to create safety standards in automobiles, such as seatbelts, and 1970 Clean Air Act (CAA), which required new technology, such as catalytic converters, to remove pollutants from exhaust. Meanwhile, Japanese manufacturers producing mostly smaller 4-cylinder vehicles came to dominate the import market from 1965-1975 – a market which nearly tripled in the same period - while meeting the same safety and emissions standards.

Why did Detroit continued to build large cars even as changing market conditions may have been giving them signals to do otherwise? As noted above, Detroit kept making, and American consumers kept buying, large and more profitable cars. However, like John DeLorean, some blamed the corporate culture in Detroit; Paul Ingrassia, a Pulitzer Prize winning journalist who has spent decades covering Detroit, described the corporations during this era as “inbred and sycophantic,” specializing in bad decisions. Indeed, Detroit seemed to be unable to get it right, even when it tried. In 1970, GM introduced the Vega and Ford the Pinto, two new models to compete with the smaller imports. Unfortunately, both were merely large drive trains on small bodies, resulting in cramped interiors and poor gas mileage, stark in comparison to the successful front wheel drive, 4-cylinder models from Honda and Datsun (now Nissan). Japan’s models also more easily adjusted to the Clean Air Act in 1970. For instance, Honda’s 4-cylinder CVCC engine was already efficient enough that it didn’t need a catalytic converter. In fact, the CVCC

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41 Ibid. 11-16.
powered 1972 Civic was the first car in the world to officially comply with the CAA. On top of Detroit’s struggle with fuel efficiency and size, their new competition from Japan seemed to be custom built for the emerging times, and soaking up market share.

That the US auto industry did not seem interested in making smaller, more fuel-efficient vehicles is relevant for this study because American dependence on the automobile, and the entire economy for that matter, was tightly linked to an ever-present assumption that oil would remain plentiful and cheap. In late 1973, that assumption was about to be undermined.

**Regulating Fuel Economy – Percolation of CAFE**

During the Yom Kippur War, or October War, in 1973, the U.S. and some Western European allies intervened on the behalf of Israel in its fight against an alliance of Arab states led by Egypt and Syria. President Nixon, fearing both the defeat of Israel and expansion of Soviet influence in the Middle East, supplied Israel with priceless tactical airlifts, along with some softer military support. This involvement enabled Israel to turn the tide in the war, but also prompted the Middle Eastern nations dominating the Organization of Petroleum Exporting Countries (OPEC) to impose an oil embargo on the United States and some of its European allies. The immediate result was a sharp decline in the global supply of oil and resulting drastic oil price shocks. For the first time since WWII, Americans experienced gasoline shortages, rationing, and long lines at gas stations, and almost overnight were forced to confront a dramatic change in their once carefree experience with filling up the tank. While gasoline consumption in the United States is typically price inelastic, the embargo sharply reminded Americans that oil, like other commodities, was not immune to scarcity, price fluctuations, and politics.

The oil embargo strangled America’s supply of imported oil and produced the larger “energy crisis” that would dominate U.S. politics in the mid-1970s. It served as the impetus for
moving towards comprehensive energy legislation aimed at lessening oil consumption and dependence, and drew attention to energy security and conservation more generally. Varied solutions for America’s energy woes became a central piece of the national discussion, and prominent on the political agenda.

Many Americans still recall gas rationing and federally imposed price ceilings. Fewer may remember small-scale conservation schemes, such as lowering speed limits. Fewer still would remember pushes for increasing domestic energy production through untested sources such as oil shale and research into liquefied coal – perennial silver bullets in decades of energy debates. What finally resulted, two years after the embargo, was a comprehensive energy bill designed to fix problems with the current system, and to prepare for possible future perturbations.

**EPCA and CAFE**

The ultimate federal response to the energy crisis was the Energy Policy and Conservation Act of 1975 (EPCA). This comparably comprehensive statute introduced Corporate Average Fuel Economy (CAFE) standards, which required manufacturers to reach a harmonic-weighted fleet average fuel economy of 18 miles per gallon (mpg) by 1978, and 27.5 by 1985. Using a fleet wide harmonic average rather than a minimum on all cars allowed automakers to continue selling large and more profitable vehicles even as they expanded production of more fuel efficient vehicles.

EPCA emerged from a bevy of proposed regulations, taxes, and policy options to deal with the energy crisis and was rather comprehensive in its approach. On paper, the path to EPCA approval seemed rather uneventful, with decisive majority votes in both chambers of Congress. President Ford, who opposed many aspects of the final bill and who had spent the better part of a
year vetoing other energy bills, signed EPCA into law accompanied by rather a gracious statement about its potential.\textsuperscript{42} Even so, as should be expected, the path to enactment was not entirely smooth.

In January 1974, President Nixon submitted to Congress a legislative agenda for dealing with the energy crisis. It contained a comprehensive array of energy policy options, aimed collectively at fixing current problems and lessening the impacts of future energy challenges. The administration’s suggestions ran the gamut of approaches, such as encouraging individual conservation measures, increased funding for urban transportation, and imposing windfall profit taxes on oil companies.\textsuperscript{43} After Nixon resigned from office that August, President Ford submitted his own legislation to Congress that covered much of Nixon’s ground and added the goal of establishing a strategic petroleum reserve (SPR), a national stockpile of crude oil for use in the event of a crisis or catastrophe.

While Ford’s proposal became the jumping off point for debate over comprehensive energy legislation in the 94\textsuperscript{th} Congress, the Democrats in control of Congress had a much stronger role for government in mind than did Ford. They had the numbers, the result of unprecedented midterm election losses for Republicans that left Democrats left holding 291 seats in the House of Representatives and 60 in the Senate. Moreover, the incoming freshmen were more progressive than their predecessors. Additionally, thanks to legislative reforms in the 93\textsuperscript{th} Congress, discussed in more detail below, new members of Congress had more access to the policymaking process than was traditionally allotted to freshmen. And, if both Nixon and Ford

\textsuperscript{42} Most of the President’s vetoes revolved around disagreements over oil price controls, which is a bit outside the scope of this case study.

saw fuel economy as something the market would figure out, most of the Democrats in control of Congress disagreed.

**Building the Bill:**

Regulating fuel economy quickly popped up in five separate bills at the start of the 94th Congress. These bills filtered through the relevant committees (see Figure 1) with surprisingly little resistance, to finally be combined into one bill, S. 1883. One such bill, the Automobile Fuel Economy Act (S. 633), authored by Senator Ernest “Fritz” Hollings (D-SC), would become the backbone of CAFE. S. 633 was referred to the Senate Committee on Commerce, where it was co-sponsored by Senator Warren Magnuson (D-WA). The Automobile Fuel Economy Act was reported out of committee in May of 1975 and was later incorporated into the House’s energy omnibus bill, HR 7014, sponsored by Representative John Dingell (D-Michigan), chair of the House Subcommittee on Energy and Power. Both Dingell and Hollings would be noted for the roles they each played in crafting EPCA. Dingell, whose district included – and, forty years later, continues to include – the city of Detroit, was coming into his own as a defender of the U.S. auto industry. Most of his efforts went to arguing for oil price controls, not against regulations on autos. Hollings, for his part, was praised as the major “water carrier” for the fuel economy bill, and was central to fuel economy legislation over the ensuing decades.44

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After being referred to the House and inserted along with several other energy bills into its omnibus legislation, S. 633 was shipped back to the Senate, to be considered by the Interior and Insular Affairs Committee chaired by Senator Henry “Scoop” Jackson (D-WA). Both the committee and Jackson as an individual would prove central to the bill’s eventual progress.\textsuperscript{45} The committee’s massive final bill, running the length of 100 pages, was the embodiment of the word “comprehensive.” Its scope was so encompassing that “virtually every congressional committee can be said to have issued relevant publications during 1974 and 1975.”\textsuperscript{46}

Opposition in Congress to the Automobile Fuel Economy Act was thin at best. During his 1975 State of the Union address, President Ford announced that he had arranged a deal with Detroit to voluntarily increase fleet fuel economy by 40% for model year 1980. Ford obviously

\textsuperscript{45} This omnibus legislation had over a dozen cosponsors and jurisdictional overlaps, and housed these other bills from the 94\textsuperscript{th} Congress: \textit{H.R. 7014} (the House’s omnibus Energy Independence package), \textit{S. 349}, \textit{S. 677}, and \textit{S. 1883}.  

preferred the voluntary deal he brokered with Detroit to the binding and more stringent fuel
economy policy options on the table. However, the president never had much leverage on the
fuel economy portion of energy legislation. For instance, Senator Robert Griffin (R-MI), Ford’s
inside man and personal friend on the Senate Committee on Commerce, sought to defuse such
legislation. However, on this issue, Griffin’s motions were largely ignored within the committee.

Indeed, Ford’s fuel economy deal had little support in the Democratic controlled
Congress. Previous efforts by the Senate Committee on Commerce to push fuel economy
regulations had failed in the absence of a strong impetus such as the energy crisis, and some
senators were probably enjoying a moment of “I told you so.” During committee hearings on fuel
economy and the will of Detroit to self regulate, Senator John Tunney (D-CA) assailed President
Ford’s plans as being far too lax and giving automakers “all kinds of wiggle room to escape their
commitment . . . and (the plan) could well fall flat on its face.”47 Likewise, Senator Hollings
expressed a sentiment that while he would prefer the market and industry to take care of this
itself, he saw little chance of that:

Manufacturers have always heretofore been more responsive to the desire,
carefully cultivated in their customers, for even bigger gas guzzlers, than to the
urgent public need for reduced fuel consumption. It is thus unlikely that the
President’s call for volunteerism by the car-builders will have any greater lasting
effect than similar calls have had upon their customers to cut down on gas
consumption before mandatory controls become necessary.48

47 Committee on Commerce, “Automobile Fuel Economy and Research and Development,” 94th Cong., 1st Session,
March 12 1975.
48 Ibid. 79.
Fleet-wide fuel economy regulations weren’t the only options discussed for regulating automobile oil consumption. As noted in Table 1 (below), the Energy Conservation and Conversion Act (HR. 5005), sponsored by the House Ways and Means Committee led by Representative Al Ullman (D-OR), included a fuel efficiency, or “gas guzzler” tax, on large automobiles. Earlier bills offered similar measures, such as one proposed by Senator Charles Percy (R-IL) that proposed taxes as steep as $1,000 for vehicles with less than 13 mpg and $300 rebates for more fuel efficient ones.\(^{49}\) The House Government Operations on Conservation and Natural Resources and the Science and Aeronautics Subcommittee each were weighing options for encouraging fuel efficiency through ideas such as taxing vehicles by horsepower and weight.\(^{50}\) The gas guzzler part of HR 5005 bill ultimately was seen as far too weak by Democrats looking for something a bit more punitive, with one member of the House calling Ullman’s proposal a “slap on the wrist.”\(^{51}\) In many respects, Ullman’s bill was the most solid attempt at comprehensive energy legislation outside of HR. 7014 and S. 622, yet it seemed too broad to garner sufficient support from fellow Democrats to make it out of committee. Ullman was also overshadowed by more strident voices like Sen. Jackson, who was not only popular and powerful, but held several key committee posts relevant to the energy agenda, and was building toward a presidential run in 1976.

\(^{49}\) Arthur Siddon, “Percy Calls for 20 cent Gasoline Tax,” *Chicago Tribune*, February 10, 1975, 5. As seen here, the proposed taxes on less fuel efficient vehicles started as “new car taxes” and included rebates for more fuel economical vehicles. The term gas guzzler was picked up in later legislative proposals but was not part of EPCA. However, a different “gas guzzler” tax was actually made into law in the Energy Tax Act of 1978.


Table 2.1: Fuel Economy Policy Options

<table>
<thead>
<tr>
<th>Fuel Efficiency Standards</th>
<th>Ford SOTU Recommendations</th>
<th>Democratic Leadership</th>
<th>Ullman Ways and Means</th>
<th>Senate Committee Report (final)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 year emissions freeze in return for 40% increase in efficiency by 1980</td>
<td>Various “Tough standards”</td>
<td>Gas guzzler option with rebates for high mileage vehicles.</td>
<td>Tough, increasing, standards with penalty to be paid by manufacturer</td>
</tr>
</tbody>
</table>


Even as other elements of energy legislation were fiercely debated amidst the intense competition between Congress and President Ford in 1975, the portion of EPCA that became CAFE fared remarkably well. Indeed, despite industry protest, any discussion about fuel economy regulations centered over how stringent they should be, rather than should they exist at all. The comparative absence of opposition in Congress to some type of fuel economy standards was matched, if not mirrored by, a relative lack of “strenuous opposition” by the automotive industry.\(^{52}\)

**Industry Opposition**

The automobile industry was ambivalent towards and had deep misgivings regarding possible regulatory changes. While noting the imperative to adjust to shifts in demand – it was hard to ignore record overstocks of large vehicles and a boom in small and medium sized vehicle interest in the wake of the oil embargo -- Detroit nevertheless considered itself hampered by relatively new air pollution and motor vehicle safety regulations. Many in the industry expressed concerns that yet another set of regulations would exacerbate their burdens. They also believed that rather than government mandate, markets should be the determining factor in fuel economy.

Auto executives were particularly unsettled by the rapidity of policy change. The industry had been virtually unregulated only a decade earlier, and was now looking at what seemed like

back-to-back-to-back regulatory legislation aimed at altering its behavior. The 1965 Motor Vehicle Safety Act that followed Ralph Nader’s expose, Unsafe and Any Speed,\textsuperscript{53} had been followed five years later by the Clean Air Act in response to the flood of environmental concern, in each case handing Detroit new and robust regulatory frameworks with which to comply. The Big Three’s credibility in the upcoming energy discussions had not been helped by their strident opposition to these earlier laws, most famously by the revelation that General Motors had hired a private investigator to follow Nader as part of an overall campaign to discredit the consumer advocate’s character before his book was published, forcing a public apology by GM President James M. Roche before a US Senate subcommittee. By the mid-1970s, the overall public image of the U.S. auto industry was arguably at its lowest in decades.

Even so, Motor City executives had no trouble sharing their opinions on fuel economy regulations. Ford Motor Company president Lee Iaccoca said that the move towards national fuel economy laws reflected “a popular view these days that the way to solve most any problem including air pollution and oil shortages is simply to pass a law.”\textsuperscript{54} GM vice chairman Richard Terrell similarly warned that the American consumer did not “need the government to force him into a lighter weight car.”\textsuperscript{55} The Motor Vehicle Manufacturers Association, representing the “Big Three” as well as American Motors and International Harvester (which at the time produced the Jeep brand), itemized industry-wide opposition to fuel economy regulations in reports prepared for congressional hearings.\textsuperscript{56} Overall, the industry opposed possible regulations with dark predictions ranging from the specter of an entire American fleet being made up of compact cars to the economic ruin for the industry overall.

Ford Motor Company, along with the United Auto Workers and Automobile Dealers Association, would eventually embrace mandated fuel economy standards. The three entities came to see fuel economy regulation as inevitable and preferred fleet-wide fuel standards as opposed to a tax on less fuel-efficient cars, a steep gas tax, or mandatory minimums on all cars. Ford’s stance on efficiency standards came as little surprise insofar that it already had the best fleet fuel economy of all American car makers and, owing in part to its European operations, significant small vehicle research and development under its belt. Combined with their perception that regulation was going to happen anyway, Ford officials perhaps believed that they stood to gain in market share as the other U.S. automakers experienced negative short-term impacts from the new efficiency standards.

The auto industry’s allies on Capitol Hill offered it some breathing room during the depths of the energy crisis, with Congress in 1974 granting a one-year reprieve for the automobile industry in meeting its Clean Air Act emissions targets. The White House tended to advocate for more leniency, first with Nixon seeking a 2-year extension and, later, Ford requesting a 5 year reprieve in meeting emissions standards in exchange for 40% fuel efficiency increases overall. Ultimately, Detroit caught a break and did not need to fully comply with CAA standards until later in the decade. After successfully lobbying Congress and beating back pushes by the Sierra Club, automakers were given some leeway in meeting emissions requirements via amendments in the 1977 Clean Air Act amendments.

U.S. automobile companies appeared to cooperate with smaller voluntary measures that they believed might shift demand away from heavier, fuel guzzling cars. One such measure, suggested by the EPA, called for energy consumption characteristics printed on window stickers.

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on new cars. These stickers were designed to give consumers access to basic information about the weight and associated fuel economy with their prospective purchases. Perhaps, like voluntary fuel economy measures, or as with Ford Motor Corporation’s shrewd move to support fuel economy regulation, the industry’s labeling offer could be interpreted as trying to act early to “soften the blow.” However, as with fuel economy, Detroit was putting something on the bargaining table that Congress was probably already getting for free. Congress had been talking about labeling and fuel economy before the energy shortage began; one of the Committee on Commerce’s pre-crisis bills in 1973 called for a 25% increase in fuel economy by the decade’s end, with labeling measures already included. Almost to underscore Detroit’s comparative lack of political power in these discussions, fuel efficiency labels became mandatory parts of the final EPCA legislation.

Even amidst contentious debate over the larger energy legislation, CAFE standards enjoyed a rather easy path through Congress. Detroit automakers had openly agreed on the need to increase fuel economy even as they opposed mandatory standards, a stance that created doubts about their sincerity and severely weakened their bargaining posture. Reminders on Detroit’s past dismal record of creating fuel-efficient vehicles in response to the market proved easy ammunition for liberal Democrats like Henry Waxman (D-CA), who had come into his own by mid-decade. Another major reason that CAFE got through comparatively easily might be tied to Detroit’s lack of rigorous self-defense. In this period, auto executives seemed to meet challenges with a principled but almost lackadaisical approach, determined above all to protect short-term profits.

Oil Prices, Blame, Attention and Apathy

EPCA would take a year to pass, the energy agenda caught in tensions between the White House and Congress. The Ford administration expressed that the nation urgently needed a comprehensive energy policy and, according to the president, Congress was not in a collective rush to do this; the Ford administration also likely felt that it needed to build a record, and that Congress would not be in a collective rush to help him with that either. Oil price controls, which were instituted in 1973 as an emergency measure to deal with the crisis, were set to expire in August 1975. President Ford’s plan was to decontrol oil prices completely and impose excise taxes on oil to increase prices, decrease demand, and increase the oil companies’ profits so that they would invest in domestic production. Most Congressional Democrats did not see price decontrol, combined with new barrel based taxes, as economically sound or politically viable.

It didn’t help Ford that a plan to increase oil prices appeared to benefit the oil companies. Americans had placed much of the blame on the oil companies for the energy crisis (see Table 2), some even suspecting the companies of manufacturing the crisis in the first place. Perhaps contradictorily, despite being seen by critics as too cozy with the oil companies, Ford’s plan relied on windfall taxes to mitigate what Henry Jackson repeatedly referred to as “obscene profits” that oil companies were turning as oil prices skyrocketed. The oil firms saw such a tax as punitive, leading Mobil Oil to take out a major ad in the New York Times urging veto of the bill that ultimately became EPCA. It would seem that Democrats in Congress may have seen a windfall tax as something on which they could see eye-to-eye with the President, however, that wasn’t the case. Certain Democrat leaders, such as Senator Russell Long (D-Louisiana), chair of the Senate Finance Committee and an ally of the oil industry, argued that it would be imprudent

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to tax oil profits at a time when the nation needed the companies to reinvest those profits in exploration and production.\textsuperscript{62}

Table 2.2. Blame for Crisis

<table>
<thead>
<tr>
<th>Who to blame for energy shortages</th>
<th>Great Deal of Blame</th>
<th>Some Blame</th>
<th>No Blame</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Companies</td>
<td>56%</td>
<td>31%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Oil Exporters</td>
<td>22%</td>
<td>45%</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>Administration</td>
<td>39%</td>
<td>47%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Congress</td>
<td>26%</td>
<td>57%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Consumers</td>
<td>18%</td>
<td>47%</td>
<td>28%</td>
<td>7%</td>
</tr>
</tbody>
</table>


The sticking point was oil prices, and a windfall profits tax was only a small part of the issue. This example exposes the characteristics of blame surrounding the issue, and how concerned politicians would have been about how tender Americans may have been about oil cost increases and oil company profits. Congress and the President were never going agree on oil prices, especially when it seemed that congressional Democrats had the upper hand on the issue politically.

This situation perturbed President Ford, who possibly expected Democrats to follow his leadership after he laid out plans in December. In May 1975, the president dramatically ripped pages off a calendar during a televised speech to demonstrate how long Congress had gone without enacting his proposed legislation or any alternative to it. Ford also attempted to tap into memories of the 1973 crisis, warning, “there is no visible energy shortage now, but we could have one overnight. We do not have an energy crisis, but we may have one next winter. We do

have an energy problem, a very grave problem.”⁶³ That the final legislation bore little to no resemblance to Ford’s recommendations should not be surprising. He simply did not have political clout as the post-Watergate Republican President facing a Congress strongly dominated by liberal Democrats to push the agenda on his terms, and it bears repeating that the Democrats after the 1974 midterm elections held supermajorities in both chambers of Congress.

Worse, for Ford at least, Americans just didn’t feel the president’s projected sense of urgency. Consumers quickly returned to a sense of complacency after the energy crisis, and this likely had a large impact on how the energy agenda unfolded. While small cars were making inroads, consumers appeared reluctant to sacrifice the newer luxuries and safety features that nonetheless increased weight.⁶⁴ According to a 1974 survey commissioned by Newsweek, 59% of Americans thought that Detroit should make smaller cars, and 77% felt that they should cut horsepower, yet only 23% said they would buy smaller cars in the event of additional energy shortages or price increases.⁶⁵ Frank Zarb, chair of the Federal Energy Administration for Ford, lamented that Americans had quickly lost their sense of urgency to cut oil imports and that “when it got down to nutcrack, forcing their congressmen to act to raise the price of gasoline, the will wasn’t there.”⁶⁶ When Zarb visited Henry Jackson to discuss what they could do to get EPCA moving more briskly, Jackson reportedly asked, “Do you know how to make another embargo?”⁶⁷

⁶⁵ Schnapp, John, Corporate Strategies of the Automotive Manufacturers, (Lexington MA, Lexington Books 1979), 114.
⁶⁶ Yanek Mieczkowski, Gerald Ford and the Challenges of the 1970s, (Lexington: University of Kentucky Press 2005), 258.
⁶⁷ Ibid., 242.
Indeed, by the end of 1974, 86% of Americans rated unemployment or inflation as more pressing than energy shortages, and only 7% found energy to be the most important.\(^{68}\) If Americans weren’t pushing hard for energy conservation, Congress wasn’t going to do either. Moreover, another glance at the data in Table 2 suggests that Americans saw themselves (being consumers) as the least to blame. Congress, no doubt aware of such sentiments, had little incentive to sacrifice issue ownership to the president. Letting President Ford and “Big Oil” continue to take any heat was a sound political strategy. Blame was an important part of the politics of energy legislation in 1975. For their part, members of Congress were painted by some in the media as being “resistant to Ford’s proposals,”\(^{69}\) and accused of hedging their bets against the impact higher fuel prices could have on the economy.

However, Democrats in Congress were not necessarily working with some kind of disciplined strategy to do such, or even to let Ford take the heat. Even as the era of the energy crisis unfolded, the 93rd Congress itself was undergoing dramatic restructuring in the wake of the 1974 midterms that ushered in legions of new Democrats eager to reform what they saw as a hidebound institution. A great deal of their attention was aimed at reining in the power of the committee chairs, leading to a wave of internal decentralization and a notable proliferation of subcommittees as much of the power typically reserved for the standing Committee and their chairs was divided amongst subcommittees. Jurisdictional claims multiplied overnight and dealing with energy policy in Congress “took on the character of the Oklahoma Land Rush.”\(^{70}\)

Many subcommittees, old and new, added the term “energy” to their title, in the hopes of

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increasing their authority in energy policy making—and recalling the incoming wave of freshman Democrats, many of these subcommittees were filled with newcomers. In a 1985 study, Charles O. Jones and Randall Strahan pointed out that Congress “disaggregated” after the energy crisis. A large-scale phenomenon like the energy crisis “cuts across existing organizational arrangements, invites institutional restructuring, and thus represents a significant challenge to subgovernment stability. When Congress disaggregates policymaking power, it scrambles the jurisdictional bases for subgovernments and increases the number of participants, also posing a significant challenge to subgovernment stability.”71

**Changing Networks of Power:**

Before the energy crisis, the subgovernments, or subsystems, involved in energy policy were exclusionary and had few players; a classically “elitist” type of subsystem. In studying interest groups and energy policy, John E. Chubb identified such exclusionary subsystems as the foundation for stable subsystem arrangements prior the energy crisis. Such subsystems, he argued, “flourished because they were consistent with the larger interest of government, and not grossly inconsistent with the particular interests of excluded groups . . . producer-dominated subsystems became the firmly established mode of energy policy making.”72 After the energy crisis, by contrast, many of the traditional actors found themselves losing their dominating influence. In the past, Detroit’s need to lobby at all was often unnecessary, but was now inadequate, especially after two huge policy losses in the Motor Vehicle Safety Act and the Clean Air Act.73

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73 Lugar, *Corporate Power, American Democracy, and the Automobile Industry*, p 89.
However, this isn’t to say that countervailing advocacy groups to industry were able to step into central roles in the making of legislation, notably at committee hearings - at least in regard to increasing fuel economy. Policy theory suggests that previously excluded groups would now be much more engaged with the policy process; however, this wasn’t entirely the case. For example the key hearings on fuel economy in the Senate Commerce Committee in 1975 were packed with industry and government analysts. Comparatively, only Ralph Nader appeared alongside Clarence Ditlow for the Public Interest Research Group –a consumer advocacy group. They were the sole representatives of either environmental or consumer rights advocacy groups present at these hearings. Nader pitched the need for including fuel economy standards in a comprehensive national energy policy because of both environmental concerns and consumer issues; Nader attacked Detroit on its lack of interest in creating a fuel efficient fleet.74

Ralph Nader was indeed a powerful name and force, and was instrumental in the creation of the Motor Vehicle Safety Act 10 years earlier in 1965, and was therefore likely considered a central voice in the possible regulation of the auto industry. However, he was severely outnumbered. It is telling that third parties that one would perhaps expect at the table, such as environmental groups like the Sierra Club and National Resource Defense Council, which would balloon in membership over the 1970s with other environmental advocacy groups, were not present. Nor was there an energy conservation advocacy presence, again, outside of Nader – although there weren’t many energy conservation advocacy groups at this point in time for that matter. While environmental groups were active at least in the courts, suing for various reasons,

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for example under the Clean Air Act and Endangered Species Act, they were largely absent from the fuel economy discussion outside of the legislature as well.\textsuperscript{75}

For their part, executive branch agencies like the Department of Energy and the Environmental Protection Agency mostly relayed President Ford’s message – remove oil price controls. For instance, in hearings, the spokesman for the Conservation and Environment wing of the Federal Energy Commission, Roger Sant, merely relayed the administration’s strategy of increasing oil prices to curb demand and to let auto makers voluntarily increase fuel economy.\textsuperscript{76} As EPCA was being fashioned, the administration along with Detroit were seen but not heard. Clearly, the dynamics of the subsystem, at least in this intersection of transportation, energy, and environmental policy, were shifting.

**Conclusion:**

In conclusion, it serves to note that while President Ford, somewhat dramatically, especially considering his usual metered style, accused Congress of moving slowly, that was not necessarily the case. In fact, 11 months is not an extraordinarily long length of time to get a large piece of comprehensive legislation with massive jurisdictional considerations, such as EPCA, across both houses and onto the president’s desk. This relative speed is even more remarkable considering that Congress was indeed “disaggregating” and new subsystems arrangements with more players were emerging.

President Ford was losing the policy battle and needed to change certain characteristics of the energy debate, and his calendar tearing show was intended to do just that. If the aforementioned polls and headlines of the times are to be believed as accurate, Americans were indeed becoming less concerned about energy despite warnings, as one writer for the Chicago...

\textsuperscript{75} For prominent examples see *Sierra Club v. Rucklehaus*, 344 F. Supp. 253 or *Tennessee Valley Authority v. Hill*, 437 U.S. 153, also known as “The Snail Darter Controversy.”

\textsuperscript{76} Ibid, 109.
Tribune out it, that the American people had not done their homework and were being lulled into a sense of complacency.\textsuperscript{77} President Ford also needed to build a record in two years, not just for himself, but for his party and, in some respects, for the presidency as an institution in the wake of Nixon’s resignation. Ford’s interest would have been in riling up an apathetic, or preoccupied, public and getting citizens involved wholeheartedly in the conflict, an uphill battle to say the least.\textsuperscript{78} While he was able to get comprehensive energy legislation back onto the congressional agenda in early 1975, it was never his issue thereafter. And it was not so much that Democrats had won a decisive battle over the issue, but that it was theirs nearly by default.

Ford had no leverage over the most vital aspects of the energy issue, which only made it easier for Democrats to have their way on fuel economy policy. Fuel economy was not the most pressing part of the energy legislation - oil prices and energy taxes were far more contested in terms of the overall plan. Even while Ford was handed a severely damaged presidency, even with a clean slate his intentions would have been a hard sell in almost any political or economic climate. In both his initial announcement in January, and his bit of theatre in May, Ford was openly asking for higher priced oil, not a request that resonated with a public more concerned about the overall economic downturn. Even if Ford had been more popular and the presidency as an institution in greater overall favor, asking Americans to pay more for oil in the face of uncertainty was a hard sell.

If the oil companies (and the President) were taking the lion’s share of the blame, and the increasingly progressive Congress was disaggregating jurisdictionally, maintaining an exclusionary subsystem could indeed be difficult. However, it wasn’t as if new outside players were beating down the doors —as mentioned above, Ralph Nader was the only presence at

\textsuperscript{78} See Schattschneider, Baumgartner and Jones, Pralle, etc.
hearing on fuel economy. Instead, new members of Congress sought to stake a claim, and President Ford’s suggested legislation only supplied them with a jumping off point to move towards policies that matched their own ideologies and spurned his.

As the quote attributed to Scoop Jackson reveals, focusing events can make the difference between moving gears, and sidelining an issue –striking while the iron is hot as the saying goes. However, the presidential scandal, the screeching halt of domestic policy, and the stabilization after the oil shocks made such progress difficult. (Of course, it is easy to speculate how things may have been different had Nixon not been caught.) Whatever the case, by the time comprehensive energy policy was on the Congressional agenda, the iron had cooled and the nation was distracted by other problems. Nevertheless, the energy crisis proved recent enough to supply the underlying logic behind energy policy change generally. CAFE found itself neatly part of a massive piece of legislation, EPCA, which finally passed through conference consideration by a vote of 300-103 in early December. This legislation was aimed at preventing another energy crisis and coping with one should the situation arise.
Chapter 3: Reagan’s Rollback and the Evaluative Phase of CAFE

Compared to the “regulatory fervor” of the previous decade and a half, the political context in the 1980s was far less supportive to regulatory action, and energy policy was no exception. In 1979 another energy crisis, prompted by the Iranian revolution, caused drastic price increases. By the following year, and with the beginning of the Iran-Iraq war, oil prices almost doubled to what they were during the 1973 crisis, butting against $100 per barrel in constant dollars. Panic set in, and lines for gasoline were back almost overnight.

Moreover, the United States was mired in the era of high inflation, which in turn was keeping employment and investment low. President Jimmy Carter deregulated certain industries, such as the airlines and railroads, and increased public spending, but these actions had little immediate overall impact on the lingering weak economy. President Carter also began to deregulate oil prices, hoping that Americans would use less oil and pay more for it, shaping demand away from foreign energy sources –a stance remarkably similar to President Ford’s wishes in 1975. However, deregulation seemed to have little effect as OPEC continued to raise prices.

Exacerbating growing perceptions, fair or not, about government overreach and ineptitude at the close of the Carter administration, many EPCA provisions, including CAFE, had barely been rolled out. CAFE was in its initial phase of implementation and would not be completely in place until 1985, when the standards were set to hit 27.5 mpg and the CAFE standards would be up for evaluation. Indeed, many of the provisions of EPCA were not expected to show payoff until the 1990s.

President Carter’s larger political problems were not helping matters. A June 1979 Washington Post poll showed that 55% of Americans believed that Carter would not restore trust
in government, while only 28% said he would.\textsuperscript{79} In July, Carter tried to get some traction on this sentiment, giving his “crisis of confidence” speech, speaking specifically to a lack of confidence in America’s future energy security in the face of yet another oil shock. He used the American people as a metaphor for energy, saying that the American people were an “inexhaustible resource.”\textsuperscript{80} However, Carter also used the address as a rallying call to shore up faith in American institutions, lamenting that Americans were showing an increased “disrespect for government.”\textsuperscript{81} While most Americans happened to agree with Carter’s remarks,\textsuperscript{82} at least 52% at least partially blamed Carter for the very crisis he outlined.\textsuperscript{83} Indeed, Carter ultimately faced a robust and damaging primary challenge against Senator Ted Kennedy (D-MA) when he ran for reelection in 1980.

Carter would lose to Ronald Reagan that autumn, and the newly elected president all but declared war on what he believed to be the strangling effects of big government, bureaucracy, and regulation on industry and the economy writ large. Indeed, Reagan is well remembered for his lamentations on the “drain on the economy from the public sector” and the need to get government “off the backs of the people.” There was little doubt how he felt about the regulatory offspring of the previous “environmental decade,” the provisions and policies created by EPCA – CAFE included. Indeed, Reagan came to use the presidency to fundamentally alter the debate about the role of government, and to control much of the domestic discourse in the 1980s.

\textsuperscript{81} Ibid.
Reagan’s Energy Agenda

The administration’s energy agenda reflected its overall antipathy to regulation. For example, in September 1981, in one of his first speeches on the economy, Reagan announced plans to dismantle the Department of Energy (DOE), only created a few years earlier, and folding any necessary responsibilities into the Department of the Interior and the Department of Commerce. First term Cabinet appointments left little doubt as to the administration’s intent: Reagan’s first energy secretary, former South Carolina governor James B. Edwards, famously remarked, “I want to close down the DOE, bury it once and for all, and salt the earth over so it won’t spring up again.” Reagan notably appointed agency heads outright hostile to the missions of their agencies, with an eye towards cutting budgets and eliminating or revising programs considered burdensome to industry. Such a strategy was most apparent at DOE, EPA and NHTSA, the latter two directly responsible for implementing CAFE. The appointments of Anne Gorsuch Burford to the EPA and Raymond Peck to NHTSA were as noteworthy as Edwards insofar that they came to their offices from positions where they had fought against the very units they would now lead. Burford had spent years litigating against environmental regulation, while Peck was a coal industry lobbyist with no experience in transportation. However, each was well aligned with Reagan’s small-government, anti-regulatory ideology.

Such aggressive use of the appointment power would create pitfalls for Reagan. His appointments often were ideologically overzealous, both for the agencies to which they were charged and, more important, for Congress, particularly after the 1982 midterm elections gave House Democrats a larger majority. Burford was forced to resign in 1983 after claiming executive privilege in refusing to submit Superfund records to Congress and charges that she had

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85 Norman Vig, Presidential Powers and Environmental Policy, in Norman Vig and Michael Kraft Environmental Policy: New Directions for the 21st Century, (USA, SAGE 2013), p. 89.
used funds inappropriately to further Republican causes. Peck also resigned after two years and a failed effort to repeal standards requiring seatbelts and airbags in automobiles; despite his resignation the automobile industry seemed to think Peck was doing a solid job advocating for them.\textsuperscript{86} Naturally, environmental groups and consumer rights advocates decried Reagan’s appointments as cronies of industry that were intentionally undermining their agencies’ very purpose.

More generally, Reagan opted to reshape regulation by administrative fiat rather than try to push changes through a hostile Democratic dominated Congress, many of whose members were authors of the regulations he derided.\textsuperscript{87} Using executive powers, such as appointments, Reagan sought to circumvent Congress and move policy in his preferred direction. Yet, in the main, this strategy did not pan out. As conservative economists Roger Meiners and Bruce Yandle later wrote, “not one major agency has been abolished. The real estate market in Washington, D.C., did not collapse; the federal government still employs hundreds of thousands of career employees to run the same agencies they ran before the advent of the Reagan administration.”\textsuperscript{88} Nevertheless, this strategy frames the context for fuel economy policy in the 1980s.

**Reagan’s Industry Relief: Rollback, and Repeal**

The Big Three hobbled into 1981, suffering massive losses in revenue and laying off thousands of workers in the previous year and with Chrysler hot off a federal bailout to the tune of $1.5 billion in federally guaranteed loans. The new president was eager to provide regulatory relief to the industry, stressing in April 1981 that “the industry must solve its own problems, but the Government must not unnecessarily hamper its efforts through excessive regulation and

\textsuperscript{86} The Washington Post, Safety’s Bad Boy Peck’s Hollow Trail of Boasts, D6, May 8, 1983.
In his first dealing with Detroit, Reagan made every indication that he would stick to his anti-regulatory philosophy when dealing with carmakers. Table 3.2 below itemizes some of the key regulatory changes, mostly rollbacks rather than new policies, aimed at bringing relief to the ailing auto industry. Notably, the administration sought to change policy through the executive using NHTSA and the EPA rather than proposing legislation.

A Reagan administration task force planned a handful of other breaks for the ailing industry, proposing 34 postponements or cancellations of environmental and safety regulations that could save Detroit up to $1.3 billion dollars in capital costs over the next five years. Such relief was warranted, the administration argued, since such costs added substantially to the price of a new vehicle, and any relief would theoretically save customers $9.3 billion over the same period (see table 3.2). Chrysler and GM were happy with the plan in general, but Ford, along with the UAW, was upset that the relief plan did not place import quotas on Japanese automakers – an early sign that Detroit and Reagan were not always on the same wavelength ideologically.

The administration was unsure about what to do with Japan, which was still making major inroads into the American market. Reagan was not excited at the prospect of import quotas. Vice President George H.W. Bush, head of the task force for auto industry relief, was hoping Japanese manufacturers would “take the hint” and voluntarily reduce their vehicle imports, saying: “We’re not suggesting to the Japanese what they should voluntarily do. We want to avoid starting down that slippery slope of protectionism.” Despite his free-market rhetoric, President Reagan in 1981 would reluctantly support a voluntary restraint agreement (VRA) between Japan and the United States, limiting imports from Japan.

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91 Ibid.
These restraints were argued to have neutral to negative effects on the American economy and the welfare of American automakers.\textsuperscript{92} Later, as the economy began to turn around, Reagan in 1985 announced his support for eliminating the import quota, but Detroit and Japan had become accustomed to it; some argue that Japan may have supported the restraint because they were afraid of more protections if their market share rose above 25\%, and that they were comfortable with the price increases on Japanese vehicles.\textsuperscript{93} The VRA was ultimately cancelled at the end of the decade, after Reagan left office.

For our case, CAFE was scheduled for a review of rules and rulemaking in 1986, rules that were initially presumed to serve the function of increasing fuel economy standards. NHTSA, under Raymond Peck, and at the behest of Reagan’s taskforce on auto industry relief, in 1981 considered backpedaling on NHTSA’s future plans to review rulemaking come 1986. Notably, this decision was made \textit{after} the automobile companies had all reported that they would be able to exceed the 1985 goal of 27.5 miles per gallon and would be ready to move forward with perhaps tighter standards. GM in particular had boasted the ability to reach 30mpg by 1980.

Table 3.2 Some of Reagan’s Proposed NHTSA/EPA Regulatory Rollbacks

1. A review of the requirement all cars have passive restraints -- either automatic safety belts or airbags -- by model year 1984.
2. Dropping standards requiring uniform bumper heights and requiring both front and rear bumpers to be able to absorb shock up to 5 m.p.h. (down to 2.5 mph)
3. Rescinding a rule calling for redesigning windshields so drivers have unobstructed vision.
4. **Withdrawing plans to begin forming a rule for fuel-economy standards after 1986.**
5. Review and possibly simplify a complex uniform tire-quality grading system recently enacted by the government.
7. Releasing manufacturers from a requirement that they install devices to capture fumes as they escape during refueling.
9. Delaying and relaxing nitrogen oxide emission limits for heavy-duty engines.
10. Letting automakers calculate diesel exhaust standards for cars and light trucks on an average, rather than per-vehicle basis, beginning with 1985 models.
11. Change Vehicle identification requirements

The Reagan administration in 1981, particularly through Peck’s NHTSA, used more political capital on curtailing upcoming seatbelt laws than in trying to fully repeal CAFE, for several reasons: 1) most American auto companies were at least floating near the already established CAFE standards, and much of their “investment” in CAFE compliance had already been paid; 2) automobile companies had already admitted that they could easily meet the 1985 goals; 3) CAFE wasn’t “ripe” for discussion in 1981 and would not be until 1986, when it was due for statutory reauthorization and 4) passive restraints were not yet established, and putting effort into deflecting any new laws mandating them was a better use of political capital than was a guaranteed loss of any effort to obtain congressional repeal CAFE, or any other environmental law for that matter.

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This is not to suggest that some in Congress were not ideologically aligned with Reagan on this matter, or would not try their hand at repeal, even if only as a symbolic gesture. On April 30th, Representative Phil Crane (R-Il) proposed to do away entirely with CAFE regulations. His bill, proposed through his seat on the House Energy and Commerce Committee, chaired by Representative John Dingell (D-MI), had little chance of leaving a committee controlled by liberal Democrats and which often led congressional opposition to Reagan’s anti-regulatory overtures.

**An Evaluative Eye in 1985: Bills and Hearings**

While the overall fuel economy of the American automobile fleet had improved since the energy crises of the 1970s and the implementation of CAFE, free market economists who dominated the Reagan administration argued that the American car market would have adjusted naturally to the oil prices, and that CAFE was unnecessary and perhaps even damaging to the industry. For these parties, and congruent with the administration’s ideology, market forces and consumer demand should be the determining factor in what kind of cars the industry produces. On the other hand, House liberals in particular were pointing to the fuel economy increases as an indicator of the great success of CAFE. Moreover, many were saying that it was time to put the pedal to the metal when it came to increasing fuel mileage standards.

In 1985, as scheduled, members of Congress generated two proposed bills and a House resolution aimed at reexamining and possibly increasing CAFE. The NHTSA, now under new leader Diane Steed, would be at the table despite its 1981 plan to withdraw from new rulemaking. However, the agency’s leverage in the Democrat controlled House was less than tenable. For example, if its goal was to cut fuel economy standards, then it had made the same mistake as Detroit. In 1981, NHTSA had reported that goals higher than 27.5 miles per gallon

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95 H.R. 3304 97th Congress
were likely attainable after 1985.\textsuperscript{96} On top of this, the most that NHTSA could do unilaterally at this point was to opt out of new rulemaking, as Peck had moved to in 1981, or cut CAFE back to 26 miles per gallon. If NHTSA wanted to lower standards below 26 mpg or raise them higher than 27.5 mpg, its action would be subject to likely hostile congressional review.

Testimony during congressional deliberations on reauthorizing CAFE ranged broadly. Robert W. Crandall, a senior fellow at Brookings Institution and recurring voice in the discussion on fuel economy and regulating the automobile industry, argued for complete repeal of CAFE and in favor of higher gasoline taxes which would curb demand for vehicles with poor fuel economy.\textsuperscript{97} Additionally in 1986, he and three others at Brookings published a detailed and popular economic analysis of regulation of the automobile in which they argued that fuel economy standards were unnecessary, while also arguing that the Clean Air Act and the Motor Vehicle Safety Act were necessary.\textsuperscript{98} In calling for repeal of CAFE, economists like Crandall were advocating something that Detroit would not ask Congress for itself. Come 1985, Detroit’s stance on CAFE was neither combative nor unanimous. GM and Ford wanted reprieve, not repeal, and Chrysler overtly supported CAFE – this was their policy to defend. It’s important to note here, that Detroit did not always speak with one voice.

In some ways, the 1985 Congressional hearings on fuel economy were a repeat of the rhetorical assault Detroit experienced at the hand of the Democrats in the 1970s. Generally speaking, Democrats still advanced the idea that Detroit was untrustworthy and incapable of

\textsuperscript{96} U.S. NHTSA, "Passenger Automobile and Light Truck Average Fuel Economy Standards; Model Year 1985 and Beyond." 46 Federal Register 8056 (1981).
leading a market too closely tied to American economic security, and that the automakers were too important to be left to their own devices.

For evidence of the government’s stake in this issue, one simply had to look at the 1979 Chrysler bailout. The corporation posted three years of consecutively increasing losses from 1978-1980, $200 million, $1 billion, and $1.7 billion, respectively. While Chrysler was the smallest of the Big Three, it was also one of the largest firms in the United States and its failure would produce a .5% loss in GDP and a 1% addition to unemployment, particularly hard numbers to swallow with then-record inflation and unemployment crippling the economy.\textsuperscript{99} Chrysler was too big and too important to fail. Come 1979 the government guaranteed over $2 billion in collective loans and restructuring to keep the firm afloat. By the mid-1980s, Chrysler, under the oft-trumpeted leadership of Lee Iacocca, had turned its fortunes around and was enjoying immense success with pioneering minivans like the Caravan, and even purchased American Motor Company, whose Jeep brand quickly became a vital part of Chrysler.

Conversely, Ford and GM were taking drubbings in the marketplace, particularly at the hands of Japanese companies in what some were beginning to call a trade war regardless of the voluntary import restrictions, and were making the case that they could not feasibly comply with tightened fuel economy standards. In 1980 GM foresaw a rosier picture of where it would be in terms of fleet wide fuel economy, predicting over 30 mpg by 1985. Unfortunately, GM failed to sell its planned mix of vehicles with reference to their stated fuel economy goal. In an about face, in March 1985, Ford and GM petitioned NHTSA to have the fuel economy standards lowered to 26 mpg – pretty much the last time they would ask anything of the Reagan administration.

Congressional Democrats interpreted all this as further evidence that Detroit could not acquit itself in the marketplace without an occasional guiding hand from government.

Representative Barbara Boxer (D-CA) lauded the CAFE standards and sponsored her own bill (H.R. 1024) designed to increase fuel economy standards to 45 mpg by 1995. At the same time, Boxer argued against rollbacks fuel economy standards Boxer, stating, “Our competitors the French, the German, and Japanese are pouring research into fuel efficiency . . . to prevent an even larger abandonment of domestic cars in favor of more fuel efficient foreign cars, and a consequent layoff of domestic autoworkers, competitive standards should be in place. We should not wait for another crisis to motivate us.”

For their part, not everyone skeptical of increasing CAFE standards were anti-regulation firebrands. Representative John Dingell (D-MI), chair of the Energy and Commerce committee and protector of all things Detroit, tacked away from most of his fellow Democrats during fuel economy discussions in the 1980s. His position as chair, and his good friendship, as he put it, with the leaders of GM, Ford, and Chrysler, was fortuitous for the auto industry. Dingell portrayed himself as a pragmatist as compared to the CAFE abolitionists in the Republican Party, and reminded the House of the role consumers play in automobile sales.

Since the enactment of Title V, the foreign and domestic motor vehicle manufacturers have made remarkable strides in cutting fuel consumption of automobiles and trucks per vehicle mile traveled. These are due principally to many factors: possibly the law and possibly to the marketplace. But the Nation and these firms cannot be complacent. Improvements in fuel efficiency must continue, even though today’s consumer no longer appears to show great interest.

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in fuel economy. But we must worry about future generations and we must also worry about the possibility of shutoffs of oil in the United States.\(^{101}\)

Dingell did not believe that automakers could not produce cars of reasonable gas mileage, but questioned whether consumers would buy them. The consumer, he said, has a way of “confounding both automakers and Congress”\(^{102}\). Yet, while Dingell was correct to point out that all of the associated markets had not behaved exactly as Congress or NHTSA had anticipated, Japan was making and selling more fuel efficient cars in ever greater numbers, at the direct expense of Detroit. Faced with such competition, U.S. automakers implied that they would either close, have to lay off massive numbers of workers, or move factories out of the United States in order to comply with CAFE. Democrats fumed at such implied threats, with Energy and Commerce Committee member Ed Markey (D-MA) referring to Ford and GM’s statements as “economic blackmail.”\(^{103}\)

Chrysler, moving against the grain, and took this opportunity to defend CAFE standards, which, the company reminded Congress, its fleet already exceeded. Robert Miller, a Chrysler executive vice president, boasted in hearings that his company had weathered the hardships of early investment in order to meet the standards slated for 1985.\(^{104}\) Chrysler was also working towards releasing smaller fuel-efficient cars like the Honda-mimicking Omni and the newer K-Class cars, so for it giving breaks to the other two companies was tantamount to granting them an unfair advantage in the marketplace. Waiting until the 11\(^{th}\) hour, or as one author put it “changing the rules mid-game.” Lee Iacocca of Chrysler took out an ad in the Wall Street

\(^{102}\) Ibid. 47
\(^{103}\) Ibid, p 1.
\(^{104}\) Ibid, 72.
Journal urging against any possible CAFE rollbacks. He believed that the industry was incapable of surviving another harsh energy shock – portentous words come the 2000s.

The spirit of the law, as political scientist and industry analyst, Stan Lugar points out, was to move ahead of the oil markets, and leave the country less prone to its vulnerability of oil dependency:

Subordinating CAFE policy to changing market conditions stood the law on its head. The reason for establishing mandated fuel economy standards in the first place was to lead, not follow, the market. Congress established fuel economy standards to lessen consumption of gasoline as a result of the social and economic harm caused by disruptions of supply. The Reagan administration ignored this intent. It consistently argued that price alone should be allowed to shape demand for gasoline.\(^{105}\)

While Lugar was correct about the intent of the law, such arguments played little part in the calculations of a Reagan administration that wanted the law abolished and the protectionism of the VRA gone as well. While the administration could not abolish the law in the face of congressional opposition, it could attempt to undermine its legitimacy or effectiveness. When Reagan’s administration finally lowered CAFE to 26 mpg in 1986, it was the only option they had, considering the legislative gridlock on the issue.

**Reagan Miscalculation:**

The Reagan administration’s overall antipathy to regulation applies to CAFE as well. While Reagan suggested outright repeal, most specifically in Title IV of his proposed trade, employment and productivity package in 1987, the administration never truly sought legislative

action. In 1986 the administration did use its authority through NHTSA to roll back fuel
economy standards from 27.5 mpg down to the minimum of 26 mpg, but that was the extent of
its ability to limit the law’s impacts. Like many of his administrative efforts, the CAFE rollback
was to fall far short of Reagan’s desire to abolish it outright. As if to emphasize the point, the
minimum standard was simply readjusted to 27.5 mpg by Reagan’s successor, George H.W.
Bush.

Reagan’s central miscalculation on fuel mileage standards and other environmental issues
was the belief that the public fully shared his view on “regulatory relief.” While voters were
more or less in agreement with such sentiments in the abstract, and opinion polls showed large
portions of the public agreeing that government should have less regulation of business, in
many respects the public seemed to have a vastly different idea of what regulation of business
actually meant. For instance, while citizens expressed a vague interest in freeing business from
overregulation, they were not necessarily opposed to seatbelt or airbag standards. While they
were not in favor of “big government,” Americans also deeply distrustful of certain industries,
and evidently did not see eye-to-eye with the administration when it came to easing industry’s
professed burdens.

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106 Ronald Reagan: "Message to the Congress Transmitting Proposed Trade, Employment, and Productivity
107 ORC Public Opinion Index, Dec, 1980. The Roper Center for Public Opinion Research, University of
Connecticut.
Table 3.1: Opinion on industry regulation

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<th>Utilities</th>
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<td>21%</td>
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</table>


The administration’s central error, especially in Reagan’s first two years, may have been its mistaken belief that the public completely understood his ideology and supported it in action.\(^{108}\)

In actuality, Reagan wanted to get rid of “regulations” that were often public goods and services that people actually wanted. For instance, even as they supported Reagan, Americans believed that the government wasn’t doing enough regarding environmental protection; over 80 percent thought government should do more or was doing enough to guarantee clean air and water while less than 5% thought the government was doing too much.\(^{109}\)

While the auto industry “gets off the hook” compared to other industries, a thin plurality of the public thought that it also needed more regulation, and a combined 54% believed regulation was at least right where it needed to be. These industry specific questions add nuance when compared to more blanket approval for Reagan on reducing regulation of business when questions were posed more generally.\(^{110}\)

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\(^{109}\) ORC Public Opinion Index, Dec, 1983. The Roper Center for Public Opinion Research, University of Connecticut

\(^{110}\) For example, in this poll, 54% of Americans favored Reagan’s proposed reduction of government involvement in business, while only 13% opposed: NBC News/Associated Press Poll, Feb, 1981. Retrieved Oct-17-2013 from the
This note of public sentiment should be held as a lens through which we think about how and why Reagan faltered in his anti-regulatory aspirations. Despite his personal popularity, his appointment strategy went over so poorly, and his view of environmental protection was so out of step, that he was back-pedaling by 1982 midterm and even suffered from a weakened bargaining posture come the hearings in 1985, after he had been reelected by large margins. As Norman J. Vig writes: “because of these embarrassments and widespread public and congressional opposition to weakening environmental protection, Reagan’s deregulatory campaign was largely spent by the end of his first term. Recognizing that his policies had backfired, Reagan took few new initiatives during his second term.” Indeed, considering the aspirations of Reagan and his allies as he swept into office in 1981, the best he could do come 1986 was to tick CAFE down to 26 mpg and hope the next president didn’t simply undo it – which Bush did.

**The Emerging Issue Network**

While there was an aforementioned lack of new policy participants in creating fuel economy regulation in 1975, the set of claimants at the legislative table had increased come the 1985 hearings. While Detroit had a strong level of representation in the new hearings, as with the previous decade’s hearings, those seeking to increase CAFE had more representation on the witness panels. Only Ralph Nader and Clarence Ditlow came along for Public Interest Research Group in 1975. Come 1985, new policy advocates balanced the testimony. The Center for Auto Safety (featuring Clarence Ditlow), Energy Conservation Coalition, Public Citizen, Americans for Energy Independence, and the Federation of American Scientists all appeared before the

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House Energy and Commerce Committee in 1985 to argue for increases to fuel economy.\textsuperscript{112} Detroit and its industry allies still occupied a large space, but were increasingly counterbalanced. Two of these groups were pure energy conservation advocacy groups; Energy Conservation Coalition and Americans for Energy Independence.

However, there was still a lack of environmental groups in the picture—the junction between pollution from automobiles and fuel economy didn’t seem top priority to the heavy hitting green interests. Environmental advocacy groups seemed to steer clear of the fuel economy debate unless it was related to an issue which was part of their normal purview—as when Sierra Club had put up a fight in the late 1970s when Clean Air Act regulations were loosened so that Detroit could have more time and wiggle room to meet fuel economy standards. Indeed, when Sierra Club was arguing against Clean Air Act reprieve, they were implicitly saying that CAA provisions took precedence over CAFE provisions particularly in the event of a tradeoff.

Some of these new energy policy advocacy groups were beginning to fill the niches that increasingly specialized environmental groups could not or would not.\textsuperscript{113} For instance, the Energy Conservation Coalition, which appeared in the 1985 fuel economy hearings, was advocating very specifically for energy conservation and discussed increasing fuel economy purely from that standpoint—they were trying to fill an “energy efficiency” niche—a bit broader than some, but with the relatively small number of energy oriented interest groups, a niche nonetheless. For example, this now disbanded interest group, which was actually a private, non-profit collection of 17 national groups representing 16 million supporters, was instrumental in pushing for mandating appliance energy efficiency in 1986, and the court case which forced the


\textsuperscript{113} For more on environmental advocacy groups and niches see Christopher Bosso, \textit{Environmental Inc. From Grassroots to the Beltway}, (Lawrence, University of Kansas Press: 2005).
Department of Energy under Reagan to consider such standards. This example also shows that these groups were ready to step into the courts, and had the capital to do so. Given that none of the environmental groups one may have expected to step into this role did, a niche was there to be filled, and these newer energy conservation advocates, along with some more established consumer rights groups like Public Citizen, did just that.

While Detroit prevailed, and fuel economy standards were not increased in 1985, they had to deal with a more contentious policy field than the 1970s—at least regarding fuel economy. They had been at the table in full force in 1975, and had been trampled by an energetic legislature. As a result, the Motor City manufacturers had expanded their lobbying efforts through the 1970s, and with good reason. Emerging public interest groups would threaten their ability to affect policy if they didn’t stay sharp—as they had to fighting off Sierra Club over the Clean Air Act in the late 1970s. However, it wasn’t merely the need to cope with a counterforce represented in such environmental advocacy groups, but a need to cope with the severe legislative losses they had received across the previous 10 years, a challenge for much of corporate America; see Motor Vehicle Safety Act, Clean Air Act, Energy Policy and Conservation Act, Clean Water Act, Endangered Species Act, National Environmental Policy Act, Occupational Safety and Health Act. Detroit’s expansion was part of a larger march to Washington for corporate America writ large. Indeed, corporate government affairs offices in Washington DC increased fivefold from 1968 to 1978, increasing from 100 to 500. It wasn’t just environmental, consumer rights, or energy interest groups who expanded across these decades, but interest groups in general, who now needed to understand and interact with a bewildering bevy of new regulatory structures.

Conclusion

Reagan’s aggressive and unsuccessful bid to upend much of the regulatory infrastructure in the United States set the tone for the rest of the decade. Aside from weakening his posture in other domestic areas, that overall anti-regulatory agenda impacted the ability to make a larger splash come reevaluation of fuel economy standards. In some ways the administration was lucky its actions also did not push things too far in the opposite direction. Stan Lugar calls the Reagan era for Detroit a “Triumph of Corporate Power” and in many ways that was true. However, Detroit’s real triumph was not in getting everything it wanted, but just maintaining the status quo. Motor City was quite comfortable with the devils it knew as opposed to those it did not. In 1982 hearings on automobile safety, Joan Claybrook, President of Public Citizen, a consumer rights advocacy group founded by Ralph Nader, claimed that under Reagan, Detroit was able to make NHTSA into “a wholly owned subsidiary of Detroit manufacturers.” Perhaps it seemed this way in 1982 on seatbelts, but that is precisely the point. The seatbelt was a devil that Detroit was not completely comfortable with, while CAFE was acceptable if it did not increase.

Reactions to the regulatory creations of the 1960s and 1970s may have been given a window of opportunity for pushback in the 1980s, but that pushback only had so much potency. A robust bureaucratic infrastructure is difficult to simply wipe away. In 1989, a collection of analysts from the Independent Institute, a libertarian think tank, wrote a synopsis of regulation in the Reagan era. The authors were openly hoping for more free-market oriented progress, and were examining Reagan’s role in that “progress.” They believed that in a marketplace of ideas, sound market based principles would naturally find their way into administrative practices and

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115 Lugar, Corporate Power, American Democracy, and the American Automobile, pp. 113-134
judicial interpretations, if not legislative revisions of existing statutes.\textsuperscript{117} If somewhat rosy in celebration of the virtues of democracy and the associated “pluralistic heaven” of competitive ideas, these free market ideologues offered an apt and sober assessment of where policy battles needed to be fought in the future.\textsuperscript{118} The big battles could not be won by creating laws in Congress, and if 1985 was any indication, Detroit had already figured out that stalemate was a victory. This was their “policy monopoly” to protect, and that they didn’t need help from industry outsiders like Reagan, to protect themselves. The pitch and tactics of the coming battles would verify this assertion.

\textsuperscript{118} E.E. Schattschneider, \textit{Semi-Sovereign People}. 
Chapter 4: SUVs, Riders, and a New Normal

The Reagan Eighties had been an era of executive level pushback against what many conservatives considered an overstepping of the government’s role with respect to the private marketplace. The so-called “Reagan Revolution” was at least in part a rebellion against the creation of the environmental regulatory framework, which included the energy oriented EPCA and, as examined in the last chapter, the CAFE. If the metric for success was the number of regulations removed or agencies shuttered, Reagan failed. What Christopher Klyza and David Sousa refer to as the “green state,” the collection of regulations and regulatory infrastructures, including much of the energy policy created in the so-called environmental golden era, persevered through the decade, and was perhaps stronger come the 1990s. Indeed, the later years of Reagan’s term overlapped with resurging environmental awareness and a burgeoning discussion on global warming, leading his successor, George H. W. Bush, to campaign as an environmental reformer. While President Bush would eventually veer rightward in an effort to stave off conservative critics, his first few years in office led to some notable successes, most notably the Clean Air Act of 1990. Any real battles for rollback advocates in the coming decade would focus on freezing unfavorable regulations or minimizing the impact of new ones.

Arkansas governor William Clinton unseated Bush in 1992 and, for a while at least, offered an exciting opportunity for the environmentalist agenda. However, heavy Democratic losses in the 1994 midterm elections provided a historic shift in power to the Republicans and shaped environmental and energy policy dynamics for the better part of a decade. The 1990s became an era of legislative gridlock giving way to new venues of policy control. The

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intersection of environmental and energy policy sectors was no exception. Fuel economy was revisited in the Congress several times, but by the mid-1990s the debates were becoming routine.

**Bush Era: Cleaner Air and Hungry Cars**

Reagan’s rhetoric of government red tape and overbearing bureaucracy gave way to a more modulated tenor under George H. W. Bush. In his campaign for president, Bush notably tacked away from Reagan’s anti-regulatory language and promised to be the “environmental president.” After eight years of serving as Reagan’s vice president, and his previous role as leader of the task force on regulatory relief, Bush knew that the battle the administration had waged against environmental protections was unpopular and a losing issue for Republicans; a softer image was needed if Bush were to connect politically with voters, and with Congress.

On Earth Day 1989 Bush lauded the creation and success of the National Environmental Protection Act, the Clean Water Act, the Clean Air Act, and the “thriving” EPA. Such rhetoric seemed to be on an appropriate trajectory for the self-proclaimed “environmental president” and a way to differentiate himself from Reagan. Beyond speechmaking, following a string of years of record heat and droughts, and a rising awareness of global warming, Bush got the ball rolling by proposing legislation that ultimately became the pivotal 1990 Clean Air Act amendments, an example of both the changing tone between the presidencies and, to some extent, a renewed role for the presidency in environmental stewardship in the United States. This is not to say that Bush turned out to be environmentalists’ champion, but to note a definite a shift in attitude towards recognizing the public’s renewed environmental concerns.

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CAFE was as contentious as ever in the legislature, and through new connections to emerging issues, such as global warming, became partially couched in a refreshed environmental awareness. Democrats battled each other across regional interests, with air pollution focused Californians clashing with auto industry protective Midwesterners. The cleavage between these competing interests was entrenched in the politics of the passage of CAA amendments in 1990. Increases in CAFE standards were bargained out of the Clean Air bill (H.R. 3030 – S.1630 in the Senate) by Representatives Henry Waxman (D-CA) and John Dingell (D-MI). These two Democrats on the Energy and Commerce Committee, which Dingell still chaired, had not seen eye-to-eye throughout the 1980s on matters related to the automobile industry and the environment. In this case, Dingell agreed to go along with emissions standards increases as long as any fuel economy measures came to the floor as a separate bill. Senator Donald Riegle (D-MI), another friend of the auto industry, secured a similar bargain in the Senate. Waxman was from California, which as the most auto-polluted state was also making the greatest pushes towards improved air quality, lower auto-emissions, and better fuel economy. Conversely, Dingell, long the automakers’ most important ally in Washington, was instrumental in the making of CAFE and again in fuel economy hearings in the 1980s. As Stan Lugar writes, at this juncture “members of the House dreaded having to choose between Dingell, one of the most powerful – and vindictive - legislators, and Waxman, a leading environmentalist, who had the power of public opinion on his side.”121 The compromise between Waxman and Dingell took changes in CAFE standards off the table as a possible part of the CAA amendments. Additionally, President Bush promised to veto the legislation if increases to fuel economy

121 For a more in depth write up of the Waxman-Dingell tension see Lugar, Stan, Corporate Power, American Democracy, and the Automobile Industry, pp. 159-161.
standards were included. The fact that CAFE was bargained out of the CAA would set the stage for the battle to increase fuel economy the following year.

Increasing fuel economy likely would have had a better chance of success if it had been rolled into comprehensive legislation, as was the case with EPCA in 1975. Instead, without the winds of popular environmental sentiment at their back, the same winds which propelled CAA forward, CAFE would have to stand on its own. Subsequently, six stand alone bills initiating higher fuel economy standard were introduced in Congress from 1989 to 1991, leading to multiple committee hearings. Yet, while there was a heightened sense of necessity when it came to addressing fuel economy and dependence on foreign oil, particularly during the tensions of the first Gulf War, CAFE would prove to be a hard sell in the legislature.

The New Fuel Economy Bill: A Hard Sell

Richard Bryan, a newly elected Democratic Senator and former governor of Nevada became the crusader for increasing fuel economy during this period. The primary legislative push for increasing CAFE, the Motor Vehicle Fuel Efficiency Act of 1991, was termed the “Bryan Bill” after the senator, but was also referred to as the Bryan-Boxer bill to recognize House cosponsor Representative Barbara Boxer (D-CA). This bill (S. 279) would require all automakers to increase their corporate fuel economy by 20% by 1996 and 40% by 2001, leading to a national average of 34 mpg by 1996 and 40 mpg by 2001. As with 1975, proponent hoped that these measures would move America forward in terms of improved oil consumption, lessened dependence in imported oil, and less air pollution.

House committee hearings on the S. 279, held in October 1991, highlighted intraparty battles, typified in the tensions between Boxer, a Democrat from California and the House
sponsor of the Bryan bill, and Rep. Dingell in his continuing role as chair of the pivotal House Committee on Energy and Commerce. Representative Philip Sharp (D-IN), a political ally of Dingell’s, led his Subcommittee on Energy and Power in hearings on the merits of increasing fuel efficiency. After Boxer gave testimony pushing for increasing fuel economy standards, she faced aggressive questioning by Dingell, the full committee’s chair, on her family’s car choices, her knowledge of CAFE history, and her knowledge on the technology available to the industry. The representative from Michigan’s flourish was intended to show either a surplus of hypocrisy or a lack of understanding on Boxer’s part. For instance, Dingell pressed Boxer as to why, if she was so devoted to fuel economy, was she not driving a Geo Metro, which was getting 61 mpg at the time. Boxer responded in kind by asking what kind of cars Dingell’s family drove, leading into an uncomfortable exchange of recriminations. Dingell had successfully used his position and his political clout to circumvent fuel economy increases twice in as many years, once fighting off CAFE being rolled into CAA, and again, defeating the Bryan bill.

Even if Boxer was able to get around Dingell’s committee, which was unlikely, there was little chance that the bill’s proponents could get it pushed through Congress before it adjourned. The Bryan bill was ultimately killed where it was born, in the Senate, victim to a filibuster by Senator Don Riegle Jr. (D-MI) that helped to keep the Senate from voting to close debate while US automakers lobbied a handful of senators from both parties to flip votes, effectively killing the bill. Even had the bill survived it likely faced a veto by President Bush, as threatened by Secretary of Transportation Samuel Skinner, who said of the proposed

123 Ibid.
legislation: “the goal set in the Bryan legislation is completely unrealistic, irresponsible, and more important, unattainable from a technology viewpoint.”

As the United States struggled with a continued recession in the early 1990s, the poor fiscal state of the auto industry, as with 1975 and 1985, underscored the fuel economy debate. Once again, Detroit was in rough shape, suffering more losses at the hands of Japanese automakers. While the Big Three were losing billions per quarter in 1990 and 1991 the Japanese were having an easier time. The auto trade deficit between the two countries became a salient national issue and was used as a stand-in for the entire trade deficit problem as automobiles made up the majority of the deficit at $30 billion dollars by the end of Bush’s term. Detroit wanted to reinstitute the voluntary restraint agreements of the early 1980s, which had helped to raise the price of imports and bolster U.S. automaker profits. However, such an action was politically unacceptable during a recession, with Congress and the President remiss to pass such added costs along to consumers.

Extensive lobbying by the automobile industry has been blamed as the primary reason for the failure of fuel economy legislation in Congress in 1990. Some of that lobbying took the form of direct campaign contributions. Critics pointed out that 64% of the senators who received more than $20,000 each from auto industry lobbyists from 1985-1990 voted in the industry’s favor, compared to 42% of those who received $12,000-20,000 and only 15% of those who received $0- $12,000. The industry spent millions in each year 1990 and 1991, and established faux-grass roots organizations and organized employees and union members into letter writing campaigns. It’s not surprising that lobbyists were able to flip a few Senators to kill the Bryan bill

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127 Lugar, Corporate Power, American Democracy, and the Automobile Industry, p 173.
in 1990, especially considering that the 11 senators who switched their votes received an average of $30,000 in PAC donations between 1983 and 1990.\textsuperscript{129}

However, the popular appeal of increasing fuel economy in the wake of the Persian Gulf crisis wasn’t lost on Detroit, with Cadillac and Chrysler taking out advertisements stressing their cars’ fuel efficiency.\textsuperscript{130} However, Detroit was never going to endorse increasing CAFE. Indeed, John Guiniven, public relations director for Chrysler in Washington said that the proposed CAFE increases were “the most important issue for the auto industry in this Congress. We consider it an extreme threat.”\textsuperscript{131} Detroit in the 1990s, as in the 1980s, was more comfortable with the devil it knew, and was mobilized in stopping new legislation, particularly with a focusing event like the Gulf War bearing down on them.

This time around, however, Japanese companies also indicated unease over proposed CAFE increases. Echoing Ford’s pessimistic prediction of only making Pintos during the fuel economy debates of the 1970s, one Toyota executive stated, “we’d essentially become a Tercel and Corolla car company.”\textsuperscript{132} Japanese makers were especially irate as proposed increases were based on percentages, imposing what they saw as a disproportionate burden since they already had far better overall fuel economy as compared to American fleets. The climb to a 40 percent increase would be much steeper for Toyota and Honda than for the American makers.

Any polls of Americans during this period, which encompassed the Clean Air Act amendments, a deep national recession, the first Gulf War, and fuel economy debates, would yield puzzling results. In 1990, Americans seemed to think that raising fuel economy as a

\textsuperscript{129} Jeffrey Denny, King of the Road, \textit{Common Cause Magazine}, May-June 1991, p 6.
\textsuperscript{131} Denny, “King of the Road,” 2.
government mandate was a good idea as any. However, such general views seemed to provide little real impetus for Congress to create or amend the law. While Americans thought that air pollution was a pressing concern at the time of the 1990 CAA amendments, attitudes that seemed to be a factor in moving the CAA forward. Yet, even with a war often linked rhetorically to oil dependence, and what environmentalists hoped would be momentum from the passage of the CAA amendments, legislators ultimately felt little pressured from constituents for policy change.

Even as the Bryan-Boxer bill died in Congress, proponents of stricter fuel economy proponents were successful in one regard: by 1991, Democrats like Boxer and Bryan had helped link fuel economy to new challenges, such as global warming, that had not been part of the debates in 1975 or 1985. Moreover, American energy consumption and waste production in a global sense were being brought into sharp relief with the advent of the climate change discussion. However, as Stan Lugar points out, in many ways the CAFE battle in 1991 was a repeat of the initial arguments used in 1975: “Supporters stressed the negative consequences of gasoline usage, while the industry and its allies suggested that, left alone, market forces were sufficient to solve any of these problems.”

At an even more basic level, this new debate was just a variation on the tension between managing externalities and market shortcomings.

The SUV:

Detroit would climb out of its weakened fiscal condition by the mid-1990s, and American automakers would experience strong profits for the better part of the decade. In 1992, perhaps bolstered by Honda’s unfortunate payola scandal, in which the Japanese company had been

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133 Americans Talk Security Foundation, Methodology: Conducted by The Telephone Center, December 2 - December 15, 1991 and based on 1,000 telephone interviews. Sample: National adult.
135 Ibid, p 165.
charging car dealerships under-the-table premiums for the privilege of selling their popular products, the Ford Taurus dethroned the Honda Accord as the best-selling car in the United States. The Taurus continued to push towards the 400,000 units sold per year mark well into the second half of the decade. American automakers were finally selling sedans competitively.

However, the success of the Taurus was relatively tiny compared to the rise of the Sports Utility Vehicle (SUV). In the 1990s, an old problem for pressing towards a solid fuel economy reemerged alongside an old method of profit-making for Detroit. As with the late 1970s, when automakers had invested in increasing fuel economy to accommodate CAFE, the biggest challenge to overcome was once again the size and weight of vehicles. During the 1990s, the large and gas hungry SUV took the American auto market by storm. In January 1992, at the Detroit Auto Show, Chrysler President Bob Lutz drove the company’s new Jeep Grand Cherokee up the steps of the Cobo Hall exhibition center and through a plate glass window. Ingrassia, Crash Course, p108 Chrysler’s redesign of the more rugged, two door Jeep Cherokee into the passenger friendly Grand Cherokee would prove tremendously successful. This showmanship may not have christened the SUV arms race of the 1990s, but serves to at least highlight the era.

In 1991 Ford rolled out the Explorer, a sort of evolution of their two-door off-road friendly Bronco, itself technically later replaced by the Ford Expedition, an even larger SUV than the Explorer. The physical and conceptual transfer of vehicles previously considered to be “off-road” vehicles into family oriented SUVs escalated. The Explorer quickly became the 1990s poster child for SUVs, and by 1995 outsold the top selling car in America, Ford’s own Taurus. Two years later, 58 percent of Ford’s sales were trucks. Soon the best selling cars in the United States were no longer cars at all. All of the Big Three, including GM with its Chevrolet

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Ingrassia, Crash Course, p108
Blazer, enjoyed SUV success. By the end of the decade, Ford also was selling its monstrous 7,700-lb Excursion and GM rolled out the perhaps now infamous Hummer, previously a light duty military vehicle, as a luxury SUV.

The SUV’s road to success was paved with cheap oil prices throughout the 1990s. In relative terms, throughout the 1990s oil prices hovered above their all time lows of the post-WWII boom years. Crude stayed below $30 per barrel (adjusted for inflation) from the 1991 Gulf War until the turn of the century. As a result, there was no strong economic disincentive for purchasing fuel thirsty behemoths, especially given overall economic health of the late 1990s.

Equally important, there were strong incentives for Detroit to produce and to cultivate a consumer interest in large vehicles. Once again, SUV and minivan profit margins dwarfed those of small and mid-sized cars; for example, the gargantuan Chevy Suburban raked in a massive $10,000 in profit per vehicle. Eventually, Ford all but abandoned the Taurus, harkening back to Henry Ford III’s outlook on miniscule cars equaling miniscule profits. As Paul Ingrassia notes, “in 1997, the same year the Expedition debuted, the Ford Taurus fell from first to third place on the list of America’s top-selling cars, to be supplanted by the Toyota Camry and Honda Accord. The Taurus wasn’t important anymore, in Ford’s view. Americans wanted big SUVs, and Ford wanted big profits.”

However, the rise of the SUV probably was created and sustained by a quirk of legislative language embedded in CAFE regulations. When CAFE was created, light trucks were put into a separate minimum fuel economy category based on the logic that trucks used (at that time) largely for farm and work duty would not be able to measure up to the original 27.5 mpg standard for cars without impacting the economy. As a result, the standards were settled upon in 1975 gave light trucks a lower standard of 20.5 mpg. Even while SUVs were inarguably and

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138 Ingrassia, Crash Course., p 111.
overwhelmingly used as a family sedan, they were categorized as light trucks because they were on light truck chassis, in the process utilizing what some have referred to as the “SUV loophole.”

Combining with appropriations riders, discussed below, which restricted administrative discretion on fuel efficiency throughout the 1990s, this loophole led to a fortuitous period for American automaker profits. Discussion about fuel economy changes were off the table, vehicles were getting bigger, bigger vehicles were getting popular, and oil prices were stable and as low as they were going to get. As one Chrysler executive explained of this period: “we wish we could just shrink wrap the way it is right now.” Indeed, that would have been an excellent set of operating circumstances for Detroit.

**Clinton’s First Term: Cozy with Industry?**

Environmentalists and consumer advocates were excited at the prospect of a Clinton White House, particularly given incoming Vice President Al Gore’s relatively impressive environmental track record. Clinton and Gore had both suggested raising CAFE standards to 40 mpg by 2000, Gore in his first book, *Earth in the Balance*, and Clinton on the 1992 campaign trail. However, over time Clinton’s overall environmental agenda, including fuel economy increases, began to soften.

Clinton came into office making agency and cabinet appointments that ultimately pleased environmentalists, such as Bruce Babbit, former leader of the League of Conservation Voters, to the Interior, and Carol Browner, who had a long career as an environmental lobbyist, to the EPA. However, Clinton fell short of real environmental victories in his first two years. After failed attempts to raise grazing fees on public lands and to create a broad tax on energy consumption,

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139 *U.S. Energy Information Administration* for detailed data on oil prices in U.S. at www.eia.gov
140 Ingrassia, *Crash Course,* p 112.
both of which met with congressional resistance from both parties, Clinton had lost some forward momentum.\textsuperscript{141} By the time Republicans came into congressional power after midterm elections in 1994, Clinton had lost the ability to forcefully push environmental legislation.

The automobile industry enjoyed what it called “amicable cooperation with the Clinton administration” and industry lobbyists found themselves pleased with their level of access, at least early on.\textsuperscript{142} This is something considering how vital, and aggressive, lobbyists were in dismantling the Bryan bill two years prior. The Clinton administration’s Clean Car Initiative, also called the Partnership for a New Generation of Vehicles (PNGV), is a solid example of Clinton’s “third way” approach of governance, which sought to embrace a relatively progressive social agenda while maintaining a more conservative, market-oriented fiscal approach to governance. Instead of regulations and mandates, the Clinton strategy was to supply the automobile industry with incentives for action and avenues to public-private partnerships. The hope was to create cleaner, more fuel-efficient vehicles (three times more was the promise) without mandates by creating synergy through initiatives such as technology sharing. For instance, the Department of Defense could share lightweight material technology to help Detroit build lighter, more fuel-efficient cars. While a bit vague, Clinton’s comments on introducing the program highlighted a strategy of accomplishing such a national goal; public-private sharing of the burdens of such ventures, even if more of the risk was taken on by the government:

General Motors, Ford, Chrysler, and your National Government have agreed to accept a set of ambitious research and development goals for automobiles. Our long-term goal is to develop affordable, attractive cars that are up to 3 times more

\textsuperscript{141} Normal Vig, “Presidential Powers and Environmental Policy,” in \textit{Environmental Policy: New Directions for the 21\textsuperscript{st} Century} \textsuperscript{8th}, eds. Norman J. Vig and Michael E. Kraft (United States Sage 2013, p. 92-93. \\
\textsuperscript{142} Peter H. Stone, "Detroit's smooth ride." \textit{National Journal} 26.21 (1994): 1176
fuel efficient than today's cars—3 times—and meet strict standards for urban air pollution, safety, performance, and comfort. Industry and Government engineering teams will work together on this. The project will involve Federal and industry funding. The Government will pick up a greater share of the high-risk projects, ones identified by an auto industry/Government team.\textsuperscript{143}

However, realizing even modest environmental or energy related goals would prove to be quite difficult with the Republican takeover of Congress following the 1994 midterm elections. In terms of success in environmental policy, Clinton has been categorized as a “frustrated underachiever.”\textsuperscript{144} While he enjoyed popularity in bringing together private and public enterprise, Clinton’s environmental efforts were largely thwarted, and after his first term he retreated from any large-scale efforts. As a case in point, PNGV was later abandoned.

Recalling Reagan’s political battles, Clinton was forced to try his hand at making policy through the executive branch in much the same way. For instance, in 1995, Clinton launched a campaign called: “Reinventing Environmental Regulation” which unveiled a flurry of new environmental programs aimed at reducing pollution, increasing conservation, and innovating green technology.\textsuperscript{145} While this program would be encouraging to environmentalists, it was short of the hopes Clinton and Gore had coming into office, and was indicative of the new landscape of environmental and energy policymaking.

\textbf{The 104\textsuperscript{th} and the Rider:}

\textsuperscript{144} Vig, “Presidential Powers and Environmental Policy”, 85-134.
\textsuperscript{145} For a brief rundown of the plan see Clinton’s address to Congress on the program: William J. Clinton:“Message to the Congress on Environmental Policy,” April 6, 1995.Online by Gerhard Peters and John T. Woolley,\textit{The American Presidency Project}
The NHTSA typically established new light truck standards 18 months before the upcoming model year. This was a narrow window for the agency to examine fuel economy and to react to manufacturers’ estimates for their upcoming fleet. In 1994, the NHTSA issued an Advanced Notice of Proposed Rulemaking, seeking input on what standards might be best for Model Years (MY) 1998-2006 – essentially a first step in attacking the SUV loophole. However, these plans were sidetracked as the Republicans netted a 54 seat gain in the House after the 1994 mid-term elections, in the process taking control of the House for the first time in forty years.

One of the defining events of Clinton’s career was the Republican takeover of both houses in 104th Congress. The so-called Republican revolution was led by Representative Newt Gingrich (R-GA), its chief architect and most visible symbol. Gingrich, elected in 1995 as the new Speaker of the House, hoped to translate electoral victory into sweeping policy changes outlined in the famed “Contract with America.” The “Contract” co-written by Gingrich and other conservatives, would also serve as a binding platform for Republican legislative candidates, organizing them under a type of policy platform usually reserved for presidential elections.\footnote{The complete “Contract with America” is available online courtesy of University of Maryland: http://www.gypt.umd.edu/jgloekler/documents/contract.pdf}

Leading a legislative agenda was a change of pace for House Republicans, who had been in the minority since the early 1950s. Representative John Boehner (R-OH) spoke about the Republican takeover in terms of an upcoming challenge. “We have to set the agenda now. We have to bring bills to the floor and get them passed. We never had to do this stuff as a minority. We just had to anticipate, react, and lose.”\footnote{Michael Wines, GOP in House Rehearse for Revival of 1954 Show, New York Times, Dec 17, 1994, p1.}

Even with such tectonic change in Congress, it soon became apparent that fuel economy regulations would remain unchanged through traditional legislative channels. It was readily apparent that, even with a legislative majority, the Republicans would have as much trouble
altering or repealing CAFE standards as the Democrats had trying to increase them. Moreover, dealing with CAFE was not high on the new majority’s agenda, at least compared to balancing the budget or reigning in the regulatory state.

However, this wasn’t to say that the Republicans couldn’t try to accomplish legislation through other methods, notably appropriations riders, additions to typically large and “must pass,” bills such as a budget. Such riders are often inserted into critical appropriations legislation because they cannot pass muster on their own and because their insertion typically happens in the back rooms, outside the legislative spotlight. In short, riders are a way to either sneak, or perhaps muscle, legislation into reality without actually working for it democratically.

The defining example from this era was the governmental shutdown that occurred in 1995 when Clinton vetoed the Republican designed spending bill. Gingrich’s Contract crew, with a large contingent of freshmen Republicans, was determined to balance the budget immediately, largely through massive cuts in domestic spending. So, when the time for an appropriations bill came around, the newly minted majority had an eye on tightening the purse strings of the US government. However, the Republicans went further than simply creating a more austere budget; they openly used appropriations riders to achieve more controversial legislative ends, many aimed at stripping down air and water quality protections. Indeed, Clinton called the appropriations bill a “stealth attack on our environment”148

The Republicans wildly overestimated their hand, and threatened government shutdown if Clinton vetoed the appropriations bills. After a back and forth struggle between the firebrand House Republicans and the Senate Democrats, the bill arrived at Clinton’s desk. Clinton’s veto prompted a government shut down, which came to be widely blamed on Republicans. The

Republicans had been, self-admittedly in many cases, tone-deaf to environmental sentiment and the freshmen in particular had been naïve and over-aggressive.\footnote{For more on Republican reaction to the failed rider strategy see: Rae, Nicol, \textit{Conservative Reformers: The Republican Freshman and the Lessons of the 104\textsuperscript{th}}, (New York, M.E. Sharpe 1998), p 117-126.} 

The 104\textsuperscript{th} Congress largely fell far short of the goals laid out in the “Contract with America.” While voters may have generally supported the “Contract’s” vague goals, assuming they knew about it at all, they were in far less agreement on how to reach those goals, or perhaps even completely misunderstood what the goals meant.\footnote{Maureen Dowd, Americans Like GOP Agenda, but Split on How to Reach Goals, \textit{New York Times}, Dec 15, 1994, A1.} The Republicans itemized favorable sounding measures like “The Fiscal Responsibility Act,” “The Take Back our Streets Act,” and the “Personal Responsibility Act” in the Contract. However, like Reagan’s language of “getting government off the backs of the people” what entailed “personal responsibility” was more controversial than it seemed. When concepts like “fiscal responsibility” conflict with programs like social security or Medicare, it becomes more difficult to create policy.\footnote{Ibid.} And in the end, it turned out the same way for environmental policy.

However, luckily for Detroit, one particular rider survived as part of the transportation budget, the Transportation and Related Agencies Appropriations Act (H.R. 3675 in 1996). This rider, a direct reaction to the NHTSA proposals to explore raising CAFE standards for trucks, would stay on the books until 2001 when President George W. Bush had it removed. A single rider effectively froze fuel economy legislation for the better part of 6 years. It removed funding from the Department of Transportation for the purposes of increasing fuel economy standards. As long as the rider made it onto every year’s budget, there was nothing to debate in Congress regarding fuel economy for the time being.
Debating CAFE to Death:

By 1991 almost every aspect of the debate over fuel efficiency as a sound policy option had been hashed and rehashed, and the debate itself had moved into its own sort of gridlock. Reagan tried to force the issue with rhetoric and appointments, it was debated in 1985 an evaluated in terms success, and was again pushed alongside environmental policy in the early 1990s and the Bryan bill. While the 1990s added novel points to the discussion such as the effect of fuel economy on vehicle safety and the automobile’s impact on global warming, the arguments had not gained much headway in terms of opinion or policy results. Debates from the 1990s and into the next decade, as long time Detroit scholar James Dunn Jr. pointed out, must have seemed more like ritual than a chance for any kind of real policy change.\(^{152}\)

Aggressive attempts to reframe the discussion, such as Bush’s Transportation Secretary Samuel Skinner saying that the Bryan bill “should really be named the highway fatality bill,” showcased what could have been a tense new dynamic in the fuel economy discussions.\(^{153}\) In the early 1990s, arguments emerged about the impacts of driving smaller vehicles on passenger safety in the event of an accident. Advocates on all sides of the safety debate offered data and rhetoric; experts from NHTSA, DOE, The Center for Auto Safety, and the Office of Technology and Assessment offered conflicting claims. On one side was the argument that larger vehicles such as SUVs were safer in the event of an accident, a claim strongly supported by the automobile industry. Senator Bryan called the safety issue nothing but a scare tactic, and pointed out that increases in fuel economy technology could in fact have little to no impact on safety of the American automobile fleet. Clarence Ditlow, speaking for the Center for Auto Safety, observed that improving safety technology was key and not related to fuel economy or vehicle

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size. He argued that airbags for front seat passengers, side impact resistance, and lower horsepower and acceleration were important, and went so far as to partially blame the Reagan rollbacks and the subsequent increase in vehicle horsepower and acceleration on increases in traffic fatalities.\textsuperscript{154} In the same hearing, Jerry Curry, speaking for NHTSA, stated that more small vehicles on the road led to a higher incidence of traffic fatalities.\textsuperscript{155} The point of highlighting these arguments is not to argue their merits, but to show how they didn’t move the needle on the larger fuel economy discussion—which is admittedly a victory for Detroit in this case.

Adding new arguments to the debate was not enough to change political reality. There was no wiggle room for other policy options, which had been true since the inception of the law. In response to another call by Brookings Institute’s Robert Crandall for increasing fuel taxes as the best option from an economist’s viewpoint, Representative Ed Markey pointed out something in the 1985 hearings that proves true for all eras of the CAFE debate.

Would that we lived in a world that had an administration or even a Congress that was interested in imposing the kinds of taxes or filling a strategic petroleum reserve or even retaining some sense of commitment to the standards that are included in the piece of legislation which we passed in 1975 [CAFE] . . . I’m afraid we’re stuck with what we’ve got. And as I think most of us would have to admit, the perfect is the enemy of the better, and this is all we have. It’s better than nothing. It ain’t perfect. But I would prefer to try to make this work than

\textsuperscript{154} Subcommittee on Energy and Power, “\textit{Automobile Fuel Efficiency}” 101st Cong., 2\textsuperscript{nd} Session, October 1, 1990 pp 61–63.
\textsuperscript{155} Ibid, 167.
scrap everything and just bemoan the fact that the world isn’t more ideal. It’s not.\textsuperscript{156}

While economists like Crandall and many prominent liberals agreed as to the merits of a gasoline tax over fuel economy regulations, that option was politically off the table in the United States. CAFE remained intact across the decades in large part because it remained the “least-worse option”, the only politically viable tool for managing addressing oil dependence. As James Dunn Jr., long time analyst of the automotive industry and advocate for higher gas taxes argued, the case for CAFE “has been made so often in so many places, from scholarly journals to newspaper editorials to senatorial speeches, that it has been established as the conventional wisdom.”\textsuperscript{157}

**Interested Interests**

In the 1990 debates, environmentalists picked pollution over fuel economy –as when they did so in 1977 fighting against rollbacks to air quality standards over fuel economy increases. Representative Henry Waxman, a powerful ally of the environmental lobby, made the choice for them; fuel economy increases would have to stand alone. The hearings on the Clean Air Act amendments in 1990 went primarily through Representative John Dingell’s Energy and Commerce Committee. The hearings were massive and spread out across several sessions, and included a myriad of environmental interest groups. It was no surprise that Dingell and others, such as President Bush, wanted fuel economy legislation separated from the momentum that such a showing would give them.

Unlike the hearings in 1975 and 1985, environmental groups did show up in Bryan bill hearings before the House Energy and Commerce Committee. The Audubon Society and


\textsuperscript{157} Dunn, “*Automobile Fuel Efficiency Policy,*” 201.
National Resources Defense Council both played a role in the hearings, with the former testifying and the latter submitting letters and materials. More importantly, Brooks B. Yeager, the witness for Audubon Society, which had urged conservation in its own “Audubon Energy Plan” in 1985, made it clear in the hearings that he spoke for a larger coalition of environmental groups, including the National Wildlife Foundation, Sierra Club, National Resources Defense Council, Public Interest Research Group, Environmental Action, and the Environmental Policy Institute.\textsuperscript{158}

While Yeager’s testimony made it clear that the environmental groups were there for the purposes of energy conservation, the new dynamics of global climate change were the novel feature of the testimony –Yeager claimed that increasing fuel economy was the “single most important thing” we could do to address climate change.\textsuperscript{159} Not every group got a seat at the hearings, but this was solid evidence of their interest in being there. Given Yeager’s testimony, it could be that global climate change was the factor which ultimately brought environmentalists on board in 1990, however, that remains unclear. What is known is that the composition of the “fuel economy” issue network was dynamic across the previous 15 years, and more policy claimants were coming into the fold. As an aside, while global warming was ostensibly a factor which helped recalibrate those involved in the fuel economy discussion, when the Senate Committee on Commerce, Science, and Transportation’s Subcommittee on the Consumer, chaired by Senator Bryan, held hearings specifically on global warming and CAFE standards, environmental groups were absent even as the Center for Automobile Safety, International Institute for Energy Conservation, and the American Council for an Energy Efficient Economy

\textsuperscript{158} Subcommittee on Energy and Power, “Automobile Fuel Efficiency” 101\textsuperscript{st} Cong., 2\textsuperscript{nd} Session, October 1, 1990 pp 61, 67.
\textsuperscript{159} Ibid. 63-65.
were present. Aside from the Center for Automobile Safety, these group names may sound unfamiliar, but the people representing them, Deborah Bleviss and Marc Ledbetter, were present in the 1985 hearings representing other energy conservation groups. That their names held more consistency in Washington than the groups they had represented brings into question the vitality of energy conservation interest groups, especially as compared to their larger comrades, the environmental interest groups.

At this point, it worth noting that while CAFE was now a well-entrenched policy under the jurisdiction of two mature regulatory bodies, the Environmental Protection Agency and the National Highway Traffic Safety Administration, there was no effort to affect regulations in the courtroom. All activity was either in congressional hearings, informally in interviews, lobbying, or studies conducted by interest groups. The reason for lack of legal action, especially when it was clear that interest groups were not shy about using the courts, is unclear. It may simply have to do with the fact that, at this juncture, there was nothing to sue over. The law was pretty simple; Congress sets fuel economy standards, automakers meet said standards or pay fine. Additionally, there is no legal outlet for challenging an appropriations rider –perhaps aside from constitutionality. That being said, this assumption of simplicity would be tested in the coming decade.

**Conclusion:**

By the 1990s, as noted, CAFE had settled comfortably into the realm of conventional wisdom, or at a minimum, the “least-worse option.” After the Reagan years, it became clear that Detroit was no longer going to aggressively push for rollback. Automakers instead were treating the policy as a *status quo* to defend. That being said, they would happily spend a fortune to keep CAFE standards from increasing. New facets to the debate, such as global warming and vehicle

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safety, or even American boots on the ground in the Middle East, didn’t budge policy debate and action. With a stable policy that they understood, and a gridlocked legislature, Detroit was set to enjoy quite favorable market conditions. In 1990, the Big Three had hobbled into congressional hearings, bleeding revenue and facing what seemed to be unfavorable political circumstances. They escape unscathed, and turned around to rewrite the book on profits throughout the decade.

The failure of House Republicans in the 104th Congress to create transformative legislation echoes the Reagan administration’s assault on the regulatory infrastructure. Like Reagan, House Republicans came to power on the wings of sweeping promises to shake up America and remove burdensome regulations. And like Reagan they left virtually empty handed, at least when it came to environmental and energy policy, and their greatest achievement was, like Reagan, simply maintaining the policy status quo.

Policy threats were locked up in a tidy package of legislative gridlock and appropriations riders, and perhaps most important of all, the SUV loophole which helped bring huge and profitable automobiles back onto the showroom floor. In the 1990s, fuel economy regulation was now in a state of equilibrium, and a “new normal” had settled in. Indeed, Klyza and Sousa’s “green state” appeared to have not only survived another decade of assaults, this time from the legislature, but displayed the durability of environmental reforms of the so-called golden era.
Chapter 5: Mounting Concerns

After nearly a decade of peace, prosperity, and policy stasis, the attacks of September 11th brought all imaginable realms of policy into review. Characteristics of security became the most important dynamic of policy making. There were massive federal reorganizations, such as the creation of the Department of Homeland Security and controversial new powers granted to the executive branch through such measures as the Patriot Act. Energy security and oil dependence were to be part of that larger security discussion. Indeed, as we shall discuss, the legislation that eventually altered fuel economy rules in 2007 was labeled the “Energy Independence and Security Act” (EISA).

Compounding the tense energy and security situation in the US, the oil rich nation of Iraq was accused of being in violation of various international agreements and plotting to produce weapons of mass destruction. The ensuring U.S. intervention and long presence in Iraq became another wild card in the geopolitical deck that, once again, raised the specter of oil shocks stemming from the politically unstable Middle East. It could be argued that the intervention in Iraq provided the tipping point for changes to energy policy come mid-decade.

Even before these events, by 2000 Americans were expressing greater concern about global warming than ever and, as with the debates of 1990, automobiles were perceived to be a major culprit. According to a survey conducted in November 2000 by the League of Conservative Voters, nearly 70 percent of Americans believed that raising fuel economy standards was part of the solution to fighting global warming.161 Americans were well aware that there was a linkage between gas guzzling automobiles and climate change, and link made

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perceptually conspicuous with the rise of the large and comparatively fuel inefficient Sports Utility Vehicle (SUV) in the 1990s.

The new millennium also saw a new President in George W Bush. Like his father before him, President Bush expressed at least symbolic support for environmental stewardship. Even so, Bush won few friends in the environmental movement, perhaps not a surprise given Bush’s unilateral withdrawal from the Kyoto Protocol, his industry friendly appointments like oil industry lobbyist Gale Norton at the Department of Interior, and what were becoming his regular pushes to open up the Alaskan National Wildlife Refuge (ANWR) for oil production.

A particular bone of contention was the administration’s National Energy Policy Development Group meetings at the White House, arranged by Vice President Dick Cheney in order to establish new national energy policy directions. The administration further angered environmental advocacy groups by refusing to invite them to the meetings and then conducting the meetings behind closed doors. Environmentalists, led by the Sierra Club, were even more rankled when they sued to gain access to the contents of those meetings through the Freedom of Information Act and lost the case in court –see Cheney v United States District Court for DC. In their views the Bush administration’s strong ties to extractive energy industries, oil in particular, and its pro-industry stance on environmental and energy policy generally, were intentionally being obfuscated in a bid to hide those industry ties from the public.\textsuperscript{162}

In many ways, the basic energy debate of the Bush years returned to the debates of the 1970s. Everyone knew that the United States was revisiting the tender vulnerability of oil dependence, and, at least with oil, Republicans believed in increasing domestic production while Democrats believed in large scale mandated conservation measures, like CAFE, and investing in

renewable energy. Considering these factors, there was a mounting interest in creating national policies to curb carbon emissions and lessen dependence on foreign oil. Raising fuel economy standards was an obvious target, with legislative pushes in 2002, 2003, 2005, and, finally, in 2007. However, throughout the decade, there were competing policy options - such as hydrogen fuel cells and ethanol production - to contend with as well as firm political resistance to admitting some of the aforementioned challenges were even real concerns, as became the case with climate change. However, perhaps the first crack in the armor for Detroit and for those who wished to keep fuel economy standards unchanged was the end of the appropriations rider.

**End of the Rider:**

As central as riders were in environmental and energy policymaking in the 1990s, they were pretty much whispered out of existence. In 2001 President Bush requested that Congress remove the appropriations riders, which had kept the EPA from rulemaking regarding CAFE, among other areas. Bush did not need the riders, which for the Republican Congress had served as insurance against any regulatory changes by Clinton administration. After years of legislative stalemate, the end of the riders put certain powers back into the new administration’s decidedly more pro-industry hands. Moreover, with Bush in the White House, congressional Republicans saw less of a need to risk political capital to secure riders. As Klyza and Sousa suggest, “perhaps reinforced by the political embarrassments of 1995 and 1996, the Republicans’ increasingly firm grip on the national government as a whole seems to have diminished their interest in pursuing environmental policy goals through riders.”

True enough, Republicans retained control of the House (221-212) and were likely to see President Bush move in the directions they preferred on issues such as ANWR, Kyoto, and for our case, CAFE. Therefore, riders for limiting the power of the EPA or NHTSA were unnecessary with a friendly administration in the White House.

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Senator John Kerry bemoaned this very point, accusing Congress of stripping NHTSA of decision making ability when the president was a Democrat, but empowering the administration when it was led by a Republican:

During the Reagan and Bush Administrations, it is interesting that some of those who opposed CAFE looked to NHTSA to be the operating entity, and then when people perhaps viewed as being less friendly to their interests were in power, suddenly Congress became the empowered entity, and now once again we see those people who oppose CAFE looking to NHTSA to try to be the governing entity. So, there is a track record here of people forum shopping.\textsuperscript{164}

As we will discuss more fully in this chapter, those who wanted to improve fuel economy, again largely Democrats, would see in the end of riders a window of opportunity for action. Indeed, it was a small victory for Democrats that fuel economy were discussed at all in committee hearings in 2001. However, the full potential for progressive action on energy policy remained modest: even with cross-party partnerships in the Senate in the early decade, House Republicans were still generally opposed to liberal wish list items like ending oil subsidies and imposing higher fuel economy standards, and President Bush made clear his intent to veto any fuel economy legislation.

\textbf{A Growing Focus on Global Warming:}

Global warming had become a much larger part of the national discussion since the early 1990s debates on CAFE. Polling history on the issue shows that concerns about climate change peaked in 2000, as more Americans began to believe that global warming would affect them in

\textsuperscript{164} Senate Committee on Commerce, Science, and Transportation, \textit{Corporate Average Fuel Economy Reform}, 107\textsuperscript{th} Congress, Dec 7, 2001, First Session.
In 2001 and 2002 there were two Congressional hearings solely on fuel economy and the Democrats seemed ready to start swinging at the issue again, with an increasingly powerful linkage to climate change. For instance, in 2001, Senate Democrat Diane Feinstein (D-CA), cosponsored fuel economy legislation (S. 804) along with 14 others, including moderate Republicans such as Olympia Snowe (R-ME) and Susan Collins (R-ME). The key component for this bill was to close the SUV loophole. Said Sen. Snowe:

> It is estimated that fixing the SUV loophole will save one million barrels of oil a day, reduce oil imports by 10 percent, cut America’s trade deficit - oil deficits are the largest of this- save consumers money at the pump, and provide healthier and cleaner air benefits, and, very importantly, prevent more than 200 million tons of carbon dioxide- the major greenhouse gas connected to global warming- from going into the atmosphere.  

Absent from Snowe’s statement was any mention of dependence on foreign oil, although it could be considered implicit by the bringing up of the trade deficit. Notably, the bill’s sponsors anchored their arguments largely in terms of climate change, a previously unstated link.

Olympia Snowe wasn’t the only Republican taking up what was becoming a traditionally Democratic issue like global warming. For example, Senator John McCain (R-AZ), who unsuccessfully ran a primary campaign against George W. Bush in 2000, also expressed concern over the threat of global warming. Detroit automakers were unhappy, to say the least, when McCain came forward with his own bill increasing fuel economy, and later joined forces with John Kerry to present a bill. Headlines such as “To Detroit’s Dismay, McCain Proposes Rise in

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Fuel Standards” accurately captured the reaction from Motor City.\textsuperscript{167} Given the history of partisan division over the issue, even uneasy alliances between the parties posed a threat to American automakers.

The Big Three saw themselves as being targeted over-aggressively and punitively for global warming. A spokesperson for Detroit’s lobbying arm, the Alliance Automobile Manufacturers, was quoted as saying that there was no difference between bills from McCain or Kerry, and that the “proposals are absurd, and we think consumers will be outraged when they realize that they eliminate SUVs, minivans, and pickups.”\textsuperscript{168} Still at the tail end of the SUV explosion, Detroit saw the closing of the SUV loophole, which was included in most suggested legislation, as appalling. Rightfully so, as a 2003 study conducted by World Resources Institute and Sustainable Asset Management found that 80 percent of profits at Ford and Chrysler, and 70 percent at GM, came from vehicles that got less than 20.5 miles per gallon.\textsuperscript{169} So their concerns had merit: eliminating the SUV loophole in 2001 could have put Detroit out of business.


Energy independence was part of the guiding spirit of creating CAFE regulations in the first place. Instability in the Middle East, on which the U.S. had become heavily dependent for oil, created the conditions that resulted in EPCA in 1975. The terrorist attacks of September 11\textsuperscript{th} shocked Americans into remembering this geopolitical time bomb. CAFE, or even oil, wasn’t central to the discussion of national security right after the attacks. However, as national security

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\textsuperscript{168} Ibid

\textsuperscript{169} Austin et al. *Changing Drivers: The Impact of Climate Change on Competitiveness and Value Creation in the Automobile Industry*, World Resources Institute and Sustainable Asset Management, October, 2003.
became the order of the day and tensions with Iraq heightened, energy concerns became entangled with national security.

Moving past the attacks of September 11th and into early 2002, President Bush began to stress energy independence and national security in his speeches, saying, “to put it bluntly, sometimes we rely on energy sources from countries that don’t particularly like us.” At the same time, Bush was trying to help the Republican energy bill (H.R. 4), which had gone through the House, get through the Senate and to his desk. In concurrent fuel economy hearings, ranking Republican Commerce Committee member Senator John McCain (R-AZ) provided the possibility that fuel economy may have a more bipartisan home after the attacks. Echoing the 1970’s energy crisis era, McCain stated: “CAFE standards may play a more significant role in our discussions regarding efforts to decrease US independence on the importation of foreign oil.” Despite this sentiment, and the support of some key Republicans, CAFE was not part of the House’s first swing at an energy bill after 9/11; Bush and most congressional Republicans wanted nothing to do with increases in fuel economy standards.

The Senate passed its own energy bill in response to H.R. 4. S. 517, sponsored by Senator Jeff Bingaman (D-NM), almost had a CAFE amendment requiring a 50% increase in fuel economy standards by 2013 co-sponsored by Senator Ernest Hollings (D-SC, and one author of the original CAFE laws) and John Kerry (D-MA), yet failed, despite an effort by McCain and a handful of other more moderate Republicans to resuscitate the idea with less steep increases. As that CAFE amendment failed it was replaced by another bi-partisan amendment from Senators Arlen Specter (R-PA) and Tom Carper (D-DE), which would instruct the Department of

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Transportation to decrease gasoline consumption by 1 million barrels per day; this amendment made it to a vote and failed. Another point of tension with the Senate bill, and also a key difference from the House bill, was that it lacked provisions for drilling in ANWR, which the House included and Bush backed. There was such intransigence between the parties in the Senate on ANWR and CAFE increases that both possibilities were rejected out of hand – resulting in the oddball amendment to the DOT mentioned above.

Perhaps more important for the death of these energy bills was that nobody seemed excited or ready to fight for either, or for their key wishes, whether ANWR or CAFE. Jeff Bingaman said, “There’s no requirement we have an energy bill this year . . . if you compare it to someone’s ideal bill, it doesn’t measure up.” Senator Larry Craig (R – ID) said, “It’s not perfect, but of course you have the opportunity to go to conference with the House.” Neither the auto industry nor energy conservation and environmental advocates were thrilled with the bill either, and seemed to see it as, at best, a stepping stone to something that could be worked out in conference. Essentially, neither side got what they wanted, nor were there nearly enough players interested in fighting for it, so the bill died.

What the first go at an energy bill highlights, again, is the renewed language of energy security and freedom from dependence on foreign oil. It wasn’t just Bush, or Alaskan Republicans like Senator Frank Murkowski (R – AK) whose state stood to benefit from opening ANWR, using the premise of dependence on foreign oil to tap into their wish list. Democrats and energy conservation advocates adopted this new language for their pet projects as well. For instance, David Nemtzow, President of the energy conservation interest group Alliance to Save

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173 Ibid.
Energy (ASE) said of the Senate’s inability to add a CAFE increasing provision, “the Senate has failed on fuel economy . . . in failing to rise to the challenge of our severe vulnerability to oil supply disruption, the Senate has failed the American people.”

Even so, advocates were beginning to cast parts of the energy debate in terms of national security, even if the time didn’t appear to be right to push legislation through.

A year later, the 108th Congress began mulling over a new comprehensive energy bill, again at Bush’s urging. The Energy Policy Act of 2003 (H.R. 6), was initially sponsored by Representative Billy Tauzin (R-LA), with the Senate version (S. 14) sponsored by Senator Pete Domenici (R-NM). This new bill was being framed not only in post 9/11 language, but also in terms of newer problems, in particular massive power outages that August blacking out much the northeast United States. Indeed, President Bush and others eager to get comprehensive energy legislation moving tapped into this crisis in hopes of getting a bill moving.

However, the real sticking points were, again, ANWR and CAFE. In this instance, ANWR was completely absent from either the House or the Senate bill, largely because nobody, except perhaps Bush, had stomach for that fight. The Senate had voted down a leasing option for ANWR early on in the creation of the Senate bill, and the House, and after being warned that any ANWR amendments were dead on arrival in the Senate, simply dropped the issue.

On fuel economy, Senator Dick Durbin (D-IL) unsuccessfully bid to offer an amendment to S. 14 for the purpose of increasing CAFE by 2015 to 40 mpg for automobiles and 27.5 for light trucks. He couched his argument in terms of energy security and independence from foreign oil, calling his amendment “the most important single amendment on the question of energy

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175 Maureen Lorenzetti, “Senate bill deemed interim step for comprehensive US energy policy”.
security in the United States." His amendment was soundly defeated with little fanfare along with the overall bill. As before, legislation withered after differing versions left the respective chambers in late July 2003. Like the last bill, this one lacked substance that both sides really wanted, and its key features were huge loans and subsidies to create a natural gas pipeline from Alaska to Chicago, to invest in so-called clean coal technologies, and to cover costs for oil refiners to remove from gasoline MBTE, a toxic chemical compound used to increase the octane of gasoline that had been found seeping into groundwater. There was more bipartisan support against this bill than there was for it. Senator McCain, leading another small charge of more moderate Senate Republicans, was highly critical of the “pork” nature of the bill, and drew some mild public disdain from the bill’s sponsor, Domenici. 

Even with new dynamics like the power outages, broader public support also wasn’t there, with more proximate and pressing concerns drowning out the need for comprehensive energy legislation. In the context of the time, something more dramatic than a blackout and expensive and tense conditions in the Middle East would be needed to push Congress enough to get a bill through. Domenici seemed to understand this, and was somewhat prescient, while perhaps oddly hopeful for hardship: "I'm hopeful that in the next couple of months, as we watch things get worse in the energy field, that we will find a way to come back to this bill."

Increasing fuel economy standards was not in the cards in the early part of the decade in no small part because for most Americans sentiments for action on energy independent were not overwhelmingly strong, and certainly not enough to push Congress toward comprehensive and transformative legislation. While it’s true that nearly every policy realm was examined in this

era, energy was less central to other issues, in particular the Iraq war, that entirely dominated the public agenda. However, energy policy was again part of the national conversation, as was the case whenever pollution and energy security are heightened concerns—as with 1990’s Bryan bill, for instance. Even so, by 2005 concerns about global warming, energy security, and conservation were back in play.

**Energy Policy Act 2005 –CAFE and ANWR**

In 2005, having won election to a second term, George W. Bush unveiled his administration’s newest proposed energy legislation in a speech given in Columbus, Ohio. This time, there was ostensibly a more powerful focusing event in the energy price spikes, particularly gasoline prices, following Hurricane Katrina and its wake of destruction in the Gulf. Indeed, for the first time this decade, Americans were ranking oil prices/shortages higher than a couple of percentage points, now up to 8-9%, for their “most important problem facing the United States,” a comparatively high level for energy even given the perennial dominance of general issues like the economy. For Bush, successful energy policy “must promote conservation and efficiency, increase domestic production, diversify our energy supply, and modernize our energy infrastructure. And as we pursue all these goals, we will also uphold our responsibility to be good stewards of the environment.”

Bush hadn’t given up on the lip service, however, he was still highly criticized for his ties to the oil industry, and his apparent lack of transparency about those linkages.

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181 *Gallup Organization*. Polls examined were conducted monthly and examined for the time period Jan 2001-Dec 2005. Acknowledgement: The survey results reported here were obtained from searches of the iPOLL Databank and other resources provided by the Roper Center for Public Opinion Research, University of Connecticut. Available online at http://www.ropercenter.uconn.edu

Bush again expressed no interest in increasing fuel economy standards, balancing his argument for increased domestic production with investments in new energy technologies, like “clean coal.” Bush’s plan involved extending domestic oil production in the controversial Alaskan National Wildlife Refuge, still off limits to development and extraction despite his repeated efforts to open it up. As deliberation on energy legislation got moving in 2005, it seemed that the primary difficulty for Bush and his fellow Republicans was the question whether opening ANWR and its possible 600,000 barrels per day production capacity would do much actual good in terms of shoring up oil supply in the United States.

Needless to say, the same groups spurned by Cheney’s task force on energy policy were against any measures aimed at opening ANWR for drilling. Environmentalists, along with many Democrats, saw ANWR as a band-aid on a bullet wound. In their view, opening ANWR would irreparably damage sensitive ecologies areas while having little to no impact on global oil prices or demand. The proposed opening of ANWR was criticized heavily even by the conservative CATO Institute’s Jerry Taylor who, paraphrasing Jeremy Bentham, called the ANWR solution “nonsense on stilts.”

Deborah Lynn Guber and Christopher Bosso pointed out that vague and somewhat malleable public opinion on drilling in ANWR was highly dependent on a myriad of factors including how the questions were posed. Including metrics of blame could shed more light on why it would be hard to get a crystal clear picture of when and why people support or oppose an issue like ANWR, or CAFE for that matter. Americans blamed oil companies, countries in the Middle East, and politicians far more than impediments to domestic production or gas-guzzling

As any strategist will advise, it is hard to capitalize on a policy initiative without some public “push” behind a policy. ANWR was a hard sell, despite enthusiasm from a vocal minority, and didn’t survive to be on the final bill. Neither, for that matter, did CAFE increases.

On the other side of the political aisle, Democrats still hoped to anchor energy policy with increases to CAFE. The Energy Policy Act of 2005, sponsored by Representative Joe Barton (R-TX), now chair of what was formerly Dingell’s Commerce Committee, met a better fate than the 2003 version, but CAFE did not. Senator Durbin was again the CAFE champion in the Senate, offering a new amendment to increase fuel economy standards, very similar to his amendment in 2003. While Durbin took another swing at getting fuel economy into this new legislative push, it was defeated as soundly as before, for many of the same general reasons that ANWR was defeated, including public demand.

Instead of new production or mandated fuel economy increases, what emerged from 2005 was a more comprehensive bill that dabbled in areas of conservation and new technology more than the previous two attempts. The Energy Policy Act did not address energy security or climate change as many thought it should. It provided some subsidies for energy industries, particularly oil and the now-well established ethanol companies, who, critics argued, didn’t need them. It also allowed for more research into clean-coal. It created a few loopholes in some environmental protections, particularly the Safe Drinking Water Act, by allowing for hydraulic-fracturing (“fracking”) to increase natural gas production in the United States. It also had subsidies for wind and solar energy industries. Because of this, the Act was widely considered by critics to be a buffet of subsidies for companies; “every industry gets their own little program . . . there’s pork

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in there for everybody.” On top of that, many conservatives remained sore about the lack of authorization for drilling in ANWR in the final bill and Democrats at the lack of CAFE increases.

Despite an apparent avalanche of factors coming together at the turn of the century, and a push for comprehensive energy policy emerging for the first time in decades, fuel economy remained untouched by mid-decade. Proponents like John Kerry and Dick Durbin, and even Republicans like John McCain and Olympia Snowe, thought that the time was ripe for increasing CAFE standards. Moreover, a growing political wisdom offered that there was no other option for decreasing oil consumption in the United States. Nevertheless, the fruit was left on the tree once again.

**SUVs, Democrats Take Over, and the Energy Independence and Security Act of 2007**

As oil prices began to rise at mid-decade, Detroit truly began to suffer fiscal backlash from years of dependence on the SUV and its doubling down on less fuel-efficient vehicles. Headlines during 2006 aptly captured the growing challenge of time -- “With $3 Gas, Detroit Pays for its Past” and “US Makers Facing Glut of S.U.V.’s as Gas Rises” – and inflation in oil prices hadn’t even peaked yet when these articles went to print. Detroit was beginning to struggle to sell its larger vehicles as consumers reacted to steady increases in the price of oil. In June 2008, GM closed several truck and SUV plants and began plans to sell Hummer to a Chinese company as it struggled to move vehicles with gas pushing $5 per gallon. Their

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problems were compounded as the used values of large trucks plummeted and the Big Three even began to back off their once profitable leasing program.188

This time around, even Japanese manufacturers who had been jumping at the high profit margins of larger vehicles would eventually experience slowdown. Toyota announced it would indefinitely cease production of its Tundra and Sequoia, a large pickup and an SUV, respectively. At the same time, Detroit had a much more difficult time slamming on the brakes, considering how much of its production was dedicated to light trucks and SUVs. Rather than put on a mask of positivity in the face of poor sales, the automakers largely owned the changing atmosphere; one Daimler-Chrysler vice president noted that "the truck market continues to worsen, so unfortunately we must temporarily suspend production"189 Expensive oil and big trucks were strangling automakers, and those with their hands deepest in the SUV cookie jar, namely Detroit, had it much worse.

As Detroit was stumbling, Americans voted in the 2006 midterm elections, in which the Democrats finally wrested control of the House (236-199) from Republicans for the first time since Gingrich’s almost forgotten revolution in 1994. House Democrats quickly passed an energy bill; the Clean Energy Act of 2007 (H.R.6). The bill’s initial sponsor, Nick Rahall (D-WV), a staunch pro-coal supporter, ironically ended up one of only four Democrats to vote against the final bill. This brief bill, actually one of many at the beginning of the legislative session, was largely designed to remove subsidies and tax breaks from oil and natural gas producers, a key desire of more activist Democrats, especially since the passage of Energy Security Act (ESA) in 2005. Indeed, when the first bill was passed in January, with 198 co-

sponsors, some Democrats were making “ending federal welfare for big oil” a central to passing energy policy in the legislature.\(^{190}\) So, when President Bush addressed the need for yet more energy legislation days later in the 2007 State of the Union and suggested increasing fuel economy standards by 20% in 10 years, effectively increasing CAFE for the first time since 1975, the Democratic controlled House was more than willing to work on a new comprehensive bill.

H.R. 6, initially titled the Clean Energy Act and ultimately changed to the Energy Independence and Security Act, clearly matching the language and concerns of the post 9/11 world, and the bill was eventually signed in December of 2007. However, it wasn’t a completely smooth arrival on the President’s desk. The Senate, divided almost evenly between Republicans and Democrats, produced a much different bill than what came out of committee after the initial creation in the House –the Senate version completely stripped the cuts to oil subsidies, which was of course the central premise of the original H.R. 6.

The Senate’s version of the bill was actually a collection of smaller bills coming from familiar players in the energy debates of the early 2000s, such as Senators Domenici, Bingaman, and newer senators like Ken Salazar (D-CO), a centrist Democrat with a history of supporting environmental conservation, all of whom were on the Senate Committee on Energy and Natural Resources. Their committee succeeded in getting a handful of relatively non-controversial bipartisan bills (S. 731, S. 962, S. 987, S. 1115, which were all folded into titles of S. 1321) out of committee by a lopsided vote of 22-1 for reading.

From here the bill was sent to Senate Majority Leader Harry Reid (D-NV) and folded into S. 1419. Some of the key measures of this bill were “ten-in-ten,” which legislated increases

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\(^{190}\) See co-sponsor Representative Betty McCollum’s letter to the Speaker of the House on behalf of the Democrats: *Congressional Record*, 153 Cong Rec H 732
to fuel economy by 10% in 10 years, petroleum anti-price gouging laws which would activate
during times designated energy emergencies, a set of measures to increase energy conservation
in federal facilities and practices, and yet more subsidies, standards and research for ethanol
production. This bill, “The Renewable Fuels, Consumer Protection, and Energy Efficiency Act
of 2007,” never went to the House on its own. Instead, after informal negotiations between the
House and Senate, offered by House Speaker Nancy Pelosi (D-CA) so that party leadership
could avoid battles in conference, the Senate bill was converted to S.Amdt.1502 and worked into
H.R. 6.

Skipping a House-Senate conference committee was largely seen as a way to sidestep any
back and forth battles regarding more controversial measures, like fuel economy, differences
over which between the chambers in the previous energy bills had been a huge part of their
undoing. However, a sure sign that the bill was on the right course was that the House version,
which increased CAFE to 35 mpg by 2020 -- a 40% increase and steeper than the Senate’s bill --
was supported even by Rep. John Dingell, over the years the single biggest obstacle in the House
to increasing CAFE across the years, particularly when he chaired the Energy and Commerce
committee during increase considerations in 1985 and 1990. Dingell supported the bill, despite
having lobbied for a gasoline tax instead of CAFE increases, saying that “this bill is not the
ultimate answer to our dependence on imported oil, to high energy prices, or to climate change,
but it is a major and important step towards those goals.”

Dingell knew early on that the
Democrat takeover of the House would mean tougher fuel economy standards, one way or
another, and told Detroit early on that “no is not good enough” anymore. The automakers were

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always dependent on Dingell’s cues for their political stance, and when Dingell gave them what one lobbyist called a “good dose of political reality,” Detroit was ready to compromise on fuel standards, in no small part because Detroit also was in bad shape, and might be needing help from Washington.\textsuperscript{193}

It’s useful to note how this was also a mark of decline for Dingell. In 2008, he was replaced as chair by Henry Waxman (D-CA), environmentalist and long time antagonist to Dingell’s friends in the automobile industry. The vote to remove Dingell from his chairmanship had been 137-122, and over the objections of new Speaker Pelosi, marking a mini-mutiny by liberal House Democrats against having Dingell regain his seat after years in the minority. Environmental and liberal interest groups, such as the Center for American Progress and Clean Air Watch were elated.\textsuperscript{194} Dingell’s inability to regain his chairmanship was yet another sign that Detroit’s bargaining leverage was on the downward slope. Having Republicans chair the Energy and Commerce Committee from 1994-2006 meant that Detroit didn’t have to worry about statutory increases to CAFE. Having Dingell unseated by his own party meant that their most important hometown ally was losing clout.

On December 6, 2007, Congress passed the Senate-amended H.R. 6 by a vote margin of 235-181, with 14 Republicans voting with the majority. The final act was largely three major components, quite similar to the Senate bill mentioned above, but with the House’s provisions to 1) increase fuel economy standards 40% by 2020; 2) set dramatically high standards for the ratio of ethanol in fuel at gas pumps, and 3) elevate energy conservation efforts aimed at the federal

government with efficiency standards for consumer products and services. After continuously pushing for fully encompassing energy legislation, Bush didn’t get ANWR, and was the very person to suggest raising CAFE in 2007. At the bill signing, on December 19, 2007, Bush urged Congress to one day take up ANWR and push for more domestic drilling. However, he also praised the new law saying: “we make a major step toward reducing our dependence on oil, confronting global climate change, expanding the production of renewable fossil fuels and giving future generations of our country a nation that is stronger, cleaner and more secure.”

President Bush signed a bill that wouldn’t have escaped the House two years prior, and which he would likely have vetoed if it had come to his desk. A combination of factors – most immediately the Democratic capture of the House, gas prices reaching historical highs, Hurricane Katrina, Bush’s increasingly battered image, and possibly the lagged effects of the attacks of September 11th and two prolonged occupations in the Middle East -- converged to help create two, nearly back-to-back energy bills. For the first time since their creation in 1975, fuel efficiency standards were increased.

**Pressure from the States:**

While Congress was intermittently sparring over energy bills, some of the more progressive states were trying to push past the history of federal gridlock. California in particular had a history of being particularly environmentally proactive, and the state’s most prominent congressional representation, Henry Waxman, Barbara Boxer, and Diane Feinstein, were known for picking pro-green fights in regards to CAFE case as well as broader environmental goals. California’s EPA also had its own “air resources board” referred to as CARB, which in 2005

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requested a waiver from the EPA under California’s long exemption in the Clean Air Act. The Golden State wanted to create its own emissions standards on heat trapping gases, such as carbon dioxide. In 2002 California had written the law, and intended to ask for the waiver as they began implementation in 2004. This change would create statewide CO2 tailpipe limits on automobiles, which effectively, technologically speaking, would increase fuel economy. Given California’s history of asking for and receiving waivers under the CAA, its the size and economic importance, plus the prospect of similar action by its partner states, the waiver threat was a continuous pressure on the Bush administration. In December 2007, mere hours after Bush signed the EISA, EPA director Stephen L. Johnson denied California’s waiver request.

California and its allies in 14 other states were livid at the denial and believed Johnson’s decision to be motivated by politics. Senator Boxer arranged hearings to investigate the reasons behind the waiver denial. These hearings proved heated and contentious as Democrat committee members assailed Johnson, accusing him of basing his decision on policy preferences of President Bush. Specifically, Johnson was accused of deciding to grant the waiver, then changing his decision when pressured by the White House. Indeed, hearings in Waxman’s Committee on Oversight and Government Reform House, which was concurrently investigating another California waiver request denied by the EPA, supplied testimony that accused Johnson of making his decisions based on direct command from Bush. Johnson was also accused of ignoring the scientific advice of his staffers in making his decisions. In the Senate, Boxer had requested documents from Johnson’s office for the hearings to search for evidence of Johnson rebuffing expert staff input. The 46 pages of documents were covered in white tape that concealed segments and sentences. In one newsworthy display, Barbara Boxer brought out a pile

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of the white tape, and accused Johnson’s people at the EPA of stonewalling the Senate’s efforts to conduct a hearing. Additionally, there was a fiery exchange in the House hearings as Chairman Waxman was questioning administrator Johnson and was repeatedly interrupted on points of order by Representative Darrell Issa (R-CA). Waxman brought down his gavel several times and raised his voice to Representative Issa, “I will have you physically removed from this meeting if you don’t stop.”197 The waivers were clearly a combative issue, especially as far as California environmentalists were concerned.

The Bush administration essentially believed that, post EISA, letting California and its allies create their own standards for greenhouse gases was redundant. Since the EISA was increasing fuel economy with a new mandatory minimum, the administration argued that the reduction in consumed gasoline would reduce CO₂ emissions as an intended byproduct. Critics of the waiver also believed that a single national standard was superior to a having 50 different states decide for themselves. While the issue of waiver was simply pushed off until the next administration, when President Obama’s EPA granted it, it remained another factor putting more pressure on CAFE.

**The Fiscal and the Automotive Crises:**

After capitulating on fuel economy, Detroit wasn’t miraculously righted. Not only were automakers remarkably ill-prepared to offer competitive small and medium cars to make up for imploding SUV revenues, they were also struggling to cope with meeting the costly obligations they had made to unions over the years. Automakers were throwing huge portions of revenue at enormous pensions – which they called “legacy debts”- and controversial programs like jobs bank which gave workers nearly full pay while laid off. Indeed, Detroit had earned a national

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reputation of relenting to union demands rather than face strikes. It made more sense to give in when they were making insane profit margins on SUVs. In 2007, GM’s unfunded healthcare liabilities were $51 billion—with only 75,000 workers, GM was providing generous benefits to 340,000 retirees and their spouses. In one extreme example of Detroit buckling to over-the-top union demands, in 2005 GM tried to ban smoking on its production lines. Smoking was bad for employees, increased health care costs, and sometimes caused burns in upholstery in production. The UAW bristled at the notion of GM trampling its workers “right” to smoke on the job. GM buckled rather than face a struggle with the union. Detroit had built a reputation of mismanagement when it came to union demands, and their failure to bring anything salable but SUVs to the market only intensified the fiscal pain for Detroit as the 2000s wore on.

Moreover, Detroit (like everyone else) was supremely unprepared for the fiscal crisis of 2008. If the terrorist attacks in 2001 jarringly reframed policy discussions in the United States, the global financial crisis of 2008, which hit in full force during the fall general presidential election season, altered the landscape at least as drastically. Indeed, the financial crisis was being likened to the Great Depression and some were calling it the Great Recession. Large banks were in such dire straits that many national governments, including the United States, were bailing them out with direct cash infusions in order to keep them afloat. To avoid what many believed would be total economic catastrophe, the soon-to-be lame duck Bush administration along with Congress issued a $700 billion in federal cash to keep the banks afloat.

As a result, lending became tight, which impacted businesses across the board, including Detroit, which lost up to 100,000 vehicle sales during the credit crunch. As credit was tight,

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consumers couldn’t get loans to purchase cars, and dealers couldn’t finance their inventories. Confounding issues, when gasoline was topping $4 per gallon in the summer of 2008, car dealers were suffering double digit decreases in sales. Nothing was working for Detroit, and the U.S. auto companies were being driven to the edge of bankruptcy. Considering the size and scope of the auto industry in the United States – which makes up anywhere from 2-3% of GDP in a given year and employs over three quarters of a million workers across the supply chain- this was another national disaster waiting to happen, and right on the wings of the financial crisis. As with Wall Street, the Bush administration gave Detroit a stopgap bailout to hold it over until the Obama administration was sworn in and could devise its own agenda.

As one journalist pointed out: “in a booming economy, a GM bankruptcy might be tolerable and useful. It would remind everyone of the social costs of mediocre management and overpriced unionized labor.” However, this was no booming economy, and like the banks, GM, the largest and worst off of the Big Three, was considered by many “too big to fail.” Chrysler was also in horrible shape and close to bankruptcy as well, while Ford was managing a slow turnaround under new CEO, Alan Mullaly, who previously helped turn Boeing around after years of losing ground to Airbus. While Ford did not ask for bailout cash, the company did ask for loan guarantees if needed to weather the economic crisis. Collectively, Detroit had its hat in its hands.

In January 2009, newly elected President Obama inherited a massive fiscal dilemma. On top of the problems on Wall Street, Detroit was bordering on bankruptcy and a federal bailout was looking likely. Obama’s team examining the bailout options were worried about where an eventual line might be drawn in deciding who to bail out and for what reasons. Larry Summers, the director of the National Economic Council, established for the purpose of advising the

administration in economic policy, was particularly skeptical of government intervention, especially following the $700 billion bailout for Wall Street. Additionally, when consideration expanded to bailing out Chrysler, Obama’s Chief of Staff, Rahm Emanuel, asked: “Why even save GM?” It was an extremely tough question, but the administration ultimately decided to bailout out GM and Chrysler with $85 billion.

**After the Bailout: Obama’s Administrative Increases to CAFE**

With Detroit’s bailout, the bargaining posture of the Big Three with a government now completely controlled by Democrats was wobbly at best. Obama was able to make changes in CAFE using his executive authority that would have made his predecessors green with envy. The CAFE changes in the Energy Independence and Security Act were established as a floor rather than a ceiling. The authority to make rules and establish new fuel economy regulations was now in the hands of the executive, and there was nowhere to go but up. Environmental organizations like Sierra Club and NRDC were ecstatic over the possibilities. However, it was still more than an environmental issue, and the Obama administration’s task force on the bailout was about more than just fiscal relief. Rahm Emanuel, appearing on “Face the Nation” said that: “Here's the other thing, I think, that people should see in both GM as well as the others, they never invested in . . . alternative-energy cars, they got dependent on big gas guzzlers. . . . We have a day of reckoning of making sure that we have a policy on energy independence.”

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205 Ibid.
controlled the government and the power to regulate fuel economy was completely in the hands of the executive branch, which was also Detroit’s lifeline.

Come the summer of 2011, President Obama banged out a new deal on fuel economy standards. On July 29th, he announced new standards of 54.5 miles per gallon by 2025. In his remarks he lauded the automakers for their commitment and cooperation to this standard, a nearly complete break from the past 30 years. Standing on stage with him were CEOs of not just Ford, GM, and Chrysler, but foreign makers such as Honda, Hyundai, Volvo, BMW, Jaguar, Nissan, and Mazda – not to mention the President of the UAW. In terms of energy policy, this was history in the making. The new standards were finalized and set into law the following summer on August 28th, 2012.

**New Players and the Pro-CAFE Advocacy Coalition’s Big Win**

The Energy Independence and Security Act, particularly the fuel economy provisions, were clearly a long fought victory for the loose coalition of environmental, energy conservation, and consumer advocacy groups. This victory was perhaps particularly sweet for environmental groups as it validated linkages to climate change which they had been pushing for since 1990. These groups had to have known victory was at hand. Compared to 1985 and 1990, which were stand alone bills to increase fuel economy, EISA was comprehensive legislation. Moreover, the fuel economy increases were recommended by the President. These factors increased the possibility of passage. As with 1975, a key factor was that Detroit knew it was going to lose the policy battle, and its goal would be to temper the potential damage. They were more interested in protecting themselves from a state by state standard –as might have been the case if California

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had gotten its waiver and produced more stringent standards than the rest of the nation. Ford, GM, and Chrysler, along with the Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers articulated these concerns.

A key player in creating EISA was the Union of Concerned Scientists. This group fought to increase understanding of climate change and the science behind it, furthering the notion of scientific consensus on the issue. While not strictly an environmental advocacy group, or an energy conservation group, it lent a heavy dose of credibility to the environmentalists’ arguments. Indeed, its name carried more weight on the science of climate change than Greenpeace, GM, or any senator could muster. A group like this was able to capitalize on a less political atmosphere surrounding climate change at this point in time, at least as compared to the post-2010 Tea Party, an extreme libertarian wing of the Republican Party associated with climate change denial, victories in the House and the subsequent backing off of publicly accepting climate change as settled science by Republicans.208 In 2007, many Republicans, as well as nearly the entire “Detroit” side of the debate argued to need to do something to address climate change.209 At this point, a relative consensus lent groups like the Union of Concerned Scientists extra weight in the policy sphere.

Perhaps more important than the intensified legitimacy of climate change and the associated interest groups, would be the emergence of what I term “energy security advocates.” These groups were different from conservationists in that their sole point was to bring into sharp relief the nation’s dependence on oil from unstable or unfriendly sources. For instance, the Energy Security Leadership Council and the Energy, Transportation, and Environment Division

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208 For an excellent synopsis of this dynamic see“Climate of Doubt” from PBS’s Frontline, available online at http://www.pbs.org/wgbh/pages/frontline/climate-of-doubt/
209 There are many hearings and public statements backing this claim, but for a neat view of this dynamic see Senate Committee on Commerce Science and Transportation, Pending Corporate Average Fuel Economy Legislation, 110th Cong., 1st Session, May 3, 2007.
of the Battelle Memorial Institute both appeared before the Senate Commerce, Science, and Transportation Committee to discuss pending CAFE legislation. Testifying for these groups were Admiral Dennis C. Blair, former Commander in Chief of Pacific Command and Vice Admiral Dennis McGinn, both with extensive overseas military experience. Their presence and arguments in the broader oil discussion and CAFE lent a high level of credibility to the security side of CAFE, which as an issue dynamic arguably played a decisive role in tipping CAFE standards towards change. Indeed, the President’s main rationale for suggesting CAFE increases was energy security. In a debate that previously appeared to have two evenly matched sides, the “energy security” lobby, for lack of a better term, likely tipped the balance.

One final indicator of cracking the stalemate between the CAFE coalitions would be the appearance of court cases. As mentioned earlier, the courts were completely quiet in regards to CAFE throughout most of the policy’s existence. It wasn’t until the new century when Massachusetts first sued the EPA over its ability to regulate greenhouse gases, and California sued the EPA over its denial of a Clean Air Act waiver, that CAFE was linked to real legal battles. Both of these cases were integral to bringing the climate change fight to the legal system and in challenging Detroit’s role in climate change, even if indirectly, through the courts. California’s continuous pressure on the Bush administration over the waiver, and the hearings discussed in this chapter, no doubt placed additional strain on the CAFE policy subsystem which was already beginning to bend.

Conclusion:

In the post 9/11 world, changing dynamics of energy security, and the awakening, or perhaps reawakening, of America’s acknowledgment of dependence on foreign oil dramatically

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changed the context. Coupled with the unstable and high oil prices of 2003-2008, powerful justifications for finally changing fuel economy policy came into sharp relief. The push for substantive change came as suggested energy bills were first announced by President Bush and his desire to increase domestic production, and again as eager Democrats began to target oil subsidies in 2006. However, the real sea change was when President Bush asked for fuel economy increases, and the Democrats were more than happy to comply with the 2007 Energy Independence and Security Act (EISA).

Increasing oil prices, an historic economic crisis, and Detroit on the brink of bankruptcy sealed the deal. President Obama swept into office with a powerful electoral mandate and a supporting cast of Democrats in Congress. It was not a mystery that CAFE standards would be increased past EISA minimums. However, they more than doubled after only few meetings, and with the cooperation of automakers. Detroit’s car makers were looking for a way off the branch they had climbed themselves onto with their commitments to unions and SUVs over the years – and the unions, likewise, were not interested in being deprived of what they had been promised. If a Republican had won the White House in 2008, the new fuel economy standards increases may not have been as high as 54.5 miles per gallon. However, who is to say? After all, the Republican candidate that year was John McCain, a man who had initiated his own increases to CAFE in the Senate more than once.

If the 1990s initiated a new normal, the 2000s shattered it, in more ways than one. Detroit may have merely been a microcosm of America in the 1990s – a very large microcosm, though. Business was booming, foreign political threats were contained, and Americans were all moving happily toward the End of History.211 The attacks of September 11th demolished that assumption, and America was immersed back into harsh global politics and the decade served up non-stop  

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reminders—costly wars in the Middle East, terrorist threats, destabilizing oil prices, catastrophic financial crises, Detroit facing bankruptcy—of America’s addictions and mortality. It’s no surprise that this was the period in which CAFE finally changed.
Chapter 6: Conclusion

The question posed at the beginning of this work was: \textit{why now}? Why did fuel economy standards change in 2007, and consequently in 2011? As the previous chapter outlined, we know roughly \textit{why} it changed at this point: the cumulative effects of continued tensions in the Middle East, rising oil prices, an unprecedentedly weakened Detroit auto industry saddled with a legacy of poor business choices, a gargantuan international fiscal crisis, Democratic control of Congress and, in 2008, the presidency itself after eight years in Republican hands. The deeper question is: why now \textit{as opposed} to the years in which CAFE standards failed to change? Certainly, the CAFE status quo was challenged, in both directions, one for rollback or repeal and the other for increase, more than once. Why did those attempts fail as opposed to 2007?

On the face of it, it is easy to draw parallels between the new CAFE changes and other periods during the timeline of this study. Certainly, the 1990 push for increases, largely consisting of the so-called Bryan bill discussed in Chapter 4, had similar characteristics as the 2000s: recession, war in the Middle East, Detroit in bad shape even as foreign car companies expand their share of the American car market, oil prices ramping up a bit, Democrats still in control of the House. However, in this case, \textit{intensity} was certainly a factor. In 1990, U.S. automakers were not doing well, but were not in a literal tailspin towards bankruptcy. The first Gulf War was a lightning fast endeavor compared to lengthy occupations of Iraq and Afghanistan. And, as Figure 6.1 shows, the price spikes in oil were modest in historical terms.
The easy answer, judging from Figure 6.1 as adjusted for constant dollars, is that oil prices indeed seemed to be a powerful focusing factor, perhaps \textit{the} most important factor. For instance, the march toward the all time high oil prices in the summer of 2008 could be overlaid with a similar uptick in new energy bills and the eventual alterations to CAFE. The other two large upticks in oil prices were the 1973 embargo and the 1979 spikes resulting from the Iranian revolution and the Iran-Iraq war. The 1973 OPEC oil crisis kicked off the very creation of CAFE as part of the Energy Policy and Conservation Act. While the 1979 oil crisis sparked by the Iranian revolution was a severe uptick, it did not lead to any new fuel economy laws. Moreover, CAFE wasn’t even completely rolled out yet, and to expect a policy change to fuel economy regulations would be unlikely. Besides, it wasn’t like concern stagnated in 1979: Jimmy Carter
issued the Carter Doctrine during the 1980 State of the Union, outlining the profound importance of the region to American interests: “Over the longer term, the world's dependence on Persian Gulf oil is likely to increase. The denial of these oil supplies—to us or to others—would threaten our security and provoke an economic crisis greater than that of the Great Depression 50 years ago, with a fundamental change in the way we live.” So, it was not as if oil was off the agenda in 1979-80 either.

Oil prices become an even more powerful factor when looking at the “inactive” period of CAFE: the 1990s. Indeed, as has been discussed, the 1990s represented a very stable time for fuel economy statutes. During this period, one actually sees a downward sloping trend line in prices over the decade, even with the first Gulf War. Oil prices could be the most powerful factor in CAFE policy change. Indeed, nothing seems to have a greater recurring impact on policy change in this work than oil prices and oil security.

However, there is more to policy change here than that. The assumptions of the weight of oil prices on policy change in this case shouldn’t understate the importance of other aggregated factors; for instance, as intertwined as their fate is with oil prices, Detroit (a term used to represent the U.S. auto industry) matters as a distinct variable. As noted in chapter 5, Detroit’s dire situation from wounds largely interpreted as self-inflicted played a major role in the creation of EISA and the final standards set by President Obama. American automaker bets on big cars during the 1990s ruined their bargaining posture come 2006 – the same way it hurt them in 1975, when they “didn’t know any better.” Detroit’s sad state of affairs, when combined with and exacerbated by oil prices, made it easier for even sympathetic players like Representative Dingell to get their acquiescence to higher fuel efficiency standards.

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Obviously, politics also matter. It should be apparent at this point that Democrats favored increasing CAFE standards and Republicans at minimum wanted policy to stay put. As the Republicans controlled the House for at least half of CAFE’s lifetime and the presidency the other half, it would almost always be an uphill battle for proponents of higher standards to move the needle. Also, alternatives to CAFE such as a gas tax, believed by many on both sides to be a “superior” policy, were political non-starters. Higher gas taxes were considered regressive in nature, and would play poorly on one’s voting record in election seasons. After all, Americans rarely celebrate a highly visible tax directly attached to necessary living expenses. There just wasn’t enough political wiggle room to try anything else, and not enough political force to really force through increases to CAFE until 2006. Politics being noted, the price of oil seems to be the key factor, and the one which proponents of change in either direction could least affect.

**Policy Soup: Negative Feedback, Entrepreneurs, & Subsystems**

How does all of this relate to the stew of theoretical components approached in the first chapter? At least for now, the Baumgartner and Jones thesis about the role of negative feedback seems to apply in this case. Starting with negative feedback helps to understand at least partially what happened during the “stasis” years of 1980-2006, when “nothing” was happening. The appearance of stasis belies policy activity: at various points in CAFE history, at least one party interested in changing the law expended resources to push for change, but did not get favorable results – the continuation of the *status quo* on paper, if not in the halls of Congress.

The following two examples were the most prominent of the fuel economy policy entrepreneurs in the first 20 years of CAFE. First, we saw President Reagan in the 1980s rebuking CAFE, or almost any regulation for that matter, and then using his administrative

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213 Frank Baumgartner and Bryan D. Jones, *Agendas and Instability in American Politics*.
appointments to sidestep new NHTSA rulemaking set for 1985. As covered in Chapter 3, Reagan used real political capital to pursue this deregulatory agenda, and it cost him. Moreover, his agency spokespeople were *persona non grata* during the 1985 hearings. By his second term, the most the president could hope to do was to roll CAFE back to a statutory minimum of 26 mpg and provide a small splash of rhetoric. Moreover, his meager changes to CAFE were simply undone by his successor, his own Vice President. In many ways, Reagan offered Detroit his brand of regulatory relief and they replied, “no thanks.” He wasn’t part of their network.

In the next case, covered in Chapter 4, in 1990 some Democrats, notably Senators Bryan and Boxer, made a push for increasing CAFE amidst the first Gulf War and creeping oil prices. They also sought to couple the emerging issue of global warming to oil consumption. Despite these new issues on their side, and having control of the House, they couldn’t capitalize – nor could they get past their friend, John Dingell. After significant capital being spent by Detroit in lobbying against changes, CAFE actually emerged from this battle even more entrenched than the previous decade –a status only reinforced more by the beginning of the riders four years later.

If either of these attempts changed anything, it was to further solidify the legitimacy of existing policy. Policy entrepreneurs – like the aforementioned, or any number of legislators or activists who campaigned on increasing or abolishing CAFE -- played more of a role in negative feedback phases than the eventual change in policy. Nothing that policy entrepreneurs did across the decades of debate over CAFE truly altered the playing field in a tangible way, or a way that altered policy. Policy entrepreneurs may be savvy enough to see a possible window of opportunity, such as Bryan and Boxer did in 1990, yet they could not automatically translate their efforts into policy change. Rather, in the case of CAFE, it took the unfurling of multiple factors in the early 2000s to chip away at the *status quo*. 
Detroit clung closely to its friends on the House Committee on Energy and Commerce, most important, the long serving chair and sometimes ranking committee member, John Dingell (D-MI). Energy and Commerce was the committee that historically protected Detroit, often aggressively so. In committee, specifically in hearings on fuel economy in 1985 and 1990, and even into the new century, Dingell, more than anyone at any given point, controlled the committee that was undeniably the gateway for policymaking regarding Detroit.

From Detroit, automakers more often than not directly lobbied Washington, through their own in-house lobbying wings, with GM and Ford typically spending the most money, followed by the Alliance of Automobile Manufacturers. Their big win in 1990 was key evidence of the role they could play outside of the Commerce Committee. If we’re to be parsimonious, Dingell, his congressional allies, and Detroit, often including the unions, could be considered the most important coalition in maintaining the status quo – what Baumgartner and Jones would call the CAFE policy monopoly or what Sabatier and Jenkins-Smith might call the “automobile advocacy coalition.”

If we use Reagan’s pushback and the Bryan bill as examples of negative feedback for this case, then what of the subsystems at these junctures, and what did they look like as conditions changed? Also, if subsystems are supposedly undergirded by values, what of those? We know that before EPCA and CAFE, the players were pretty much what you’d find in a well-maintained iron triangle. Detroit, the trade unions, and oil companies spoke to their members of Congress about small measures, which were largely low visibility and unimportant to the majority of Americans, and their members of Congress tinkered with the laws –which in this era had smaller, less controversial stakes, and far fewer claimants.214

214 For more on this era see Lugar.
The consumer rights and environmental revolutions of the 1960s and 1970s disrupted those arrangements. Over the next decade, two advocacy coalitions emerged.\(^{215}\) While there appears as if there was, in a general sense, a divide between the “sides” of the CAFE debate – one side for free markets and the other for government oversight – the coalitions that emerge were not that ideologically pure or consistent. Policy researchers generally expect subsystem partners to be held together by shared ideas and common beliefs. For instance, Sabatier and Jenkins-Smith use a model of belief systems popular in social psychology typified by deep core beliefs, policy core beliefs, and secondary beliefs.\(^{216}\) *A deep core belief* is deeply ideological, such as overarching personal values about the role for government; these beliefs operate on the traditional left/right scale and, according to Sabatier and Jenkins-Smith, are highly socialized. *Policy core beliefs* are a more policy-realm specific set of values; in this case, competing perspectives about automotive policy. One may try to apply deep core beliefs to a policy area, if one is knowledgeable enough, but it isn’t that easy.\(^{217}\) For example, an otherwise deep free-market capitalist may recognize market failure from time to time, particularly in a sector of special concern, and allow for government intervention. One imagines that the chief executives at GM and Chrysler ultimately were not going to “let the market decide” if that outcome was contrary to their firms’ long-term survival. Secondary beliefs are more transient and malleable and not important here.

John Dingell, as the principle gatekeeper for all things Detroit in Congress, and long time “leader” of “the automobile advocacy coalition,” was no pure free-market capitalist at the deep core level. He was a pro-union liberal Democrat, and principally, he was a supporter of his

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\(^{216}\) Ibid. 133.

\(^{217}\) See Sabatier
district, which happened to encompass the Big Three. He was also a strong supporter of unions in his district, received powerful union endorsements through the years, and even recently received the UAW’s Social Justice Award. While Dingell wasn’t God when it came to regulating Detroit, but he was pretty darn close to it for a while – most fortuitously for Detroit that he happened to be upon the throne in 1985 and 1990.

It becomes apparent as to why Reagan never had a prayer for rolling back CAFE through Congress, and not merely because of a Democratic majority. Reagan’s fiery rhetoric and anti-government saber-rattling may have spooked automakers, in particular Chrysler, which had only come off of a federal bailout in 1979, and the industry writ-large was hoping for government mandated trade restraint with Japan by 1980. It was far safer for the Big Three to work with their Democratic allies in the House, most who had no love of Reagan or his ideologies. Dingell in particular was anything but fond of Reagan, or his pushes for deregulation – some might say he reviled the man.\(^{218}\) If Dingell and the Big Three were held together by common belief, it is hard to say whether it was truly at the deep core or policy core level. That being said, one thing is for certain: the “automobile advocacy coalition’s” policy core belief wasn’t *laissez-faire*, trickle-down economics – it was “Detroit.”

If there is a debate about which matters more in politics, *ideas or interests*, Detroit’s coalition was undergirded by interests as opposed to free market ideology. It is hard to debate whether the policy monopoly, if that is indeed what it was, held to deeper American cultural values, such as freedom or democracy, as Sabatier might expect. The same could be said for the opposing forces. Detroit knew how to turn a profit within the CAFE arrangement once it was established – they didn’t want it increased, but they didn’t push for its abolition.

By 1985 CAFE entered an evaluative phase, and this was the first time the automobile advocacy coalition had to test its ability to defend its stake in the status quo. Professionalizing environmental advocacy groups were doing well in the Beltway in the 1980s and some became a countervailing force to Detroit’s alliance with House leaders. Meanwhile, states like California in this period produced several “green” members of Congress who routinely ended up at the front of future CAFE debates. In Dingell’s own committee, Henry Waxman (D-CA), Barbara Boxer (D-CA), before she left for the Senate, and Ed Markey (D-MA) became outspoken on fuel economy. In the 1980s and 1990s, up until the imposition of the appropriations riders, the debate between these Democrats and Dingell was more important than any interparty tension, and more important than any impact the President could conjure up for the debates. Indeed, Reagan was treated largely as an outsider when his administration dipped its toes into CAFE waters. Detroit was far more comfortable with Dingell’s advocacy at the Energy and Commerce Committee; Reagan and his ideologically driven executive style would have been a third wheel. And while Detroit voiced pleasure with its access to President Clinton, when the time came for policy debate, Detroit doubled down on Congress, and Dingell in particular, which served the auto makers extremely well, at least until the era of the appropriations rider.

The countervailing issue network to Detroit, at least in terms of interest groups, transformed over the years. CAFE regulations and their impacts settled in and organized interests found their respective roles. At first, consumer advocacy groups, led by Nader, played a central role in advocating for CAFE, but more as complements to those Democrats in the legislature who were fervent in their desire to regulate fuel economy. As the 1980s came along, specialized energy conservation interest groups emerged to fill a niche role as CAFE increase proponents. By the 1990s, dynamics such as global warming brought more pressure to bear on the system,
and environmental groups finally found themselves in the heart of the debate. The widening of this coalition in the 2000s and the new inclusion of energy security advocacy groups play a significant role in turning the tide.

From 1975-2012, we saw a remarkable change in players involved, and a restructuring and widening of involved parties and policy claimants. Before the 1973 energy crisis, the subsystem was exclusionary, and had low public visibility. Once regulations were in place, the number and range of people affected increased and linkages to other important issues became publicly salient, and the smaller network of players gave way to a much more expanded and contentious issue network – as Schattschneider might have predicted. Looking at the history of large scale regulatory policy creation in the 20th century, this kind of change may be quite common and even expected.  

**Focusing Events, Feedback, and Policy Change**

If we stick with punctuated equilibrium as a framework, negative feedback is much like the gradual cracking of a dam, and the maintenance done to mitigate the effect of those cracks. On the other hand, positive feedback is the relatively rapid accumulation of cracks that cannot be mended, leading to the ultimate breaking of the dam. When defenders of the policy status quo finally caved in 2006-07, it was only after several years of wearing and cracking caused by the myriad factors noted above. Yet the question remains: Do substantive policy changes need focusing events as a prerequisite? In this case at least, policy change did not occur because of a single, highly visible tipping point. While this conclusion notes the central importance of oil prices, the EISA only came about after a gradual accumulation of stresses that crumpled the status quo, and not from any single event. Going back to the first part of the conclusion and the

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219 Christopher Bosso, *Pesticides and Politics: The Lifecycle of a Public Issue.*
discussion on oil prices, the specific pressures on the system were often quite similar along the way, but were mounting and intense in the 2000s.

Punctuated equilibrium, in a very general sense, supposes that policy will remain relatively the same until some event or series of events creates a dramatic departure from the policy past. In this case the policy past was gridlock and failed attempts from opponents to overturn or change CAFE. The departure from this past was represented by all of the above factors – increasing oil prices, a bad economy, the diminished power of Detroit to express power, election results, California’s pressure, climate change concerns, and energy security concerns. If we are to look to a specific framework, for this case of the long-term policy process, what other one makes better sense than punctuated equilibrium? Others have surely supplied useful components for explaining aspects of this case and the parties involved. However, it’s a pretty simple, perhaps obvious thing to say: in America, a policy generally stays the same for a while, maybe a couple of decades, and the policy in question is supported by its stakeholders, who resist change, until some event(s) comes along that makes change irresistible.

Rather than simply applying the Baumgartner and Jones model and concluding, “well, they were kind of right,” we are brought to the final question: “What makes change irresistible?” A key consideration in this case is it that it presents the need to sharpen notions of focusing events popularized by John Kingdon.220 Certain focusing events opened along the history of this case; the two years following the 1973 energy crisis and the Gulf War in 1989. The evaluation of CAFE in 1985, however, didn’t have an event or series of events pushing it onto the agenda; it was scheduled. It was more of what Kingdon would have called a “window of opportunity,” a chance for proponents to argue for an increase to CAFE. A built in evaluative phase is one way

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an issue can make it onto the agenda without external pressures – though it is perhaps less likely to secure policy change, a question worth further examination.

The Democratic victory in the 2006 midterms coupled with Bush’s suggested increase in CAFE standards provided for advocates of higher standards a window of opportunity to move quickly. It was this brief window coupled with a convergence of factors, not a single focusing event, and accompanied by a newly broadened coalition of pro-CAFE increase advocates with powerful and legitimate “problem” claims, that made policy change possible. Kingdon notes that focusing events need such accompaniment, or that they can happen with a combination of other similar events. Here, rather than a central focusing event with a supporting cast, we have a convergence of events perpetrating a cumulatively decisive attrition of the status quo. Changes resulting from a convergence of several focusing factors, as opposed to a single focusing event, may be more common than supposed.

There is room for converging factors in the dominant literature -- as some have noted -- but it in many ways we still tend to look for a singular cause in explaining change. This could be a shortcoming considering that contemporary policy theorists (if not economists or physicists) acknowledge the complexity of political reality. Parsimony is a methodological virtue, but reality often bucks parsimony. I have argued that change here came about from a myriad of factors reacting under dynamic vectors, politics as a three dimensional experience.

It seems straightforward enough to apply Kingdon’s multiple streams to this case. The policy stream almost always had CAFE increases being floating as the only real solution to the arising problems of energy security, oil prices, and climate change. The key changes here were the politics, and the intensity of the problems – no truly new problems ever emerged, and old ones were exacerbated. While there was clearly a convergence of the streams, it is tougher to nail

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down the window of opportunity. Perhaps, it makes sense here to think of problems and politics (and even policy) as a spectrum rather than distinct streams. They overlap and play into each other often enough. The streams could be considered as more of a Venn diagram with lots of business going on in the overlapping realms, and many policy changes originating in this hazier realm. Each phenomenon only happens in a specific stream or circle by degree, rather than in any absolute sense – Detroit’s poor shape in the 2000s existed both in the political and problem stream. Stretch this diagram, and relevant phenomena, into a semi-cylindrical three dimensions to account for temporal movement, and we can perhaps identify more about cases with a multiplicity of overlapping factors by seeing where and when they overlap, and how far away they are from other events – even more so if we can ever find a way to accurately assign intensity to occurrences.

This case gives us pause to reexamine certain aspects of policy theory. Looking forward, we should reconsider how subsystems are organized along the lines of values. Policy advocates will always make definitional appeals that might help their cause; for example, CAFE increases are a “public safety” problem because smaller cars more equal traffic accident fatalities. However, as noted above, automakers rarely if ever really presented an ideological image. In fact, they may have been out of step with those who did – Reagan, for example. Subsystems are maintained by shared practical interests as much as by core values, and sometimes more.

We should also consider how focusing events may look. It is clear here that no single event caused change. I began the study with a speech by President George W. Bush because it best represented a departure from business as usual, but many other factors played intense roles. A typology of focusing factors may be in order. One end of the spectrum could be the classic crisis-style focusing event. On the other, more diffuse and dynamic systems of interaction on
longer timelines – perhaps more complex than this case study can portray, and worth future attention.

Finally, the notion that multiple streams converge to create a window of opportunity is a useful way for understanding policy change. However, as mentioned above, political reality doesn’t like simple answers, and a distinction could be made for where events occur within these streams relative to the others. If the idea of a Venn diagram works, then where phenomena are placed on the diagram could potentially tell us more about the changes we see. Coupled with modeling the intensity of focusing events, we could perhaps nail down what to expect from certain kinds of change over a long period of time.

In the case of CAFE, there was an institutional arrangement that was buttressed by two decades of political stalemate. Pressures from the corporate interests of the American automobile manufacturers and the broader and shifting alliance of energy and environmental advocates offset each other to maintain this balance. However, as conditions on the ground deteriorated over time, particularly in the 2000s, the foundation of this arrangement began to fracture under mounting seismic pressure. CAFE as a policy was almost destined to be increased at some point in time; after all, it was written with such intent. However, for understanding policy change, it’s highly instructive that the existing arrangement truly collapsed in 2006-2007, rather than at any other point in time.
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