

DOCUMENT RESUME

00165 - [A0590963]

[Federal Efforts to Improve the Fuel Economy of New Automobiles]. B-178205. January 13, 1977. 6 pp.

Report to Elliot Richardson, Chairman, Energy Resources Council; by Monte Canfield, Jr., Director, Energy and Minerals Div.

Issue Area: Energy: Effect of Federal Efforts on Energy Conservation (1607).

Contact: Energy and Minerals Div.

Budget Function: Commerce and Transportation: Ground Transportation (304); Natural Resources, Environment, and Energy: Energy (305); Natural Resources, Environment, and Energy: Pollution Control and Abatement (404).

Organization Concerned: Department of Transportation; Environmental Protection Agency.

Congressional Relevance: House Committee on Science and Technology; Senate Committee on Interior and Insular Affairs.

Authority: Energy Reorganization Act of 1974, sec. 108 (42 U.S.C. 5818).

A Federal task force completed a comprehensive study of the long range energy goals for motor vehicles. The draft report of the task force attempts to present a balanced view of the tradeoffs that may be feasible and necessary among automobile goals beyond 1980. Findings/Conclusions: The need for balancing Federal emissions standards, safety, and fuel economy is stressed. The United States could achieve, by 1985, fuel savings of four million barrels per day relative to 1975 if a reasonable approach to Federal Government regulation of the automobile occurs. Three types of Federal assistance are identified: (1) relaxation of the standards of their implementation schedule; (2) actions to increase consumer demand for fuel-efficient vehicles; and (3) financial assistance to the automobile manufacturing industry. Recommendations: The Energy Resources Council should: establish a followup program to develop and recommend to Congress a balanced set of automobile standards that address feasible levels and timing of Federal emissions, safety, and fuel economy standards beyond 1980. These standards should be reviewed and updated periodically as changes occur in technology and the nation's energy situation. (RRS)

00165



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ENERGY AND MINERALS
DIVISION

JAN 13 1977

B-178205

The Honorable Elliot Richardson
Chairman, Energy Resources Council

Dear Mr. Richardson:

We have reviewed Federal efforts to improve the fuel economy of new automobiles. We found that although substantial improvement in new automobile fuel economy has occurred over the last three model years, continued improvements depend largely on how well Federal emissions and safety standards can be balanced with fuel economy standards.

As you know, a Federal task force under the direction of the Energy Resources Council, has just completed the first comprehensive study looking at long-range energy goals of the motor vehicle fleet that will be compatible with environmental, safety, and economic objectives. As discussed below, we are concerned that the draft report--entitled "The Report by the Federal Task Force on Motor Vehicle Goals Beyond 1980"--does not contain any recommendations on future Federal automobile standards. We are concerned also that no plans in the executive branch exist to develop a balanced set of future Federal automobile standards. Unless Federal emissions, safety, and fuel economy standards are assessed together and standards or rules promulgated or legislated considering the trade-offs involved, piecemeal and conflicting decision-making will likely continue.

In section 108 of the Energy Reorganization Act of 1974 (42 U.S.C. 5818) the Energy Resources Council was given the responsibility to insure communication and coordination among Federal agencies and to

"* * * make recommendations to the President and to the Congress for measures to improve the implementation of Federal energy policies or the management of energy resources with particular emphasis upon policies and activities involving two or more Departments or independent agencies; * * *"

Considering this responsibility and the need to balance Federal automobile standards, we believe the Council should develop and recommend to the Congress a balanced set of automobile standards that address the feasible levels and timing of Federal emissions, safety, and fuel economy standards beyond 1980 which will best meet the total needs of the Nation.

NEED TO DEVELOP A BALANCED SET
OF FUTURE AUTOMOBILE STANDARDS

In letters dated January 8, 1975, requesting the domestic automobile manufacturers to make a commitment to the President's voluntary 40 percent fuel economy improvement program, the then Chairman of the Energy Resources Council, Rogers C. B. Morton, informed the automobile manufacturers that the Council would propose that the President appoint a Federal task force "To recommend proper levels and timing of emission standards, safety standards, and fuel economy objectives beyond 1980 * * *" (Emphasis added.)

A Federal task force, consisting of representatives of the Department of Transportation (DOT), Environmental Protection Agency (EPA), Energy Research and Development Administration, Federal Energy Administration (FEA), and the National Science Foundation, was subsequently created in March 1975. The objective of the task force, as set forth at that time, was "* * * to recommend long range energy goals [beyond 1980] of the motor vehicle fleet that will be compatible with environmental, safety, and economic objectives." (Emphasis added.)

The task force completed its study and released a draft report for public comment on September 13, 1976. We believe that the draft report represents a major accomplishment by the executive branch by attempting to present a balanced view of the trade-offs that may be feasible and necessary among automobile goals beyond 1980. However, we are concerned that the draft report does not contain any recommendations on future automobile standards.

The need for balancing Federal emissions, safety, and fuel economy standards is brought out in the draft report. One of the report's conclusions is that the United States could achieve by 1995 fuel savings of 4 million barrels per day relative to 1975, if among other things, a reasonable approach to Federal Government regulation of the automobile occurs. The draft report identified fuel economy penalties and cost increases resulting from techniques automobile manufacturers had chosen to use in meeting Federal emissions and safety standards. For example, Federal emissions standards and changes in fuel specifications (e.g. removal of lead) have decreased fuel economy in some cases, and in all cases, have increased costs by an average of more than \$100 per new automobile. In addition, the techniques used to meet Federal safety standards have also decreased fuel economy in some cases, and on the average have increased costs approximately \$230 per automobile.

Despite the obvious advancement in knowledge of the trade-offs involved and impacts of potential levels and timing of future Federal automobile standards which the draft report represents, the draft considers as an unresolved issue the question of how to balance Federal automobile standards. The draft report states this unresolved issue as follows:

"How may the Federal Government effectively balance the sometimes conflicting objectives of reduced energy, increased safety, and improved environmental quality in the requirements it imposes on the automotive manufacturers and their products, especially when these requirements are imposed by several independent agencies with separate authorities?"

In summary, the draft report states that there exists a broad range of feasible governmental strategies which might be pursued in meeting our national energy, environmental, and safety goals with respect to motor vehicles. The types of Federal assistance which could be provided are classified into three groups: (1) relaxation of the standards or their implementation schedule; (2) actions to increase consumer demand for fuel-efficient vehicles; and (3) financial assistance to the automobile manufacturing industry. However, the report states that decisions on the most appropriate form of Federal actions must await further assessment of the problem.

During our review, we discussed future Federal automobile standards with DOT, DHEW, EPA, General Motors Corporation, Ford Motor Company, and Chrysler Corporation and obtained their views on the possibility of having the Chairman of the Energy Resources Council:

- Establish a follow-up program on the task force study to insure that Federal agencies satisfactorily consider the study report.
- Set time targets by which Federal agencies must make their positions known on the report results.
- Reconcile agency differences and establish a unified executive branch position on the levels and timing of future Federal standards affecting automobile design.

The Federal agencies and the automobile manufacturers seemed to agree that a coordinated approach is needed to balance future Federal automobile standards. Some questioned, however, whether a unified executive branch position on the levels and timing of future Federal standards is desirable or achievable because

- the Federal task force study may not be an adequate basis for making decisions on trade-offs;
- the present Federal approach to automobile regulation is able to evaluate on a continuing basis near-term achievements and far-off potentials;

- uncertainties exist in making projections based on technology which is constantly evolving; and
- the varied statutory responsibilities of the Federal agencies involved cause agency differences which cannot be easily reconciled.

OBSERVATIONS AND CONCLUSIONS

We believe that a logical next step to the draft report by the Federal Task Force on Motor Vehicle Goals Beyond 1980 is a follow-up program that would further assess the problems and issues raised in the report and would then develop and recommend to the Congress feasible levels and timing of Federal emissions, safety, and fuel economy standards beyond 1980 that best meet the total needs of the Nation.

The Federal task force study represents the first time the Federal Government has comprehensively looked at the problem of often conflicting Federal standards affecting automobile design. As such the draft study report is a valuable and current base of information for starting the process of making needed decisions on trade-offs among the various standards. Therefore, we believe that this is the most opportune time for the executive branch to undertake a program designed specifically to resolve the issue of how to best balance Federal automobile standards beyond 1980.

The present Federal approach to regulation of automobile design represents a piecemeal and conflicting decision-making process. Unless Federal emissions, safety, and fuel economy standards are assessed together and standards or rules promulgated or legislated which adequately consider the trade-offs involved, this piecemeal and conflicting decision-making process will in all likelihood continue.

We recognize technology is constantly evolving and uncertainties exist in any analysis of possible alternatives of future courses of action. We do not believe, however, the lack of perfect information should preclude decisions being made. Our suggestion for the development of a unified executive branch position on the feasible levels and timing of future Federal automobile standards beyond 1980 is not meant to suggest such standards be permanent. Rather, our suggested action is intended to assist the Congress in its deliberations on how to best balance Federal automobile standards beyond 1980. Obviously, any standards proposed would be subject to revision as changes occur in technology, the Nation's energy situation, and the related environmental and economic impacts.

We recognize that part of the problem in deciding how to best balance Federal automobile standards beyond 1980 is caused by varied statutory responsibilities of the agencies involved. We believe, however, that in this situation the Energy Resources Council has, through section 108 of the Energy Reorganization Act of 1974, the responsibility for seeing that

agency differences are reconciled, and where necessary, for making recommendations to the President and the Congress for legislative changes. We believe any such legislative proposals would be an integral part of the Council's responsibility for reconciling agency differences.

We believe the executive branch has the responsibility to give the Congress its best judgment on the feasible levels and timing of Federal emissions, safety, and fuel economy standards for beyond 1980 that will best meet the total needs of the Nation. The public decision-making process would not end at this point; the Congress would then have to make decisions. The executive branch recommendations should present a comprehensive picture on how Federal automobile standards might be balanced.

RECOMMENDATIONS

We recommend that you:

- Establish a comprehensive follow-up program with the specific objective of developing and recommending to the Congress a balanced set of automobile standards that address the feasible levels and timing of Federal emissions, safety, and fuel economy standards beyond 1980 which will best meet the total needs of the Nation.
- Review and update these standards periodically as changes occur in technology, the Nation's energy situation, and the related environmental and economic impacts.

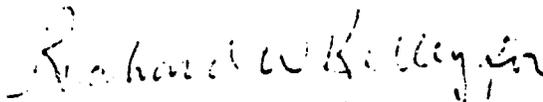
- - - - -

This report contains recommendations for you to take action on. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal establishment to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Copies of this report are being sent to the Secretary of Transportation, Administrator of the Federal Energy Administration, Administrator of the Environmental Protection Agency, Administrator of the Energy Research and Development Administration, and to the Director of the Office of Management and Budget.

We would appreciate being informed of the actions you take on our recommendations.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Monte Canfield, Jr.", written in a cursive style.

Monte Canfield, Jr.
Director