



Obama Announces New Fuel Economy Standards

The proposal mandates that all passenger vehicles sold in 2025 average approximately 55 miles per gallon. CNN [explains](#), "They'd ramp up to that level over seven years, starting in 2017 when current rules end."

By contrast, the current standards for all 2011 cars and trucks mandate that vehicles average 27.3 mpg. By 2017, they will have to reach 34.1 mpg.

President Obama made his announcement Friday, sharing the stage with top executives of major automakers.



"This agreement on fuel standards represents the single most important step we have taken as a nation to reduce our dependence on foreign oil," said Obama. "Just as cars will go further on a gallon of gas, our economy will go further on a barrel of oil."

Though the President made the announcement, an official proposal will likely not be issued until the fall, followed by a 90-day "public comment" period. Regulations are not expected until 2012.

As noted by CNN, automakers will be handed different fuel standards that are specifically geared for the type of vehicle produced. Carmakers that produce large vehicles, trucks, and SUVs, such as Ford and Toyota, will be given a lower target than those that produce smaller vehicles, like Honda and Hyundai.

Overall, the target rate of fuel efficiency for cars is a 5 percent increase each year between 2017 and 2025, while the rate is 3.5 percent for trucks.

The new proposal seems to be kowtowing to the demands of environmental groups that have urged the administration to push for 60-mpg fuel-efficiency requirements. A letter submitted to the president last week by Michigan lawmakers called the proposal "overly aggressive" after automakers had indicated they had hoped to bring vehicles up to the standard of 42.6 mpg.

As noted by [Sam Kazman](#) of the Competitive Enterprise Institute, the proposal is one to be balked at, as the government's imposition of fuel economy standards has led to more traffic deaths, more expensive vehicles, and overall decreases the drive to purchase new vehicles. According to Kazman, the new standards "would exacerbate all those existing problems."

A study by the Center for Automotive Research indicates that the cost of meeting the new standards is approximately \$10,000 extra per new vehicle, an estimate the Center has admitted to be low.

Carmakers will be forced to add new technology and more expensive lightweight materials to cars and trucks, which in turn will drive up the cost of vehicles.

According to Angus MacKenzie, Motor Trend magazine editor-in-chief, "A simple rule of thumb is the bigger and less efficient a vehicle is, the more expensive it's going to become."

Likewise, CNN reports:



Written by [Raven Clabough](#) on July 29, 2011

Stricter fuel economy requirements could spell trouble for smaller automakers that lack the research and engineering staffs to come up with new fuel-saving technologies, said industry analyst Dave Sullivan of Autopacific.

Also, smaller automakers don't have as broad a range of models to work with. Their larger competitors can improve their average fuel economy simply by incentivizing sales of smaller cars at the expense of larger ones.

Sullivan explains, "This could really squeeze some of the smaller automakers out of the U.S. marketplace."

Kazman indicates that in an effort to meet the fuel economy mandates imposed by the federal government, automakers are literally removing spare tires, a move believe to appease CAFE's demands of shedding every ounce of car weight.

Though some contend that spare tires are unnecessary, Kazman [writes](#):

But the fact that spares are being eliminated in the name of fuel economy, rather than market demand, demolishes one of the chief claims of CAFE's advocates. For several decades, the need to reduce vehicle size and weight in order to raise mileage has been CAFE's Achilles' heel. Smaller, lighter cars not only hold fewer passengers and less baggage; they're also less crashworthy. CAFE-induced downsizing causes several thousand additional traffic deaths per year.

Once again, the federal government's efforts to achieve seemingly innocuous and well-intentioned goals in turn bring about negative unintended results. When will it learn that its efforts to create a Nanny state wherein the government is responsible for ensuring all the needs of its people are ultimately bringing about the demise of the free market, the death of competition, the destruction of individual liberties, and virtually the opposite of all the goals it intends to achieve?



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