Letters to the Editor

CAFE Signals Gas-Mileage Efficiency

As a free-marketer, I'd agree with your Sept. 1 editorial "CAFE's Costs" that fuel prices should determine new-car efficiency but for the market failure that led Congress to adopt corporate average fuel economy standards in 1975. Since less than a fifth of total driving cost is fuel, and efficient cars tend to cost about as much more to buy as they cost less to run, fuel prices are a weak signal to buy efficient cars.

Buyers are thus indifferent over an efficiency range of at least threefold (about 20 to 60-plus miles per gallon). Yet inefficient cars incur huge social costs, such as the direct bill and the $50 billion-a-year military price tag for Persian Gulf oil, most urban air pollution, and nearly a car's weight per car per year of carbon emissions contributing to global warming.

CAFE has made new domestic cars more efficient even as falling gasoline prices made 30-plus mpg foreign-made cars less efficient. A federal analysis found that 1975-87 light-vehicle efficiency gains, mainly standards-driven (and, in cars, only 4% due to smaller interiors), cost at most $80 billion, but saved American consumers a cumulative $260 billion (in 1987 dollars) in fuel. Indeed, CAFE has achieved virtually the same new-car efficiencies that Europe and Japan have won at the far higher cost of long paying (via fuel excise taxes, a different form of intervention) several times our gasoline prices.

CAFE doesn't skew competition, since it applies to everyone. But it does help prepare Detroit for a future, high-oil-price world. At least seven foreign manufacturers have already tested cost-effective, high-performance prototype cars getting 67 to 121 mpg, and using good engineering and lightweight but shock-absorbing materials to surpass present U.S. cars' crashworthiness, peppiness and maneuverability.

You nonetheless call for extending the 1986-88 rollback of light-vehicle efficiency standards, which cost the nation billions of dollars a year and many jobs by doubling 1985 oil imports from the gulf. How? Combined with a 70% cut in the print run of the federal Gas Mileage Guide (leaving two-thirds of new-car buyers to compare mpg ratings by telepathy), the rollback slashed the 1979-85 annual gain in car and light-truck fleet efficiency by 81% and 67%, respectively.

Throughout 1977-85, improved light-vehicle efficiency was the key to halving America's oil imports. The rollback destroyed this steady progress. It boosted 1986 crude imports by about 295,300 barrels a day—exactly the average output hoped for over 30 years from the drilling that you also advocate in the Arctic National Wildlife Refuge.

Let's admit the market's failure, confess Congress did something right and, if we so dislike standards, then use a revenue-neutral mix of taxes on inefficient new cars and rebates to efficient ones to continue and expand CAFE's enormous net benefits.

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