

Crying Wolf Again: Big Business Gearing Up for a Fight Against Obama's Environmental Program

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By Donald Cohen and Peter Dreier

In its first 100 days, the Obama administration did more to address global warming and the environmental crisis than the Bush administration did in eight years.

The new president is moving on many fronts. So far, Obama directed the Environmental Protection Agency to reconsider California's request to regulate pollution from auto emissions. He directed the Department of Transportation to finalize new fuel-efficiency standards. He made environmental progress a key feature of his first proposed federal budget by including tax breaks for clean energy research and eliminating a host of oil and gas industry tax breaks. The savings, along with revenues from Obama's proposed cap and trade policy, will generate billions for renewable energy projects. And, he restored science to its rightful place in the formulation of environmental policy.

Obama knows, though, that the big environmental battles are still to come. In a interview last month, Lisa Jackson, Obama's EPA administrator, anticipated how opponents would attack the president's environmental reforms. "If you look at the history of environmental laws in this country," she explained, "every time ... the lobbyists say, 'Oh, this will shut down the American economy. Every last one of you will lose jobs.' It's always these overblown, doomsday scenarios that overlook ... the fact that you can indeed build an economy towards green energy."

Two years ago, the U.S. Supreme Court ruled that the Bush EPA violated the Clean Air Act by refusing to regulate greenhouse gases. Until he left office, Bush stonewalled, failing to take action. But in April, Obama's EPA reversed course. It declared carbon dioxide and other heat-trapping gases to be pollutants that endanger public health and welfare. This was the needed step to allow the EPA to develop regulations to address some of the most significant causes of global warming, such as auto emissions or power plants.

As Jackson predicted, the fear mongers and doomsayers are crying wolf once again. Corporate polluters, their political allies, and their policy apologists argue that government action to prevent potentially devastating impacts of global warming will wreak economic havoc. Sen. Christopher Bond, a Missouri Republican, charged that the EPA declaration on greenhouse gases "will do more to endanger families, farmers and workers with new energy taxes and lost jobs than it does to protect the environment."

The toxic business lobby is gearing up for a major political battle. The 50 largest electric utility companies spent a total of \$51 million in the last six months of 2008 on lobbying expenditures -- \$12 million more than the same period in 2007. This is just a downpayment on their political warchest to stop real environmental progress.

The sky-is-falling coalition is already using the same rhetoric it has used for every effort to address air pollution and global warming.

Crying Wolf about fuel standards

For decades, the auto industry fought every effort to increase fuel standards and reduce emissions. The car companies and their political flunkies claimed that the industry would face ruin, that consumers would lose choices, and that autos would become unsafe for drivers and passengers.

Scientists have long understood the connection between auto pollution and public health problems. Auto emissions have been linked to increased risk of asthma, lung cancer, leukemia and other ailments. According to the American Lung Association, air pollution from motor vehicles is responsible for from \$40 billion to \$50 billion in annual health care costs and as many as 120,000 unnecessary or premature deaths each year.

In the early 1970s, when the EPA was considering whether to require the installation of catalytic converters, Ernest Starkman, a General Motors VP, charged that “[I]f GM is forced to introduce catalytic converter systems across the board on 1975 models...[i]t is conceivable that complete stoppage of the entire production (system) could occur, with the obvious tremendous loss to the company, shareholders, employees, suppliers and communities.”

In 1975, Congress -- reacting to the shock of the 1973 oil crisis, long lines at gas station pumps, and nascent environmental consciousness -- passed the Energy Policy Conservation Act. For the first time, the federal government established CAFE (mileage) standards for passenger cars and light trucks and called for doubling passenger vehicle fuel efficiency - to 27.5 miles per gallon - by 1985. Industry execs repeated the same Crying Wolf arguments that they'd used before. For example:

- General Motors President E.M. Estes argued in 1975 that CAFE standards would bring about a world in which “...absent a significant technological breakthrough...the largest car the industry will be selling in any volume at all will probably be smaller, lighter and less powerful than today's compact Chevy Nova.”
- A Ford executive claimed that the law would “...result in a Ford product line consisting either of all sub-Pinto-sized vehicles or some mix of vehicles ranging from sub-sub-compact to perhaps a Maverick.”
- Alan Loofburrow, Chrysler Vice President of Engineering, warned in his testimony before Congress that the new law would “...outlaw a number of engine lines and car models including most full-size sedans and station wagons. It would restrict the industry to producing subcompact size cars-or even smaller ones-within five years.”

Even before the auto companies began producing mega-cars like the Hummer, industry execs argued that Americans wanted them to produce gas guzzling SUVs, while the rest of the world was predicting and adapting to the obvious need for a more environmentally-friendly fleet of cars.

Chrysler met Congress's CAFÉ fuel efficiency goals within a decade, but Ford and GM had still not reached the required mandate. Rather than work harder to comply, they poured their resources into pressuring Congress to roll back the standards. In what has become a Cry Wolf mantra, the auto giants threatened the Reagan administration that if they didn't get relief from the mileage standards, they'd move more jobs overseas.

- GM Chairman Roger Smith warned: “...[W]ith the CAFE running on up, we could close some plants. There's no question about it.”

- “Ford Vice President Helen O. Petruskas, testifying before a Senate subcommittee, claimed: “... [H]igher CAFE standards will divert industry resources from work on other national goals.”

After GM and Ford threatened to export jobs, Congress blinked, granting the two automakers rollbacks for the next several years.

In 1990, Senators Richard Bryan (D-NV) and Slade Gorton (R-WA) sponsored a bill that aimed to lift fuel economy standards for cars and light trucks by 40% over the next decade. The auto industry along with industry funded think tanks, geared up again:

- Ford Chairman Harold Poling predicted in 1991 that a boost in CAFE standards would mean that “You would see large cars pretty much go away. You might see a few Taurus and Sable sizes, but not many.”
- Sam Kazman of the Competitive Enterprise Institute on CNN’s Crossfire: “CAFE is the real blood-for-oil policy-it will spill blood on the highways of this country.”
- The industry lobby used its campaign warchest to pay for TV ads in key Congressional districts, seeking to frighten voters into equating stronger environmental standards with layoffs and a lower standard of living. According to the Washington Post, “The television advertisement shows a huge car smashing a tiny one to smithereens. After the collision, the voice-over says: ‘While smaller cars can save gas, they could cost you something far more precious.’”

The industry’s propaganda and lobby effort paid off. Although the bill passed 14-4 in the Commerce Committee, industry-friendly Senators filibustered on the Senate floor, killing the legislation. Had the bill passed, CAFE standards would have reached 40 miles per gallon for cars and 29 miles per gallon for light trucks by 2001.

Crying Wolf about global warming

The auto industry’s fanatic fear-mongering has been a consistent part of the public debate over the environment and public. The car companies fight efforts to acknowledge the reality of global warming and then battle to kill legislation to reduce it. In 1997 when other nations began embracing the Kyoto Protocol, pledging to reduce their pollution to below 1990 levels over the next 10 to 15 years, the U.S. auto industry lobbied American elected officials to keep our signature off the document, warning that doing so would bring economic devastation:

- Parroting the industry line, Sen. Chuck Hagel, (R-Nebraska) said “The economic impact would be devastating for the United States. We would see the loss of millions of jobs, entire industries would flee to other countries, our people would face higher fuel costs, higher taxes, leading to lower productivity and a lower standard of living.”
- Similarly, in 1999, Michigan Republican Rep. Knollenberg charged at a Republican-controlled congressional hearing of the subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs entitled “Kyoto Protocol: Is that Clinton Gore-Administration selling out Americans?”, that the treaty would “cause energy prices to soar and the standard of living in our country to plummet.” He said it would result in the elimination of over 2.4 million American jobs by the year 2010.
- In 1997, Andrew Card, the former chief of staff for President George W. Bush who was then president of the American Association of Automobile Manufacturers, said that the Clinton administration’s proposal for the Kyoto conference would cause “soaring production costs and

significantly higher driving costs -- the rationing schemes, energy taxes or other mechanisms with comparable effect.”

- Sen. James Inhofe, the Oklahoma Republican, testified in 2003 that “Kyoto is an economic weapon designed to undermine the global competitiveness and economic superiority of the United States.”

By now we know that these claims, repeated over and over again in these and many other legislative battles, we’re just plain wrong. In 1973, just two months after successfully getting the EPA to delay the requirement for catalytic converters, the automakers announced that they would install them anyway in every car. And they acknowledged that converters would generate fuel economy gains of up to 20%.

Contradicting predictions of massive job loss, a study released last October by David Roland-Holst, a University of California at Berkeley economist, found that California’s energy efficiency policies actually created nearly 1.5 million jobs. The study found that consumers were able to reduce their energy spending and divert those savings to other parts of the economy, creating demand for additional jobs in the grocery and consumer goods sectors.

If fact, had the auto industry not been so short-sighted, and embraced earlier calls to make more environmentally-friendly vehicles, they wouldn’t be in the mess they’re in now. Tough fuel and safety standards would have helped the industry strengthen its global competitiveness, as gas prices increased and consumers fled from gas guzzling SUVs and pickups in the last two years.

The auto industry’s resistance and fear mongering has helped bring us far too close to an environmental precipice. Had the U.S. stepped up and become a leader in the global challenge, our cars would be more fuel efficient, we would be more energy independent, our skies would be cleaner, our public would be healthier, and our economy would be stronger.

But the political clout of big business, including the auto industry, backed up by industry-funded think tanks and front groups that deny the reality of global warming, has harmed the economy and threatened our planet.

The auto industry and its allies have been consistently wrong whenever they’ve warned that tougher standards will destroy car company’s profits and kill jobs. Yet they continue to roll out the same misleading arguments to undermine Congressional support for up-to-date regulations. Why should anyone believe them now?

President Obama needs to and will go much further to reduce America’s carbon footprint and aggressively retool and regulate where necessary to meet the challenge of global warming. Industry resisters will likely continue to Cry Wolf as they have in the past at each and every step. When they do, we should just use Ronald Reagan’s famous and dismissive phrase “there they go again” and then do the right thing.

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