

## Retiring older motor vehicles helps economy, environment

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If the federal government would just think more broadly, in one fell swoop it could slash a big chunk of the nation's greenhouse gas emissions, protect thousand of jobs and reinvigorate the auto industry by creating huge demand for energy efficient vehicles.

In return for the infusion of 15 billion taxpayer dollars, Congress required the auto industry to begin a restructuring process. President-elect Barack Obama said that allowing the industry to fail is not an option.

However, the industry must make fundamental changes — including a shift to electric, hybrid and other high efficiency vehicles — if it wants support from his administration.

Automakers may benefit from these supply side changes, but they won't do the trick unless the demand side of the industry's problem is also addressed. Demand for new vehicles is low.

One of the reasons for the lack of demand is that people are hanging on to their vehicles longer than ever before.

According to the Bureau of Transit Statistics, more than 250 million vehicles were registered in 2006. Of this total, over 135 million were classified as passenger vehicles, and most of the rest were sport utility vehicles and pickup trucks.

The vast majority of these vehicles are at least seven years old, and many are much older. The median age of passenger cars in operation in 2007 tied the record set in 2006 at 9.2 years, according to U.S. Business News. The median age for light trucks rose from 4.4 to 7.1 years.

Vehicle ownership in the United States is high and relatively stable. That means that the longer older vehicles stay on the road, the less demand there is for new vehicles.

Older vehicles generate more greenhouse gas emissions. The average fuel efficiency of passenger vehicles is low, and according to the Environmental Protection Agency has increased less than 1 mile per gallon over the past nine years, to 22.4 mpg.

Fuel efficiency prior to that was even worse, averaging 21.2 mpg in 1996 and 16.1 mpg in 1980. Light trucks fared no better. In 1980, they averaged 18.5 mpg; in 2007, the average rose to just 23 mpg.

The increasing age and inefficiency of our vehicle fleet goes a long way toward explaining why transportation is the fastest growing source of emissions in the United States.

According to the federal government, transportation accounted for 47 percent of the net increase in total U.S. emissions since 1990. Passenger cars generate 35 percent of the transportation-related emissions increase, light trucks generate 27 percent, and heavy-duty vehicles produce 19 percent.

Transportation is also the largest single source of carbon dioxide, which is the most prevalent greenhouse gas.

If Congress and the new president want to save the auto industry while also dramatically cutting greenhouse gas emissions, they must connect the dots between these two dilemmas. They can do that by adopting a national policy requiring the retirement of all vehicles that fail to get at least 35 mpg by 2020.

This efficiency target makes sense because the Corporate Average Fuel Economy standards adopted by Congress last year require that by 2020, all new vehicles must get 35 miles per gallon.

Adopting a policy that clears the nation's roads of vehicles that get less than 35 mph within 11 years would provide multiple benefits.

It would create the demand needed to spur the industry to rapidly retool and produce fuel-efficient vehicles. Greenhouse gas emissions would be slashed dramatically. Public health would

increase as auto pollution is cut. And the recycling industry, which is another sector in dire straits today, would get a huge boost.

A major national vehicle retirement program would be novel, but not unprecedented. Voluntary vehicle retirement programs have been implemented on a short-term basis several times in California, Delaware and elsewhere. The California Bureau of Automotive Repair's Consumer Assistance Program, for example, offers a voluntary retirement program for vehicles that fail its biennial smog check.

Some countries have gone beyond voluntary programs and mandated vehicle retirement. For example, to reduce pollution the United Arab Emirates this year banned registration of all light vehicles made before 1989. Vehicles that are between 15 and 20 years will be taken off the road in 2010.

A national mandatory vehicle retirement program could be funded by tax credits, outright cash purchases or other mechanisms. In addition to funding, the logistics of such a program are certain to be complex.

What's new? Putting the auto industry on a sustainable path and cutting emissions will not be easy. But the problems are solvable.

With some guts and innovation, Congress and President-elect Obama can, through a mandatory vehicle retirement program, dramatically cut greenhouse gas emissions while also creating conditions that will lead to long-term prosperity for the auto industry, its workers and the American public.

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