

Rival scrappage bills dividing Democrats

By Jim Snyder - 04/20/09 06:28 PM EDT

Proponents call it a public policy "win-win": Give drivers money to replace old cars with newer, more efficient ones and you boost struggling auto companies and at the same time reduce greenhouse gas emissions.

But questions over whether car sales or the environment is the higher priority have split the domestic auto industry and labor unions from environmental advocates, dividing Democrats and putting the brakes on a federal "cash for clunkers" program.

President Obama recently threw his support behind the concept, and White House aides are working to find a compromise on Capitol Hill. Obama would pay for the initiative, also referred to as "fleet modernization" or "scrappage" programs, with funds from the \$787 billion economic stimulus package.

But the administration may have trouble navigating the interests of environmentalists and auto unions that hold sway with different factions of the Democratic caucus.

Groups like the Safe Climate Campaign and the American Council for an Energy Efficient Economy (ACEEE) favor a bill sponsored by Reps. Steve Israel (D-N.Y.) and Jay Inslee (D-Wash.) in the House and Sen. **Dianne Feinstein** (D-Calif.) in the Senate.

The Accelerated Retirement of Inefficient Vehicles Act of 2009 would provide consumers with vouchers between \$2,000 and \$4,500, which could be used to purchase more efficient vehicles or on public transit.

To be eligible, a trade-in would have to get 18 miles per gallon or worse and the purchased vehicle would have to offer a 25 percent improvement over federal fuel efficiency standards.

"I'd never say that as a blanket rule a scrappage program is a good idea. It has to be carefully designed to make any sense," said Therese Langer, transportation policy director for ACEEE.

The bills backed by Israel and Inslee and Feinstein, Langer said, do more to ensure that taxpayer dollars go to buy vehicles with significant efficiency improvements than a rival measure pushed by Rep. Betty Sutton, a Democrat from Ohio.

As many as half the vehicles on the road now would be eligible for trade-in under the Sutton measure, even though the fuel savings from the vehicle swap may be minimal, Langer said. By comparison, only around 5 percent of the vehicles on the road would qualify as clunkers under the Israel-Inslee measure.

Both programs will effectively be capped by the limited amount of money available for the program. But the Israel-Inslee bill gives a better bang for the buck. ACEEE estimates that annual fuel savings for a typical swap would be 306 gallons under the Israel-Inslee measure, versus 69 gallons under the Sutton bill.

Sutton argues the bill favored by environmental groups doesn't do enough to lend a helping hand to domestic automakers. Her measure requires that vouchers for the trade-ins be used to purchase vehicles made in the United States.

"I want to take the bill as far as we can environmentally, but we have an interest in making sure that people have jobs," Sutton said.

She added that while she remains open to a compromise, she "won't support a measure that doesn't adequately address the jobs component of this initiative."

Domestic automakers and the United Auto Workers have lined up behind Sutton's bill.

Alan Reuther, the union's lead lobbyist, said in a letter to Congress this month that the union "strongly opposes" the Israel-Inslee bill, which he called "misguided."

Because it doesn't distinguish between foreign- and domestic-built cars and trucks, the bill would "exacerbate the competitive disadvantage" that domestic automakers already face and "inevitably lead to more plant closings and further job loss in this country."

Environmental advocates counter that American taxpayers should see more fuel savings and environmental protection benefits than the Sutton bill offers.

"The American people are subsidizing the auto industry and we need to get some equity for that in the form of better environmental protections and less addiction to foreign oil," said Dan Becker, the director of Safe Climate Campaign.

The dispute between labor and environmental advocates helped to keep a trade-in bill out of the stimulus package. Even if those two sides reach some understanding, a final roadblock may remain.

Much of the auto parts market is wary of the program, in part because it will likely reduce the demand for spare parts that keep some of the older vehicles on the road. This contingent also argues that the program will drive up the costs for new cars. And because the bills require trade-ins to be crushed, spare parts could become more scarce, and therefore more expensive as well.

Brian Duggan, a lobbyist for the Specialty Equipment Market Association, said his group's 7,500 members, who make and sell the parts that drivers use to turn an old car into a hot rod, have sent nearly 10,000 e-mails to members of Congress opposing the program.

"It's being sold as a little bit stimulus and a little bit environmental protection, and it isn't really good at either," Duggan said.

Duggan says the program would provide only a temporary spike in sales unless it is continually extended. The environmental benefits may be fleeting too, he says.

There is nothing in the bills to ensure that the cars that are traded in are actually driven, and even a car that gets 18 miles per gallon uses less gas than a greener car if it is more rarely used.

TAGS: Dianne Feinstein

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