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Posture, Cloud of Slimmer GM, Automakers: Outlook on Capitol Hill Cloudy, but Change Likely

By [Julie Halpern](#) Jul 7, 2009

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One of the old-line, most vocal, and most influential voices on federal environmental matters may soon undergo changes generally associated with adolescents – a change in its voice. Or at least the impact its voice carries with Washington policymakers.

Whether that happens, and to what effect, may be an important back-story in



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coming months and years as domestic automakers, two of them only recently out of bankruptcy proceedings, define their new future in a changing Washington political environment ... and in some cases have it redefined for them.

Over the past four decades, automakers, and in particular GM, have wielded great clout on clean air, auto safety, and fuel efficiency issues. Despite the defeat in this Congress of long-standing industry advocate John D. Dingell, Michigan Democrat, as chair of the House Energy and Commerce Committee, automakers likely could continue to carry a big stick on climate change legislation. (The rise of California Democrat Henry Waxman, historically a close ally of environmentalists, to Committee Chair only adds to the auto industry's blues.)

Questions abound in a period of profound changes. Who, if anyone, now speaks for the domestic auto industry in Washington now that GM has been so radically reshaped and down-sized? And how, if at all, might the federal government's majority ownership in GM – some pundits now refer to the company as “Government Motors” – affect the company's role in lobbying on issues driven, in a sense, by its federal boss, now its majority owner? In reintroducing a “new” pared-down industry, as is their current mantra, might they also have to introduce new lobbying strategies, changes that could echo across the entire manufacturing sector when it comes to public policy campaigns in Washington? Or will things in the end come down to Yogi Berra's famous “Déjà vu, all over again”?

To puzzle-through some of the issues facing the auto industry's voice and clout on climate change and other energy-related policy issues in coming years, *The Yale Forum* spoke with a number of policy veterans and industry experts for their perspectives on the new and emerging landscape.

Martin Zimmerman, University of Michigan

Zimmerman, a professor in The University of Michigan's Stephen M. Ross School of Business, says he thinks GM's government-owned status will divide the auto industry coalition, making its lobbying less effective. “Influence is diminished because GM is unlikely to go and say to its owners, ‘We don't like what you're doing.’”

But he sees a flip side too: the federal government has more of a vested effort in ensuring that GM succeeds, a potential antidote to an adversarial policy relationship. “I expect what you will see is hard discussions of what this will do to the business,” Zimmerman says.

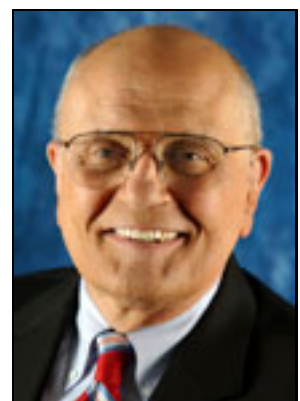
So even if GM's lobbying and clout are reduced, the government will focus on business decisions more than it has in the past. Now that the fuel economy issue has been resolved, at least for the time being, the specifics of regulations will be the focal point for debate. “Those details can have subtle, but important competitive effects, and there will be a lot of discussion about that” within the administration, according to Zimmerman.

Greg Dana, Auto Industry Consultant

Dana, now an automotive consultant, had been with the Alliance of Automobile Manufacturers from 1997 to 2007 and before that with the Association of International Automobile Manufacturers.

With Dingell as chair of the House Energy and Commerce Committee, “it was easier to get things done,” he says. He points to the industry's long successes in staving-off higher CAFE (corporate average fuel economy) standards for many years.

Dana says he expects domestic and foreign car companies will maintain their Washington offices and lobbyists, but that they'll lobby for only minor changes in how CAFE is



implemented. Currently, “not a lot is being pushed on industry,” he says, but he is confident that automakers as a whole will continue to lobby strongly for what is best for them. “They’re out to protect themselves as much as they can,” he says.

Michigan Democrat John Dingell. How much influence still?

George Freeman, Hunton & Williams Utility Air Regulatory Group

Freeman throughout the 70s, 80s, and 90s was a fixture on electric utility air issues in Washington, D.C. A former clerk to Supreme Court Justice William Black, the bow-tie-bedecked Freeman, now 80 and for 15 years officially retired but keeping an eye on policy issues nonetheless, established and ran the Utility Air Regulatory Group, a coalition of electric utilities. As a principal representative of key Air Act “stationary sources,” he often clashed with those representing “mobile sources” – auto and trucking interests.



Freeman recalls that during reauthorization of the Clean Air Act of 1990, the auto interests were finger-pointing at utilities’ sulfur dioxide emissions as the main culprits in acid rain. His clients countered that auto and truck emissions of nitrogen oxides, NO_x, were also responsible.

Freeman: Autos ‘not nearly as powerful’ as in earlier times.

In negotiations with EPA and Congress, Freeman cited a Swedish report pointing to ecological damages to trees and grass as a result of NO_x emissions from cars. And in the end, the auto industry ended up sharing the burden for acid rain controls with the electric utility industry.

“Once they got beaten and had to do their share, they just grumbled at me,” Freeman now recalls from his home in rural Virginia, where he still tracks climate change goings-on. The Chairman, John Dingell, Freeman says, “thought he could rule the world through the House committees, and we taught him he couldn’t.” It was one of the rare fights that Dingell, long the champion of his auto industry district, had lost up until that time.

“They’re not nearly as powerful as they once were,” Freeman says of the domestic auto industry lobby. He blames domestic automakers’ long-held commitment to big vehicles, SUVs, and “gas guzzlers” for the smaller future they now face.

Mary Nichols, chair, California Air Resources board since 2007; Assistant Administrator, EPA Office of Air and Radiation, 1993-1997

Nichols says the auto industry has always been enormously active and influential on clean air and “certainly fought every step of the way against measures that would tighten emission standards for new motor vehicles.”

To expect much different from the industry in the future, she says, “is a misread of the situation”

Nichols says automakers’ access to policy makers on clean air issues “reached an apex” when Andrew Card, formerly an auto industry lobbyist, was White House Chief of Staff under President George W. Bush.

Nichols anticipates leaders of the restructured companies will continue to be aggressive on issues they think are important nationally. If they don’t believe they can sell small, fuel-efficient cars, they’ll fight just as hard next year as they have in the past against standards they fear would force them to make cars that can’t do well in the market, she says.

“The world they live in has changed,” Nichols says: The industry will have to “adapt quickly to shortages and high prices of fuel,” an attitude that now “will need to penetrate into the thinking of those who run the big car

companies.”

William Becker, State Air Quality Agencies

Becker for nearly three decades has represented state and local air quality agencies in Washington, D.C., first as director of the State and Territorial Air Pollution Program Administrators (STAPPA) and its local government counterpart, and now as Executive Director of the National Association of Clean Air Agencies, the successor organization. His coalition has often sided with key environmental organizations, and against key business interests, on critical Clean Air Act issues.

“I think they’ll be fighting behind the scenes just as aggressively as they have been,” says Becker of the born-again domestic auto industry.

He points specifically to the auto industry’s aggressive campaigning against EPA’s California waiver decision, allowing the state to set tougher greenhouse gas standards that other states now can follow.

Automakers may decide to use different forms of lobbying or “lay low” in certain venues, Becker says, but “at the end of the day, it’s business as usual.”

He predicts, for instance, that the industry still will try to dissuade states from moving ahead with the California auto emission standards. The only difference he sees in lobbying is that the industry will be a bit more subtle in expressing its opposition to the kinds of issues it all along has opposed in the past.

Billings – Paul AND Leon

Veterans of Washington’s environmental policy wars associate the name “Billings” with the legendary staff director of the key Senate Committee on Environment and Public Works subcommittee during that panel’s hey-day, when it was headed by Maine Democratic Senator Edmund S. Muskie.

But there’s a new Billings in town, the son of “Leon.”

Paul Billings has been with the America Lung Association for 18 years, for the past six as Vice President, National Policy and Advocacy. The younger Billings was with the National Clean Air Coalition during the 1990 Air Act reauthorization, and he recalls many auto industry lobbying success stories, including winning an extra five years for SUVs to comply with Tier II second stage tailpipe controls.

Billings, often a policy ally with Becker’s state and local interests, says he suspects the auto industry refrain of “we can’t do it, and it costs too much” will continue. Despite Uncle Sam’s 60 percent holding in GM, Billings says he doubts automakers will “clear their communications with the West Wing,” and he expects GM to continue to still behave and lobby like a private company.

Leon Billings, having served eight years in the Maryland House of Delegates, is working as a consultant in Washington.

Billings Sr. recalls an antitrust investigation of the auto industry in 1968 alleging unlawful collaboration and suppression of emission control technology. A resulting consent decree from 1969 through 1981, when President Reagan terminated it, had prohibited auto companies from lobbying collectively on emission controls, including during consideration of the landmark 1970 Clean Air Act.

Having automakers divided and competing with each other for better technologies “gave us huge leverage,” Billings says. During the 1970s, he says, the message to Congress from foreign manufacturers, particularly the Japanese, was “You set the standards. We’ll figure out how to meet them.” The U.S. automakers, by

contrast, were voicing opposition to Congress's dictating technologies they said could put them out of business.

Billings sees parallels to current policy considerations. "The past is prologue," he says, with the American auto industry "incapable and completely unwilling to try and respond to a new world marketplace."

Billings says he thinks the risk of programs harmful to environmental protection increases now that the government is a significant shareholder in GM. The key issue, he says, is whether decisions involving the federal government on the auto industry will be driven more by public health and welfare or by fiscal policy considerations. He says President Obama's endorsement of "cap and trade" greenhouse legislation, which he says allows the right to pollute and a financial value for the polluter, "is not necessarily on the side of public health." That example, he says, makes him fearful that the economic rather than health concerns will drive the administration.

When environmentalists in past legislative battles opposed the auto industry, Billings says, the companies were profitable. Now that they're not, and with the government having more to lose, chances may dim for policy outcomes aimed first at protecting the environment.

Dan Becker, Safe Climate Campaign

Another long-time veteran of Washington, D.C., clean air policy battles is Dan Becker, for 18 years with the Sierra Club's D.C. office.

Pointing to the industry's defeat in 2007 on fuel efficiency standards, Becker says the industry today "is already a lot weaker than they used to be."

Becker pulls no punches, accusing the industry of frequently "lying" to lawmakers and "bullying members of Congress." He recalls a "manufacturers summit" in June 2007 in the Russell Senate Caucus room, attended by CEOs of domestic auto companies.

The automakers discussed the perils of raising CAFE standards. After their testimony, a senator allied with the auto industry, Byron Dorgan (D-ND), cited disparaging ads that car companies ran in his district, accusing him of taking away consumers' pick-up trucks if he voted for this bill. Becker says the industry's ad campaign backfired, in effect turning Dorgan from an opponent to a supporter of stricter mileage standards.

"The auto industry already had lost a lot of its clout before they drove themselves into bankruptcy," Becker says. He sees automakers desperately lobbying now to get more money and more bailouts, and adds "It's hard for the auto companies to wield the bludgeon against the environment with one hand while they're shaking a tin cup in the other."

According to Becker, auto companies recognize that there is a constraint on them to behave reasonably while on the government dole. In addition, with the public owning them, there's an accountability that didn't previously exist. "They used to be able to swagger onto the Hill and say, 'You stay out of our business.'" That won't happen anymore, he says, as they're learning how to temper their policy approaches now that they're no longer sole masters of their own fate.

Terry Yosie, The World Environment Center

Yosie's perspective on auto and air quality issues stems from his having been an EPA research department official and, subsequently, a lobbyist for the petroleum and then the chemical industries. As president and CEO now of The World Environment Center in Washington, Yosie recalls a 15-year protracted debate between the auto and oil industries on whether to control vapors at service stations or through on-board

controls on cars, a fight ultimately resolved legislatively through controls on both fuels and cars.

Today's debates on Capitol Hill on climate change are broader, Yosie points out, involving the entire economy and responsibilities far beyond just auto and oil interests.

"That has tended to make the oil and auto industries less adversarial toward each other," he says.

He says he thinks auto companies' lobbying will not be significantly affected, in part because the GM and Chrysler bankruptcy proceedings have moved at "breathtaking speed."

Yosie says he doubts the Obama administration will want for long to run GM, and he points out that even before its bankruptcy, the company was moving in a more proactive direction on climate change. The car companies "have every right to let people know their point of view" going forward, Yosie says. But he says they may be less focused on challenging environmental and safety regulations and policies when their highest priorities lie in rebuilding their brands, regaining public confidence, and introducing new kinds of products.

"Regulatory issues won't be the driver that they were 10 to 15 years ago," says Yosie, now that "survival is the primary focus."

Charles Territo, Alliance of Automobile Manufacturers

The power and influence of the auto industry never hinged on the strength of just the manufacturers, but also from their dealers, suppliers and workers.

So even if individual manufacturers employ fewer D.C. lobbyists than they historically have, the auto industry public policy apparatus is still very strong, says Charles Territo, a spokesman for the Alliance of Automobile Manufacturers.

He points to a recent example, the "cash for clunkers" legislation and the national program for fuel economy and greenhouse gas emissions. Auto companies have long lobbied for a single, national program vs. a patchwork of state programs, he says. "I think many would be surprised to know that the program that was announced by the President was initiated by the automakers," he says, illustrating the industry's ongoing role in legislation and rulemakings.

GM will continue to be involved in helping shape future policies, Territo says, and other manufacturers will still weigh in on rulemakings like the fuel economy regulation, asking tough questions about how policies will be implemented.

He says that the White House, EPA, and the National Highway Traffic Safety Administration are encouraging automakers to remain active in rulemakings.

"All manufacturers have a stake in how the final rules and regulations are implemented, and they'll be in a good position to advocate that," Territo says. Within Congress, Dingell remains influential as a well respected and important member of the House Committee on Energy and Commerce, he says.

"Mr. Dingell has been and remains a friend to the auto industry and a force to be reckoned with in the Congress," says Martha Voss, a Toyota spokesperson. As for Toyota, Voss says the company historically has taken a proactive approach in helping design legislation, and is doing so on proposed greenhouse gas issues.



'Cash for Clunkers' ... example of continued industry clout.

Litigation Outlook – Fewer Law Suits?

With so much of Washington’s environmental focus centered on prospects for enacting greenhouse gas legislation, it’s easy to overlook another important forum for shaping and refining environmental policies affecting automakers ... the courts.

One significant impact of having the government as an owner of GM may be the potential for reduced litigation and fewer legal challenges, a veteran auto industry attorney speculates.

Asking not to be identified by name because he represents industry interests, this attorney says GM traditionally has been an especially frequent and aggressive litigator, among the most litigious companies on environment and safety issues.

In suing the federal government, he says, GM in essence would be suing itself. A company long quick to litigate to challenge rules in court now may be more reluctant to do so, he says. At the same time, when it comes to rulemakings, GM likely will continue to seek to have its voice heard on issues directly affecting it.

As for Dingell’s reduced stature on Capitol Hill, he still is influential, but he no longer can “slow-walk legislation or set the Energy and Commerce Committee agenda,” the attorney says. Dingell will be “in the room” negotiating, but the far “greener” Waxman will be the one making deals in the House and in any eventual House-Senate conference committee on greenhouse gas legislation.

While Dingell long had been instrumental in ensuring that only NHTSA oversaw fuel economy implementation, now EPA and California have an enormous role in setting greenhouse gas standards, something Dingell likely could not have prevented in any case. “All things were moving and he couldn’t have stopped it anyway,” the attorney says.



Waxman, now the key deal-maker.

The Outlook? Predictions are Risky

Recall for a moment the phrase that “Prediction is a very difficult art, especially when it involves the future.”

Not long ago, few would have predicted the bankruptcy of two of America’s legendary “Big 3,” the collapse of Wall Street household names, or a number of other once-unheard-of bankruptcies and mergers triggered over just the past year.

It all calls for caution in crystal-balling the future lobbying and policy influence of the automakers in a time of unprecedented change.

That’s a point the experts mentioned above largely agree on. At this stage, they say, it’s impossible to definitively predict the auto industry’s future stance, only to anticipate that it too is subject to surprising twists and turns.

“In three to four years, when they’ve recovered or disappeared, we will see the extent of their influence,” says former Muskie aide Leon Billings.

For now, it’s an evolving story the media might do well to follow.

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