

Green push by Congress hurts Big 3 automakers

by *The Detroit News*

The Big Three automakers say unattainable fuel economy standard proposals will cost consumers dearly and result in thousands of lost jobs, but for some reason few believe them. Now that Standard & Poor's is saying it, perhaps the news will carry more weight.

In a report issued Monday, the credit rating agency says "that the proposed regulations pose a real risk to global automakers' financial performance, particularly as some are already under pressure from razor-thin margins."

The report goes on to say automakers "now face a longer term threat to their financial performance" because of "stringent environmental legislation to reduce vehicle emissions and increase fuel economy."

Translation: Congress's grandstanding to be green could put automakers out of business.

"Securing America's energy future" is the phrase of the day, and legislators from both sides of the aisle are clamoring to jump on that bandwagon. But doing so puts the Big Three - and in turn, the nation's economy - at risk.

The auto industry accounts for one in seven workers in America. It is developing some of the most advanced pollution-reducing technologies of any industry. Yet there remains a significant campaign against them.

Congress wants to put the burden of carbon dioxide reduction squarely on the shoulders of the auto industry. The Senate Commerce Committee unanimously approved a fuel-efficiency bill that would force automakers to increase fleet wide fuel economy to 35 miles per gallon by 2020, a 40 percent increase.

The implication is that increases in fuel economy will decrease our dependence on foreign oil (though it never has) and reduce carbon dioxide pollution in the environment (a questionable conclusion given that developing nations are pumping as much if not more pollution into the environment as the United States). Forcing 4 percent increases in the failed Corporate Average Fuel Economy standards, as the president and Congress want, could add up to \$6,000 to the price of cars and trucks, GM's Vice Chairman Bob Lutz has said. He and other auto executives are willing - and working - to do their part, but say any such carbon reduction plan should be across all industries, not targeted at autos.

Investors are already skeptical of the Big Three's ability to turn around their North American operations.

Ford Motor Co., for example, borrowed \$23.5 billion to finance its recovery plan, backing \$18.5 billion with company plants and assets because it couldn't get favorable loan rates with its junk credit rating status. The S&P's report and further credit concerns will encourage more pullback from investors.

Congress should be aware of the very real possibility that it could bankrupt a key American industry as it panders to the global warming hysteria.

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