

Our View: Automakers Circumvented US Fuel Economy Standards

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In its response to the 1973 oil embargo, at the end of 1975 the US federal government introduced fuel economy standards as an alternative to fuel taxes. The rules required automakers to hit specific fuel-efficiency targets for their vehicles over the next decade. Their miles-per-gallon standard was raised again in 2007 by the Energy Independence and Security Act.

Automakers, though, circumvented the fuel economy mandates. In our July 18 *Notes at the Margin*, we included a graph of nationwide fuel economy based on fuel consumption and VMT from 2013 to 2021. That graph appears on our home page on the left. The ratio of VMT to fuel gallons sold provides an indicator of the average US fuel economy for all vehicles.

The graph speaks volumes. The US average fuel economy increased from twelve miles per gallon in 1975 to seventeen miles per gallon around 1991, a two percent-per-year improvement. There has been almost no gain since then. The sport utility vehicle's emergence and greater use of pickup trucks for everyday transportation seem to explain this development. Essentially, vehicle manufacturers used the truck loophole to avoid the fuel economy standards, and politicians turned a blind eye to this tactic.

The figure here shows the possible change in the average US fuel economy had the 1975-1991 trend continued. By 2019, the average fuel economy would have reached almost thirty miles per gallon, which would have translated to a reduction in gasoline use of four million barrels per day in 2021. The lack of improvement in calculated fuel economy despite the ongoing tightening of the standards highlights the problem created by feeble regulations.

