

This green subsidy for car makers is just a disguised corporate bail-out

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It has already crossed the Atlantic. Yesterday European car makers demanded that the EU hand them €40bn (\$54bn) in cheap loans to match the US subsidy. Where will the public spending spree end?

The motor companies in both Europe and the US claim they need these loans to help them go green. They will invest the money in a new generation of environmental technologies, which will allow them to meet the efficiency standards their governments are setting. There is more joy in heaven over one sinner who repents ... but how strange this green enthusiasm seems, now that there's the smell of public money in the air. For the past 10 years the car manufacturers have driven every useful green initiative into the wall.

In 1998 European car makers promised to show that they could cut their greenhouse gases voluntarily. By the end of 2008, they pledged, they would reduce the average emissions produced by their cars from 190 grams of carbon dioxide per kilometre to 140. How well have they done? By the end of last year they had cut average pollution to 158g/km across Europe and 165g/km in the UK: they will miss their target by some 40%.

Discerning, only 10 years too late, that lobby groups' promises are worth as much as a share in Lehman Brothers, in 2006 the European commission announced that it would set compulsory standards: by 2012 all manufacturers would have to reduce their average CO2 emissions to 120g/km. It looked like progress, until you remembered that 120g was the target proposed by the EU in 1994, to be met by 2005. It was repeatedly delayed by industry lobbying.

Last year the 2012 target fell to the same forces. Angela Merkel, lobbying on behalf of companies such as DaimlerChrysler and BMW, demanded that the European commission put the brakes on. (Ironically it was Merkel, as the idealistic young German environment minister, who had first proposed the target of 120g/km by 2005.) The commission agreed to revise the figure to 130g, and to cover the gap by raising the contribution from biofuels. Since then we've seen hard evidence that most biofuels, as well as spreading starvation, produce more greenhouse gases than petrol; but the policy remains unchanged.

Now the pollutocrats are whingeing that they can't meet the 130g target either. A month ago they persuaded the European parliament's industry committee to take up their case: it proposed postponing the target until 2015, reducing the fines if they don't comply, and allowing manufacturers to offset eco-innovations against the target even if these don't actually reduce emissions. These invertebrates, in other words, proposed to grant official approval to industry greenwash. Fortunately this scam was rejected two weeks ago by the parliament's environment committee.

In the US, manufacturers have still not reached the standard (an average of 27.5 miles per gallon) that they were supposed to have met, under the Energy Policy Conservation Act, by 1985. The average car sold in the States today is less efficient than the 1908 Model T Ford.

What makes this dithering so frustrating is that to be talking, in 2008, about targets of 130 or 120g/km is a bit like discussing whether modern computers should have 10 rows of sliding beads or 100. In 1974 a stripped-down 1959 Opel T-1 managed 377 miles to the US gallon (160km/l), which equates to 15 grams of CO2 per kilometre. There is no technical reason why the maximum limit for mass-produced cars shouldn't be 50g/km.

Nor is there a good commercial reason. A poll by the Newspaper Marketing Agency shows that 80% of car buyers say economy is now more important to them than performance. The car industry's technological failure results entirely from lobbying by the companies now demanding public money to go green. They want to squeeze every last drop from existing technologies before switching to better models.

Their sabotage of green technology has been both subtle and comprehensive. The film *Who Killed The Electric Car?* shows how the manufacturers, working with oil companies and corrupt officials, sank California's attempt to change vehicle technologies. Having bumped off battery power, they persuaded the federal government to pour money instead into hydrogen vehicles, aware that the technological hurdles are so high that a cheap, mass-produced model might never be possible. Electric cars, by contrast, have been ready for the mass market for almost a century. The \$1.2bn that the US government is spending on research and development for hydrogen cars - like the €2bn pledged to the same quest by the European Union - is a subsidy for avoiding technological change.

Now, after so much procrastination, the car makers have the flaming cheek to demand public money to pursue the policies they have spent 50 years and millions of dollars crushing. Of course, the "green loans" they are soliciting are nothing of the kind. Funding better environmental performance is simply an excuse for bailing out another failing industry. As a result of the credit crunch and high oil prices, new car registrations in the UK fell by 21% last month. In the US, sales by the major manufacturers have declined this year by between 20 and 35%.

There is no need to spend a penny of public money on greening the motor industry. As a recent report by the House of Commons environmental audit committee shows, you could achieve the same outcome by creating a bigger differential between vehicle tax bands: it proposes that people buying the least efficient cars should pay around £2,000 more per year than those buying the most efficient. This would kill the market for gas guzzlers and force the industry to make the changes it has long resisted.

But the government has taken all the flak a good tax policy would have generated for very little gain. Its controversial new vehicle tax banding will save a mere 0.16 million tonnes of CO₂ per year: a drop in the acidifying ocean. At scarcely greater political cost it could have hammered emissions and generated much of the money it needs to revolutionise public transport. Again there has been a great historical slide: between 1920 and 1948 cars were taxed at £1 per horsepower: in real terms (and in some cases in nominal terms) a far higher rate for gas guzzlers than today's.

But subsidies are what governments pay when regulation doesn't happen. If you don't have the guts to force companies to do something, you must bribe them instead. It's a fair guess that European car makers will still fail to meet their environmental targets, even if they get the money they're demanding. The greenest thing governments could do is to allow these foot-dragging, planet-eating spongers to go under.

George Monbiot is the author of the bestselling books *The Age of Consent: A Manifesto for a New World Order* and *Captive State: The Corporate Takeover of Britain*, as well as the investigative travel books *Poisoned Arrows*, *Amazon Watershed* and *No Man's Land*