

## Socialism the New Standard

This week's column was actually not going to be political in nature, but I just can't help myself. In truth, I was hoping to scribe a ridiculous article on the top ten fictional athletes of all time (no, this does not include video game athletes; as Christian Okoye from Super Tecmo Bowl would have consumed the 1-10 spots all by himself). But, I feel it has become my duty to help the young people of this world understand just how bad some things are in Washington right now.

I realize that not everyone who reads the BHYP has an interest in politics, and that is just fine (OK, that is a lie. It's not just fine. Everyone should have a god damn interest in politics). At the least, you can take 10 minutes out of the day to educate yourself on some of the most important legislative activity that our country has ever seen.

Headline: "Automakers Get Behind Obama Efficiency Plan, Brace for Tough Trade-offs"

What the headline should say: "Big 3 Succumb to Socialism, Realize All Hope is Lost."

President Obama's call for new strict fuel efficiency and emissions standards is going to be the final dagger in the barely still-beating heart of the American automotive industry. Please be advised; this is not me bashing the President or the administration just because of my strong distaste for their deplorable fiscal policies. This is me trying to inform you of how serious the situation with our friends in Detroit (hockey team withstanding) has become. When I say that Socialism has finally breached our borders and permeated our government, I mean it; so let me crop dust you with some knowledge.

For 2016, the final new year these stricter standards will apply, the fleet fuel efficiency standard for all domestically sold passenger cars will be 39 mpg. This number will be 30 mpg for all domestically sold light trucks and sport utility vehicles; resulting in an overall fuel efficiency standard of 35.5 mpg. What this means is that the Big 3 are going to have to completely retool the way in which they manufacture automobiles, resulting in a dramatic increase in the amount of money and resources that will need to be used in order to meet the new standards. On average, these standards are expected to add \$1,300 to the cost of a vehicle. Hmmmm, let's think about this for a second. We are in the middle of a recession, we don't know when it's going to end, our own President basically admitted that we might repudiate on our long term debt obligations, the housing market is still a complete crapshoot, consumers have completely overhauled there spending habits, and the answer is to increase the cost of purchasing a car? Really?

Now let's take a look at some of the other factors involved in this situation. First off, what if the economy continues to stagnate, or possibly even get worse? This scenario will no doubt lead consumers further down the path they are currently on; increasing savings, pinching pennies and cutting out any sort of luxury spending. A conservative fiscal attitude like this from the consumer would most likely mean that they will gravitate toward used cars, in order to avoid the higher price tags on the more fuel efficient vehicles. Consumers will do everything in their power to squeeze every last mile out of their old car, and in-turn this could very well lead to very low sales of the new, fuel efficient cars. The Big Three will just go more and more into debt because of the low level of sales, the government will get more and more involved, and the end result will either be the Nationalization or the elimination of the US auto industry. Not to mention the fact that there is an inherent danger involved with these new emissions standards. One of the easiest ways to increase fuel economy is to reduce the weight and the size of vehicles, essentially making them less crash-resistant. Translation: Increase fuel economy (Hippies and Tree-Huggers rejoice!!) + Decrease in safety = Increase in danger. I wouldn't be naïve enough to conclude that this will for sure result in more deaths, but wouldn't you be less inclined to buy a new car if it's less crash resistant than your old one? What would you value more, an increase in your fuel efficiency (newer model cars) or a safer way to transport your family (older model cars)?

For as long as anyone can remember Detroit's Big Three have been opposed to such economy standards. They realize the burden it puts on their companies, and they are conscious of the fact that they will be under massive scrutiny to comply with the 2016 deadline. But due to the fact that our government has poured billions of dollars into GM and Chrysler (not to mention the fact that Chrysler is in the midst of a government-monitored bankruptcy, and GM could be in the same situation soon), the auto industry as a whole has zero leverage. So despite their fervent distaste for these rules, the government has pushed them to the side and said, "This is what is going to happen, and there is nothing you can do about it." That, my dear friends, is Socialism.

You want to talk about stress? OK then, picture this scenario: when these proposed new rules on the Corporate Average Fuel Economy (CAFE) are put into effect, automakers will have a little less than seven years to meet the new efficiency standards. The pressure this puts on a company from a manufacturing standpoint is immense, but that doesn't even take into account the monitoring that has to be done once a car makes it to the showroom floor. You must remember, CAFE ratings are not derived from the cars a company makes, but the cars a company SELLS. So even if GM creates a miracle car that gets 800 mpg, it doesn't matter unless the car gets sold. Let's put this into perspective with a little example; here is something I picked up on Fox News a couple days ago:

"Consider a fictional company called Two Motors that builds just two models that it sells through a single dealership. One is a full-size sedan that seats five and gets 29 mpg, the other a two-seat hatchback rated at 49 mpg. On the showroom floor the cars average out at 39 mpg, and the automaker is set to be in compliance with the new rules.

Then the Catch-22 begins. Two customers come in and decide that they prefer the sedan over the hatchback and both purchase one, dropping the CAFE rating to 35.6 mpg.

The next day the dealer sells three more sedans, and its CAFE falls further to 32.3 mpg, putting it in the tough position of having to sell five of the unpopular hatchbacks to get the average back up.

If it doesn't, there is a \$5.50 fine for every tenth of a mpg they come up short, multiplied by the total number of vehicles sold that year. So, if Two Motors has a good year and sells one million cars, but ends up with a CAFE of 38.9 mpg, it's looking at a \$5.5 million fine."

This just doesn't make sense to me; it's not rational. It is evident that President Obama and his administration are just putting more and more barriers in the way of returning to a Capitalist, free-market society. There are concrete examples of how these aggressive new standards will hinder the auto makers more than help, but they don't care. The whole "we gave you money, so we will make the decisions" attitude is a perfect example of too much government intervention. I continually try and keep an open mind about some of the decisions made by our President and his constituents, especially in light of the fact that they are facing some never before seen challenges in our economy; but flagrant stupidity just seems to run rampant throughout the administration. Call me crazy, but when you have firms like the Automakers in dire financial conditions, it doesn't make a whole lot of sense to make it harder for them to return to profitability.

Big night for the Hawks tonight, can't wait for the puck to drop. Detroit sucks.

Blue Horseshoe loves Anacot Steel&hellip;&hellip;&hellip;but hates the Red Wings.

-Randy