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PERSPECTIVE

## Truth optional in window sticker system

By Jonathan Michaels

Fuel economy is a funny thing. While it is always a consideration for some consumers, its presence on the central stage for others frequently follows world energy politics. In 1973, when the price of crude oil quadrupled in six months during the OPEC oil embargo, fuel economy consideration was at an all-time high. The same was true in 1979, when oil supplies were cut off in the wake of the Iranian Revolution. Those old enough to have lived through it will cringe at the memory of hour-long gas lines, and the introduction of green, yellow and red flags at gas stations around the nation.

The oil crises of 1973 and 1979 shifted consumer thinking, and automakers behavior soon followed. The events paved the way for what were, at the time, obscure foreign brands like Honda, Datsun (the former name of Nissan) and Toyota. Without the panic of the times, those brands likely would not have been able to nose their way into the massive market share that had long been dominated by the likes of General Motors, Ford and Chrysler.

In the 30 years that followed, however, much had been forgotten about the sting on the 1970s, and how quickly comfort — if not life — can turn. Carmakers returned to building just about anything they wanted, and consumers seldom objected to moving fuel economy far down the list.

All of this changed at the onset of the 2008 Great Recession, when the most recent energy crisis erupted. By July 2008, gas had risen to \$4.50 per gallon — a 100 percent increase over the year before. With this came changing consumer attitudes; gas guzzling Hummers were out, and fuel efficient Priuses were in.

Gas prices have fallen to \$3.45 per gallon, but the adjustment has not been enough to alter consumer behavior. Consumer Reports indicates that fuel economy is the most important factor in buying a car, and this is not just a matter of economic savings. Unlike prior years, when economic prin-



AP Photo

The window sticker displays the mileage ratings for an unsold 2007 Prius hybrid.

ciples were largely at play, today's discussion is more complex, involving factors such as the impact on the environment.

What is constant, however, is the opening for new entrants into the market. This energy crisis has laid fertile ground for the likes of Tesla, Fisker and others; and while they will not all make it, they were all given an opportunity that was otherwise nonexistent.

Now, other manufacturers are running to catch up, recognizing that the game is all about fuel economy. The word of the day is "40" — as in build a car that generates 40 miles per gallon, and you are in the money. For those just an inch under the bar, the pain is too much to take, leading to all sorts of mischief.

The buying decision all comes down to a sticker. The official title is the "Monroney sticker" (named after Mike Monroney, the Oklahoma senator who sponsored the Automobile Information Disclosure Act of 1958), but most people know it as the window sticker — the all-important sticker that provides the vehicle's fuel economy.

The U.S. Environmental Protection Agency governs the portion of the window sticker that addresses fuel economy, and here is where things get interesting. While the EPA requires that manufacturers disclose fuel economy standards, there is no requirement that the manufacturers be truthful.

The EPA imposes no fines on manufacturers who overstate their fuel economy standards; it provides no licensing censure; and until two years ago, it never even checked to see if the numbers were accurate. Now, the EPA conducts an audit of about 15 percent of new vehicles, but even this is based mostly on consumer complaints. By far and large, the EPA relies on the honor system for

manufacturers to get it right, with no penalty for failing to do so. This has led to disastrous results.

In 2012, Hyundai and its subsidiary Kia were sued in a series of consumer class actions for under-reporting the fuel economy of its U.S. vehicles. The companies had just launched the "Save the Asterisks" campaign — a campaign that boasted 40 mpg on most Hyundai models, unlike its competitors, who only offered 40 mpg on specialized, low-volume models. As the EPA discovered, however, none of Hyundai's models actually achieved 40 mpg.

Hyundai and Kia are not alone. In 2013, Ford was also sued by consumers for overstating the fuel economy standards on its Ford Fiesta, Fusion and C-Max, and its Lincoln MKZ. All three automakers have now admitted that they misrepresented their vehicles' fuel economy standards, but claimed, rather predictably, that it was the result of a "procedural error."

To make matters worse, even if the EPA did actually monitor manufacturers' fuel economy claims, it would likely have little meaning to the average consumer. Many would be surprised to learn that the procedure used by manufacturers to calculate gas mileage doesn't involve driving a single mile on an actual road. Instead, the EPA requires that manufacturers "simulate" driving conditions to measure fuel economy. The EPA is currently considering regulations that would require manufactures to check their simulated fuel economy results against actual driving results.

The EPA's system is about as flawed as one can imagine. It does not need a system that checks simulated results against real-world results; it needs to toss the simulated test out on its ear and replace it with a system that is both accurate and meaningful. Moreover, the EPA should not rely on consumers to police and catch manufacturer malfeasance; the agency should levy harsh fines on automakers who don't get it right, for whatever reason.

Thousands of consumers make vehicle buying decisions every day, thinking that they are purchasing a vehicle that has certain characteristics, which it may not. To some, the difference of a few miles per gallon may be marginal, but to others the economic impact is significant. Over the lifetime of the car, the difference in fuel consumption can be thousands of dollars, and for many, that is substantial. Manufacturers should not be allowed to cheat, consumers should not be misled — and everyone should consider the issue to be substantial, for we are nothing without our intellectual integrity.



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