Cars, Government Regulation, and More
Guest: Eric Peters
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WOODS: Let's start with—I won't mention names, but if your question gets answered, you can have a warm feeling about it. The question is, "How about asking why my 30-year-old, at the time, 1971 VA Plymouth got the same gas mileage as modern, fuel efficient vehicles—30-ish miles per gallon?" You want to take that one on, Eric?

PETERS: Probably the chief reason—I don't know necessarily that a V-8 powered muscle car will be comparable to a modern muscle car, but his point is valid, and the reason that it's valid has to do with curb weight. People might be surprised to discover that the cars of that era, the late '60s and the early '70s, actually were comparative lightweights compared to the cars of today. If you look at, for example, a typical compact car today, something like, oh, a good example might be a Honda Civic—a small car. Believe it or not, that thing weighed 2,300 or 2,400 pounds. And if you want to put that into some context, something like Volkswagen Beetle back in the 1970s weighed about 1,600 pounds, and you'd step up more and go to the mid-size category of cars—cars like the Toyota Camry—those things weighed around 3,400 pounds, and at that point you're getting right up to the same curb weight of a V-8 powered, rear-wheel drive, big American tank from the late '60s or early '70s, and all that weight requires a lot of energy to haul it around. That's why, comparatively speaking, the fuel economy of modern vehicles is not nearly as good as it ought to be and not all that much better, really, than cars from the past.

WOODS: Well, that leads quite nicely to another question from a completely different person, who asks in part about electric and hybrid vehicles. We covered that the last time you were on the show. He says, "I'd ask him about government regulation on fuel efficiency. Does such regulation really help improve efficiency, or would the free market accomplish that on its own without interference? I am sure the latter is the case, but I would be interested in his insights."

PETERS: Well, what you've got is a dichotomy. You've got conflicting objects. Leaving aside the rightness or wrongness of the government doing this, the government decrees two things. It decrees fuel mileage standards, and it also decrees safety standards, and these are naturally

conflicting things. In order to make a car safer, generally speaking you have to make it heavier. There is really no way to get around that because, of course, cost is a factor, and you can't use exotic materials that are priced out of range of people's ability to purchase them. So the car gets heavier—and at the same time it become less efficient, and these two conflicting things are really beginning to conflict now because they've gotten to the point where they've really maxed out all the available and conceivable technology to improve the efficiency of an internal combustion engine, and there's only so much you can do when you're task with lugging 2,500 or 3,000 pounds of steel down the road. That's the problem. Now, the free market would sort this out naturally as it did in the past. I mentioned previously the example of a Volkswagen Beetle of the '70s. It weighed about 1,600 pounds. So you could buy a car like that if, for example, your primary consideration when shopping for a car was a lightweight and fuel-efficient vehicle, and that's what you wanted. And contrariwise, a person who wanted to feel safe in a big, heavy car could go out and buy a 4,000-pound Cadillac, and the free market gave people that choice. Unfortunately, we really don't have that choice anymore. We're forced to buy cars that are only somewhat fuel efficient, and, you know, they are safer than they were before, but in my mind a lot of people would prefer to have the everyday advantage of better fuel economy as opposed to the theoretical advantage of increased crashworthiness if they get into an accident.

WOODS: Continuing on this line of gas mileage, let me read another question, which seems to be a little angry. I don't think this is quite called for. He says, "Ask him why he believes the myths and outdated information about ethanol. Also, ask him about him ethanol vapor fuel systems that get 100-plus miles per gallon from ethanol produced from bio-waste." Any response?

PETERS: Oh, sure, well, you have to put it in context again. Ethanol for an engine that's designed, or alcohol, I should say, for an engine that's designed to operate on it can be a tremendous boon. You can, for example, have higher compression ratios without pre-ignition or dinging, and that's a benefit. The problem is, there are a lot of vehicles out there that are not designed to use alcohol fuels. Indeed, the manufacturers of cars explicitly so state in a lot of their owners' paperwork. They tell you, do not use a particular E-15, which is 5% more ethanol than the typical E-10 unleaded in your vehicle or it will void the warranty. The same goes for small engines, power equipment and so on. That's the problem, and the broader problem is that it's being foisted onto people and introduced into the fuel supply by mandate, not the market. I have no issue with ethanol or any other fuel if somebody wishes to put it out there and offer it competitively and tout its advantages and leave people free to choose to buy it or not.

WOODS: All right, I have a question from my old friend Kevin Gutzman, so yes, that's right, if you are a friend of Woods, you get preference in getting your question answered. Gutzman wants to know about in these cases that we see in Europe of traffic lights being either not used or replaced by these roundabout things where you just keep on driving around a roundabout,

and you take your exit if you need to take one, and it keeps traffic flowing, and yet, at the same time, it helps to avoid accidents in places where there are lots of turns. Do you have any knowledge or insight into this?

PETERS: Yeah, I do, and you have to—is the object to collect revenue? Or is it to increase the flow of traffic? If it's to increase the flow of traffic, things like roundabouts and also yield when safe to proceed. For example, in my area I wrote an article about this a couple of weeks ago. They have been replacing the solid red left turn signal with a flashing yellow, which means when the way is clear, proceed with caution. And the object is to smooth the flow of traffic. That's the way to go, and I think it's wonderful that they're once again finally beginning to encourage people to think, to look, and to be actively involved in the process of driving as opposed to just being passive and mindlessly obeying signs for the sake of obeying the sign.

WOODS: What about self-driving cars? What do you think about this? Is this something that will actually take off or is this silly? Or what about the safety concerns? Again, have you been following this story? I can't even believe I am even asking you that question. That's just rhetorical.

PETERS: Yes, actually they are already here to an extent. There are several new cars that you can buy that will do things like autonomously steer to an extent. I had an Acura MDX a couple of months that has an autonomous steering system. Now, it's not fully autonomous, but you can engage the system, and what it does, it has cameras that are mounted in the front of the vehicle that can scan and read the yellow lines in the road and then will automatically take over keeping the vehicle in the lane for you. Mercedes and a number of other manufacturers have what they call Collision Mitigation Technology, which means that if you're not paying attention, let's say, and a car ahead of you stops, or something runs in front of the car, the vehicle will actually apply the brakes for you preemptively. Do I like it? I am ambivalent. I am a guy who likes to drive. I like to be actively involved in the act of driving, and I think these things are a double-edged sword. You can make an argument that they enhance safety. I can also make the argument that they encourage distracted and passive driving, because people expect the car to do things like brake and to keep the thing in the lane for them.

WOODS: Let me ask you this question, which generated a lot of conversation on the Facebook thread. Natural gas and propane are both superior fuels to petrol in regard to pollution and price. Why can't we get a good car on the market that uses these fuels?

PETERS: Well, actually, you used to be able to. I remember back in the '90s, and this is when I still lived in the DC area, Ford and General Motors, and actually Honda also, offered factory-built CNG versions of their vehicles. They were actual dual-fuel as well as dedicated fuel, meaning that you could operate on regular gasoline, and you could also operate on the CNG, and they had the CNG tanks in the back, and the commenter is absolutely right. The natural gas burns much more cleanly, which has a number of advantages. It's lower tailpipe emissions. The engine runs cleaner so it doesn't require oil changes as frequently as an engine that's powered

by gasoline, and to me, to my mind, the two most salient and relevant considerations are one, we have almost limitless quantities of natural gas in this country right here domestically, and point two, you can use this technology to have a nice, big traditional car. The vehicles that the manufacturers back in the '90s for their CNG conversions were cars like the Ford Crown Victoria, which is just this big, wonderful, six-passenger, rear-wheel drive, V-8 sedan, as opposed to some cramped down little hybrid thing. So you had a nice, big comfortable, powerful, safe car with all of the operating characteristics and none of the elaborate complexity and cost associated with these hybrid vehicles. So I am a big fan of them. And as to why they are not popular, I don't really know. I suspect it part has to do that they are not considered high-tech, one, or green, two, for whatever reason, even though I'd argue that that's fallacious. It's really hard to discern because they make sense on so many different levels, and yet that just hasn't been really pursued by the car companies.

WOODS: Before we go on to more serious questions, I want to ask you, and actually I think I'm borrowing from somebody's question on this. I want to ask you about your favorite cars and why, but with one caveat: I'm not interested in what car would you buy if you had a quarter million dollars to spend on a car. I'm talking about cars that might plausibly be purchased by somebody, and in particular, that you could get in 2014 brand new. What do you like?

PETERS: Okay, there are several. Recently, I had the new Honda Fit, and I'm a big fan of the Honda Fit. It's a conventional economy car that's very modestly priced, around $17,000, that makes tremendous use of the available space inside while having a very small footprint on the outside. You can actually fit two bicycles in the thing in the back seat, if you can believe that, sideways. It has more legroom up in front than a lot of mid-size cars, including cars like the Toyota Camry, if I am recollecting my stats correctly, and it's just a lot of fun to drive. Honda's known for its very engaging manual transmission, short pro-action, good clutch feel. The engine just makes great little sounds. It's a fun, little car to knock around in, and again, something that appeals to the Scotsman in me, I guess, is that it's very affordable, around $17, $18,000 dollars, well equipped. That's one.

On the other end of the spectrum, I am big fan of the current E class, which is available now with a diesel engine—a four-cylinder diesel engine, not a six, but a four, and that's the first time that Mercedes has done that, and it gets more than 40 miles per gallon on the highway, and it has something like an 800-mile range on a full tank, and it's not ludicrously expensive. It's in the high 40s, low 50s, which these days isn't all that exorbitant.

WOODS: I want to ask you a question about something I hadn't known anything about, having to do with the Volkswagen XL1, which is apparently a 300-mile-per-gallon car, and it's not being made available in America. Now, it turns out that apparently they are only making 200 of them, and they have already got plans for them in Europe. So I don't' think it's the, well, it's too fuel-efficient, and so we're going to keep them from you. I don't buy into any of that at all, but what is the deal with this car?

PETERS: Well, it's not the, oh, we're not going to sell it to you. The reason they can't sell it here has to do, again, with the federal regulatory apparatus. There are a variety of vehicles that they just don't import here, whether because of crashworthiness or emissions standards. Diesels are an example. In Europe roughly half or more of the passenger cars on the road are diesel-powered. Yet, over here only a relative handful of cars are available with diesel engines. The reason for that is that the emissions regs are different, not necessarily less stringent, simply different, and the same goes with the crashworthiness standards, having to comply with side impact, bumper impact. Our regulatory standards are different than the ones in Europe, and so in order for them to legally bring the vehicle over here and offer it for sale, it has to meet our regulatory requirements, even if the European ones are stricter. It's just a matter of bureaucracy, and so the car companies—they do the math, and they think, okay, well, we can sell x-number of these things over here if we spend this amount of money to make them compliant. Well, it's not worth it for us to do it. So the heck with it. We're just going to sell the cars in our home market only, and that's the reason for that.

WOODS: All right, I've got a question about, well, I'll just read it to you. "You might ask him why he's so down on Tesla from what I see at his website, given that the Tesla Model S is deemed the safest car on the road, and nobody can touch its technology." What's your answer?

PETERS: I'm not down on it. What I am down on is on the subsidization of the thing. I think it's incredibly obnoxious for a guy who can afford to spend—the base price of the Tesla S is around $60,000, and they go up to well over six figures, and the guy who buys this car receives a federal tax cut or break or check or whatever you want to call it of $7,500. So in effect, working people out there who probably have trouble affording a $15,000 car are being forced to pay taxes to cut a $7,500 check to a guy who can afford to drive around in a $60,000 luxury car. That's pretty obnoxious, I think.

WOODS: Fair enough, okay. I think we covered this last time to an extent, but maybe you might say a little bit about them anyway. "I'd ask him about the black boxes in cars, how they are there to give info to the car manufacturers and insurance companies to be used against you in case of wrecks, and if there's a way to disable them." I have a feeling I know the answer to that question.

PETERS: Well, okay, would you like some history on that?

WOODS: I'd like anything you have to share.

PETERS: Okay, well, it all goes back to the '90s. That was the era when General Motors began installing—they are formally called EDRs, or event data recorders, and they are analogous to the black boxes that you hear about that are installed in airplanes, and they essentially do the same thing. They record various operating characteristics or parameters of the vehicle as you drive. In the case of the EDR, they record things like how rapidly the car decelerated, how quickly it accelerated, G-forces in a corner, whether the driver or passenger is wearing their seatbelt, whether the airbags went off, and things of that nature. I don't have a problem with

that. That's not an issue. But what's happened now is that they've incorporated send and receive capability through the OnStar system with General Motors that enable the manufacturers to access this information and access it without your consent and use it for a variety of purposes, including, as they say, sharing it with law enforcement. So, you know, allegedly this is your vehicle. You paid for it. You signed the check. You bought the thing. And yet aspects of it are not under your control, and these strange people are accessing information about how you drive, and giving it to other people, and I have a problem with that, and I think a lot of people have a problem with that.

WOODS: Is there anything we can do about it other than call our congressman?

PETERS: Well, that's one thing you can do, but that's probably a pretty hopeless endeavor. Of course, you could always buy an older car that doesn't have the EDR. You can also—now, this is not my area of expertise; I'm not an electrical engineer. But there are apparently things that you can do to disable the antenna in a vehicle that has the EDR, which basically makes it impossible for the data to be accessed externally. Somebody would have to actually physically gain possession of your car and then get the black box. They couldn't wirelessly access it. That sort of information is available online. People should Google that around if they are interested in learning about that.

WOODS: I've got a number of questions related generally to the subject of rules of the road. A lot of times people will say that if libertarians had their way, there would be no rules of the road because we're against rules. People don't even try to bother to figure out what it is we think. We're against rules in general. No, we're not against rules in general, and of course, if the government weren't administering the roads, somebody else would, and that person would presumably have some kind of rules, but can you comment on that? Of course, we can't really speculate what those rules might be. But what are your overall thoughts on this question. You must get this once in a while.

PETERS: I do. I do, and I won't presume to speak for other people. So I will just speak for myself and my own kind of interpretation of libertarian ethics, which would be that I am opposed to harm caused, and that would be my basis for rules, if you like. So therefore, I don't think that the fact that a person drives x-miles an hour, for example, is itself an actionable offense. Some people are able to drive in perfect safety and complete control of their vehicle at considerably faster speeds than the speed limit. Whereas, there are other people, and we all know them, who are a menace to themselves and others, even though they are driving slower than the posted speed limit. It's an intangible thing to punish somebody for a might and a possibility and for this hypothesized, generalized, "something might happen." Whereas if you have actual, tangible evidence that a harm was caused, whether it's persons or property, well, then you've got incontrovertible proof that, hey, you're responsible. You did something wrong. You should be held accountable. That's my attitude on those things.

WOODS: I have had a couple of questions on American auto manufacturing. One of them is, I remember being in the 1980s as a kid, late ’70s, early ’80s, and everybody took for granted that American cars were just no good, that you were some kind of an idiotic sucker to buy an American car. Everybody knew you buy a Japanese car. Today that seems to have diminished. But the first question is: to what extent has it diminished? And secondly, is there anything that government can do or stop doing that might give a boost to American car manufacturing once again?

PETERS: Well, as they say, the rising tide does raise all boats. One thing that everybody should realize about the marketplace today is that there really is nothing that’s remotely analogous to—let’s go back to the ’80s, our favorite time period, when you could buy out-and-out crappy cars that brand new were junk. You think about the early Hyundais, for example, or some of the disastrous vehicles that were produced by American automakers during that time period. Today there are occasional lemons, but typically the things that go wrong are more annoying than catastrophic. You will have a little gremlin with an electronic system—a power window that won’t go up or a check engine light that comes on. But it’s rare for a simple design debacle—an engine that’s just poorly designed or shoddy, for example, to get produced. That kind of thing doesn’t happen much anymore. The quality of new cars generally today is literally light years across the board better than it was 30 years ago, and it’s very hard to go wrong with almost any vehicle that you buy today relative to what was the case when we were kids.

WOODS: So the second question: American car manufacturing may not be where it once was. Is there any hope for this? Could it turn around? And if so, what would that look like or what would government do to make that possible? And what I really mean by that is, is there anything government is doing that’s holding it back, or is it unions, or what do you think is going on?

PETERS: Well, there’s an argument to be made about the unions that frankly, to give the American car industry a fair shake, the truth of the matter is they were virtually crushed by our government, the American government that summarily imposed things on them in the ’70s for which they were not prepared that decimated their business, and here I refer to the first onslaught of emissions requirements followed by the safety requirements. You’ve got to remember that back in those times they were producing large cars with big engines. That was their specialty, and that’s what they invested all of their money into in research and design and tooling and so on, and with the stroke of a pen, Washington decreed that vehicles would henceforth produce x-amount of emissions and get x-amount of gas mileage, which gave a natural and artificial competitive advantage to the imports, specifically the Japanese, because all they built at that time were small, economical cars. And they were able to bring those cars over here *en masse*, and of course, Japanese industrial policy—the Japanese government heavily supports and subsidizes its own industry—enabled them to essentially dump the cars here and overwhelm the American car industry. I don’t think the American car industry is ever

going to recover in the sense that we'll ever again see General Motors have a 50% share of the entire car market. I don't think that's ever going to happen again.

WOODS: Let's go back a little bit in history in American cars to that controversy surrounding the Ford Pinto and it being a fire hazard. I remember seeing a lot of Ford Pintos in the late '70s when I was a little kid, and it turned out that it was a dangerous car for various reasons, and the controversy was that there was a suspicion that Ford had been aware of the safety issue, but they didn't really care because they could sell more cars.

PETERS: Well, if I recollect my history correctly, the problem had to do with the fuel filler neck and its location on the gas tank relative to the axle of the vehicle so that when the car was hit from the back, that fuel filler neck tended to shear, and if there were a spark or leaking fuel, then the car would potentially explode or at least light on fire. The big problem with the Pinto wasn't so much the design, it was inequality of mass. If you had a Pinto that got hit by a big Cadillac Sedan Deville, it would fold up, and its occupants would be in great mortal peril relative to what would have happened if they had also been in a nice, big car. Certainly the manufacturers do cost/benefit analysis, and it's entirely likely that somebody within Ford decided that it might make more sense to save $10 per car rather than make this fix. That was the same criticism that was leveled at General Motors over the early Corvair's ill-handling techniques, or ill-handling characteristics, I should say. It's not just General Motors or the American car industry or Ford that are guilty of these things. Right now in the news, you may have followed this, there is a big kerfluffle about Honda airbags, and actually I think it's going to end up affecting Toyota and some of the other manufacturers as well. They put airbags that they bought from a supplier named Takada into a number of their vehicles, and reportedly—I don't know whether this is true; this is what's being asserted—they knew that the defect in these airbags could potentially cause the airbag to spew shrapnel upon deployment, which has happened. And a number of people have been badly injured as a result of this. And it's a question of whether it's negligence, it's criminal—who knows? Any automaker, any large automaker, is an enormous bureaucracy, and it's very hard to identify any specific individual or even several individuals who can be held accountable for this stuff.

WOODS: Eric, I now know that anytime you want to come back on the show I'll have an enormous supply of questions and issues to raise with you. I figured I'd get a handful of questions from some people. I had no idea people were so interested and had so much knowledge of this subject. I am really blown away by the response I got on Facebook. Tell people about what you're up to these says. Certainly talk about your website.

PETERS: Well, I am experimenting with something. I have not yet hipped myself to the whole podcast thing. I think you and I have talked about that before. So I have begun doing what I call vidcasts. I have got a little remote camera that I use sometimes to take videos of the car that I review and also road tests and so on, and I have begun doing little monologues while I am the car about various topics, and I posted two of those on the site. One has to do with something that you and I were just talking about a few moments ago about traffic signaling changes, and

the other one has to do with speed limits and whether they are realistic or fair and so on. Other than that, I have been piddling away with my various project motorcycles. I just did a major rebop of my ’76 KZ900, classic Kawasaki, and now I’m trying to get my poor little dual sport dirt bike operational again after several months of neglect.