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Industry Skepticism Clouds Agenda Gore Is Pushing in High-Tech Policy

By Bob Davis Staff Reporter of The Wall Street Journal

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DEARBORN, Mich. -- Trying to explain his technological approach to divisive issues, Al Gore has to delay a telephone interview twice because of problems with his cell phone.

But the vice president persists and the message comes through: "A better understanding of how technological developments change the options available leads to less government regulation, not more." That's because the government works with industry on new alternatives, such as environmentally friendly cars, "to leapfrog all the heavy-handed regulations."



Al Gore

The statement is a fair summary of the Gore style, a combination of Tom Swift and social tinkering. But while the words may push a lot of vote-winning buttons, businesspeople and some of Mr. Gore's longtime liberal allies are skeptical, and that could create problems as the 2000 election race heats up. Indeed, Mr. Gore's flagship project, designing an affordable car that gets fabulous mileage, is supposed to show backers and voters how a Democrat can work with business. Instead, it manages to spark concern among environmentalists, auto-industry executives and, not surprisingly, oil chieftains.

"Al Gore represents a point of view that says there will be excessive regulation, that the government can figure out all the answers," says Floyd Kvamme, a Silicon Valley

venture capitalist who backs the presidential bid of Texas Gov. George W. Bush, the Republican front-runner.

Such concerns, of course, needn't be a drawback for a Democratic candidate; antibusiness populism has been a staple of many of the party's candidates over the years. But Mr. Gore is no populist; he is a New Democrat, eager to show he can find a middle road. Moreover, his cool, technocrat's approach to social problems can put off left-leaning liberals as much as corporate types.

"He's into technological fixes," says Gene Kimmelman, co-director of the Washington office of Consumers Union. "Gore has an extremely positive image of technology, almost to a fault -- to forgetting about the human element that underlies technology."

Corporate Concern

Among business executives, the doubts can be heard in office suites or over dinner at meetings of the Business Council, and they have helped fuel the fund-raising successes of his two principal challengers, Mr. Bush and former Democratic Sen. Bill Bradley. Some of the corporate concern dates back to the strong environmental views the vice president voiced in his bestseller, "Earth in the Balance." Some seems to derive from his penchant for social engineering -- using technology to try to bridge emotional and polarizing issues.

That style was honed in the foreign-policy debates of the early 1980s, when President Reagan proposed building a fleet of multiple-warhead nuclear missiles that could overwhelm the Soviet Union. While Mr. Gore's fellow Democrats were touting a nuclear "freeze," Mr. Gore, then a young House of Representatives member, offered a third way: Build a fleet of single-warhead missiles using the Midgetman. The Soviet Union would find that less threatening -- and it would help Democrats counter charges that they were soft on national security.

The Soviet Union collapsed before the U.S. fielded any Midgetmen, but Mr. Gore earned a reputation as a serious thinker and a political comer. And the Midgetman became a model for his approach to a wide variety of issues. Does global warming threaten humanity's existence? Design a supercar that reduces greenhouse gases. Are poor kids falling behind in the new economy? Wire schools to the Internet. Do parents worry that their children watch too much mayhem on television? Require TV makers to install V-chips that parents can use to block shows they don't like.

"Technology sweeps aside traditions, patterns and institutions, just like a flood or a tornado," Mr. Gore said in the interview.

Ambitious Initiatives

Although Mr. Gore's presidential campaign has barely begun, he is already laying out an ambitious series of technology initiatives: build a superfast version of the Internet; double the \$1.5 billion the government spends annually on computer research; identify every human gene linked to cancer; deploy an army of online tutors to help kids. His aides say they are working on initiatives to develop next-generation auto fuels and new kinds of fuel-efficient homes.

If Mr. Gore wins the White House, "he would have a larger pulpit; he'd control the budget process," says Roy Neel, a longtime Gore adviser. "You'd have a lot of people passionate about using technology for society."

As a senator, while championing high-speed computers, biotechnology and telecommunications, Mr. Gore was known for confrontation. He called cable-television mogul John Malone, then the chief executive officer of Tele-Communications Inc., "Darth Vader," and complained bitterly about cable's monopoly power.

When "Earth in the Balance" was published in 1992, Detroit-area executives tacked on their bulletin boards page 325, which describes automobiles as "a mortal threat to the security of every nation that is more deadly than that of any military enemy we are ever again likely to confront."

Since gaining the vice presidency, Mr. Gore has developed a court-and-spark style toward industry, in line with the White House's business-friendly strategy. He led the administration's negotiations on the Telecommunications Act of 1996, which involved regular meetings with government and industry officials. He backed some communications technologies that raised phone bills, most notably a \$2 billion-a-year charge to link schools and libraries to the Internet. And he has refrained from criticizing telecommunications giants that have gobbled each other up, rather than competing on each other's turf, as backers of the telecommunications law had promised.

Nonetheless, his penchant for techno-tinkering worries even some of his natural business allies in the high-tech industry. During a private meeting in February in Seattle with software and Internet firms, several executives complained to him that

his telecommunications strategy would give either cable or telephone companies a stranglehold on high-speed Internet access to the home. Technology will fix that, Mr. Gore promised the group. "Just because there's been a slow start in breaking through a lack of competition doesn't mean it's not coming," he said.

Guarded Support

The supercar project, called the Partnership for a New Generation of Vehicles, has drawn guarded support from one industry and clearly alienated another. Using the rhetoric of the Apollo moon mission and what became about \$240 million annually in federal spending, Mr. Gore and the auto makers committed themselves in late 1993 to building within a decade a \$25,000 family car capable of traveling 80 miles per gallon -- three times the mileage of today's vehicles. New technologies would have to be invented; unprecedented cooperation between industry and government would be required.

At Ford Motor Co.'s research laboratory here in Dearborn, engineers are working on parts of the project. One researcher is exploring new chemistry to catch nitrous-oxide pollution before it blows out the tailpipe; another is trying to figure out how to adapt fuel cells to work well in autos; a third runs a \$5 million facility that measures what fuel blend would work best in new-age diesels.

At DaimlerChrysler AG, "we bought into the analogy" with the Apollo mission, says Bernard Robertson, senior vice president of engineering and technology. He notes one similarity: "We didn't know how in the world we'd get there."

Six years later, the ambitious goal looks as far away as ever. While the project has pushed the development of fuel-efficiency technologies, the popularity of sport-utility vehicles has raised the gas-burning habits of American families. And industry officials doubt that they will be able to make the cars by 2010, much less 2004.

Engineers for Dinner

No one is giving up, though. Every year, Mr. Gore invites auto engineers working on the supercar project to his residence in Washington, D.C., for a pep talk and a buffet dinner. The administration continues to dangle the prospects of rich research grants and a friendly hearing on regulatory issues. The vice president has never explicitly promised to go easy on Detroit, but auto-industry executives note with satisfaction that the Clinton administration hasn't ever raised auto-mileage requirements, though Mr. Clinton promised a steep increase during his 1992 campaign.

Still, the auto industry is hedging its bet on Mr. Gore. To make sure he doesn't revert to regulation, auto lobbyists have successfully pressed Congress during the past few years to approve legislation that bars the administration from raising mileage standards.

The two sides continue to dicker. At a meeting this May in Detroit, Mr. Gore pressed auto executives to work with the government to make supercar versions of gas-guzzling SUVs, which weren't included in the original project. He would put his environmental reputation on the line for them if they agreed, he promised.

"It would be like Nixon going to China," Mr. Gore told the group, according to several participants. "I'm the one with credibility in the environmental community; you need people to vouch for your environmental sensitivity."

A Different Agenda

Detroit had a different agenda. The executives wanted the government to require oil makers to remove nearly all the sulfur from gasoline, which would help Detroit meet proposed clean-air regulations -- even though the new fuel could cost the oil industry billions of dollars. Mr. Gore made no commitments.

But his staff says he had earlier weighed in with the U.S. Environmental Protection Agency to make sure new regulations made room for supercars even if they polluted more than conventional cars. And he told the auto makers that he would make sure senior EPA officials consider any new data they provided that demonstrate a need for nearly sulfur-free fuel. An EPA spokesman said it is "thoroughly appropriate" for Mr. Gore to highlight the auto makers' concerns.

Watching from the outside, though, Tom Wylie, vice president of government relations for oil refiner Sunoco Inc., can't help wondering if the administration is playing favorites. The supercar project "is a perfect example of how sophisticated industries can build on the vice president's interests for their own advantage," he says. "The headline should be: 'Who's scamming who?'"

Indeed, the closer Mr. Gore draws to the auto makers, the further away he drives oil producers, who already distrust the White House because of an early attempt to raise energy taxes. Mr. Gore has dispatched Deputy Commerce Secretary Robert Mallett to persuade the oil companies to sign on to a superfuel project nearly as ambitious as the supercar initiative, but with no luck so far. To make participation more lucrative,

White House Chief of Staff John Podesta is weighing tax relief and research grants that could be offered to the oil patch.

The oil companies "suggested that their skepticism" about joining a superfuels project, in part, "was based on the environmental rigor this administration has had," Mr. Mallett says. "I said, 'We can't make an apology for that.' " Privately, oil company executives are blunter: They say they don't join because of the project's potential costs and because they don't trust Mr. Gore.

The vice president figures that the oil companies will either join the project or suffer when demand rises for new fuels to power supercars. "Those that don't want to play will be beaten in the marketplace," he says.