



**The Daily Dish**

# Rules So We Can Have HAVs

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | SEPTEMBER 22, 2016

On Wednesday the Senate Finance Committee voted to save the coal miners pension plan in order to keep it from insolvency. If the bill is not passed by Congress by the end of the year, 20,000 coal miners, and their families, could lose health care benefits and 100,000 miners would face losing their pensions in the coming months. The bill received bipartisan committee support in a vote of 18-8.

The Federal Reserve decided on Wednesday to keep interest rates steady but stated the case for raising interest rates in the near future has strengthened. While the majority voted to keep rates steady, three members dissented and voted to raise rates. With the next Federal Reserve meeting scheduled to occur November 1<sup>st</sup> and 2<sup>nd</sup> it is expected the Federal Reserve will wait until their December meeting to raise rates.

Last chance to RSVP to today's event examining the council of regulators and its designation process. Specifically, the event will focus on factors the FSOC considers in designating banks and non-bank financial institutions, how to determine the systemic risk posed by these companies, and how the process can and should be improved.

To find out more about the event and to RSVP please [click here](#).

## *Eakinomics: Rules So We Can Have HAVs*

Highly Automated Vehicles (HAVs) are the official nomenclature for driverless cars. This week, the National Highway Traffic Safety Administration (NHTSA) rolled out (pun intended) its “[policy guidance](#)” regarding HAVs. Guidance is a less formal step than rule making (although NHTSA did invite comments on its policy) but NHTSA evinced an interest in moving quickly. It points out that 94 percent of crashes are due to human choice or error. As a result, “Automated vehicles have the potential to save thousands of lives, driving the single biggest leap in road safety that our country has ever taken,” said U.S. Transportation Secretary Anthony Foxx. “This policy is an unprecedented step by the federal government to harness the benefits of transformative technology by providing a framework for how to do it safely.”

NHTSA's goal is to provide a clear, national approach to ease the development and deployment of HAVs. In doing so, it acknowledges that harm could be done to innovation and lives if the regulatory system drags out the development stages. To ensure greater uniformity, the NHTSA discarded its own standard of automation, and adopted the international standard. It also provides a model state legislation (but does not mandate it).

Finally, to ensure adequate safety it moved away from self-certification (by auto makers) that vehicles are in compliance with safety standards. Instead “Among the categories of new regulatory tools and authorities DOT [Department of Transportation] might apply to regulate the safety of HAVs are pre-market safety assurance tools. Such tools could include pre-market testing, data, and analyses reported by a vehicle manufacturer or other entity to DOT. Those tools would be designed to demonstrate that motor vehicle manufacturers’ and other entities’ design, manufacturing, and testing processes apply NHTSA performance guidance, industry best practices, and other performance criteria and standards to assure the safe operation of motor vehicles, before those vehicles are deployed on public roads.”

While this puts more pre-market power in the hands of the regulators, it is not the strictest possible standard. NHTSA notes that “A second type of regulatory authority used by other government agencies, but not presently part of NHTSA’s authority, is pre-market approval authority. Pre-market approval authority is a separate and distinct authority and regulatory approach from safety assurance. Pre-market approval also is a substantially different regulatory approach than the self-certification approach established by Congress and used by NHTSA today. Other agencies have used pre-market approval successfully to regulate the introduction of new products and technologies. For example, the Federal Aviation Administration (FAA) uses pre-market approval processes to regulate the safety of complex, software-driven products like autopilot systems on commercial aircraft, and unmanned aircraft systems.”

Pre-market approval would require legislation from Congress. It would slow down and make development more expensive, but it is closer to the approach used elsewhere. In this way, it would permit U.S. cars to be exported more quickly.

It is a fascinating area. Stay tuned for more developments.