朋友, Where's My Car?

By George Damon Levy

As vehicle ownership in developing economies like China begins to approach Western levels, the world's known oil reserves will disappear, a crisis that demands the application of collective intelligence on a global scale. History suggests it won't be forthcoming anytime soon.

The good news for the global auto industry is that in the coming decades they will sell a staggering number of new vehicles. The bad news is that there won't be any gas to put in them.

The demand for vehicles in places like China and India is skyrocketing. As vehicle ownership even begins to approach Western levels, the entire global crude oil supply will be spoken for. A situation that could plunge the world into global war.

You would think, then, that these companies and the governments around the world that dictate to a large degree what kind of fuel efficiency their vehicles must achieve would be gathering in endless meetings in order to address the problem, a beehive of collective intelligence in action.

And you would be completely wrong.

Even today there are very few global standards for fuel economy, vehicle emissions or pretty much anything else when it comes to automobiles. The vast majority of issues are still decided on a country-by-country and company-by-company basis. It reminds one of the early days of the automobile when electric vehicles were highly popular and died off in large part because electric car manufacturers insisted on their own proprietary plugs for their recharging stations. The owner of a Detroit Electric Vehicle, therefore, could not recharge at a Baker Electric Vehicle recharging station and vice versa. Why should I dilute my customer's dependence on me, EV makers seemed to say, just to, um, stay in business?

Clearly what's called for in situations like this is collective intelligence of the most basic kind and yet even today it is slow in forthcoming. And if recent history is any guide, we should not expect it anytime soon. In the early 1970s the global automotive industry faced a similar crisis. Reacting in alarm to the increasingly deadly pollution problems in major cities like New York and Los Angeles, the U.S. government imposed strict emissions standards and gave automakers a limited number of years in which to meet them. Only General Motors was able to solve the problem, in part because only GM was big enough to marshal enough great minds to tackle it. Collective intelligence, but within the confines of a single corporate entity. The result was the catalytic converter, a literally game-changing technology which overnight reduced harmful vehicle emissions by over 90%.

So the system sort of worked, right? Not really. Yes, catalytic converters began to be used by every automaker selling vehicles in the U.S., but they only did so because GM gave them the technology. In one of the greatest examples of corporate largesse – think about how rarely you see those two words together -- in world history, GM allowed every competing manufacturer to use the technology royalty-free.

The company's motives were not completely altruistic. GM was by far the market leader and since the '50s had been warned by federal regulators that if its market share grew, it would be subject to anti-monopoly legislation. Simply put, if GM had withheld the catalytic converter from its competitors it would have put all of them out of business in the world's largest auto market overnight – and woken up the next morning to subpoenas to appear in front of the U.S. Congress.

The greater tragedy this time around is that the technology to fend off the looming energy supply crisis already exists. It could be implemented tomorrow. Fuel cell technology is not quite ready for mass production, but advanced electric and hybrid technology is. The technology exists, for example, to cost-effectively convert not just future vehicles but every existing vehicle to electric or part-time electric (hybrid) drive. But so far no government is demanding it and no automaker has committed to it.

In the global auto industry, the biggest obstacle to collective intelligence is not a shortage of intellectual capital, but the lack of a crisis big enough and urgent enough to compel it into action.