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Transportation
~~INFORMATION~~
Decision
Indefinite
"Hold"

THE WHITE HOUSE
WASHINGTON

November 10, 1975

MEMORANDUM FOR: JIM CANNON
JIM CAVANAUGH * SGM
FROM: STEVE McCONAHEY
SUBJECT: Purpose, Membership and Time Frame
of Interagency Transportation Task Force

In response to your request, I will outline the major purpose, membership and time frame of the interagency task force that I have proposed.



PURPOSE

It is becoming increasingly clear that the transportation systems within a metropolitan area must be closely coordinated and integrated if they are to provide a balanced and efficient method of moving people and goods. In addition, it has become increasingly clear that transportation directly impacts the economic, cultural and environmental character of the metropolitan community. Finally, the mix and efficiency of transportation modes affects energy consumption during a time of energy shortage.

Despite this growing interrelationship of individual transportation modes, federal programs for the planning, development and operation of transportation systems are dispersed among five major agencies:

1. Department of Transportation with its programs of highway, urban transit, airlines and railroads.
2. Housing and Urban Development with its major urban planning and development programs.
3. Health, Education and Welfare with its requirements and financial support for transportation of the elderly and disadvantaged.

4. Environmental Protection Agency with its oversight of environmental impact and transportation control.
5. Federal Energy Administration with its regulations as well as research and conservation efforts.

These multi-agency programs have grown over the years into individually funded activities, each with their own purpose, regulations, procedures, etc. They have grown to overlap one another, duplicate one another and present State and local officials with a complex and often-times inconsistent set of requirements to receive this federal assistance. In addition, these splintered programs have magnified the cost impact of federal support because they have continued to force increased levels of funding through separate and distinct channels when a consolidated and lesser amount of funds would be able to meet the priorities of local communities.

As a result of these conditions, there is a need to review the federal transportation effort to ensure that it reflects the proper federal role and to ensure that it is structured and administered in the most efficient, equitable and cost effective way. The interagency task force which I have proposed would address this major task in a two-part sequence:

1. To identify the full set of federal metropolitan directed transportation programs in an effort to compare their purposes, their unique procedures and requirements, their financial relationships and their linkages to other transportation and urban programs with an eye on documenting existing inconsistencies, gaps and overlaps.
2. To propose specific administrative and legislative initiatives to streamline, clarify, consolidate and restructure these federal programs.

MEMBERSHIP

To accomplish this task, I recommend an interagency group, chaired by the Domestic Council, with representation from each of the major agencies identified as having transportation responsibilities. In each case, I would propose to have one high level official act as the formal representative of that agency, but also identify a stable of working group members with selective expertise in particular program areas. Initially, I would propose the following list of formal members:

1. Domestic Council: Stephen G. McConahey, Chairman.
2. Office of Management and Budget: Cal Collier, Associate Director.
3. Department of Transportation: Donald Bliss, Special Assistant to the Secretary.
4. Housing and Urban Development: David O. Meeker, Assistant Secretary for Community Planning and Development.
5. Health, Education and Welfare: Mr. Stanley Thomas, Assistant Secretary for Human Resources.
6. Federal Energy Administration: John A. Hill, Deputy Administrator.
7. Environmental Protection Agency: Alvin L. Alm, Assistant Administrator for Planning and Management.

I would propose that this group meet every other month to review progress and specific proposals, and the working group to meet regularly based on specific assignments and projects.

TIMEFRAME

I would recommend that the task force be organized for a December 1 start-up date. As a result, this group could be identified as an example of how the Administration is evaluating existing programs in an effort to streamline them and make them more cost effective. I would anticipate that by April 1, 1976, preliminary results could be documented to trigger a decision of whether or not to proceed with the task force and if so, on what specific issues. If work proceeded, I would anticipate that by early June specific recommendations could be finalized and necessary background information made available to execute administrative actions and submit legislative proposals.

RECOMMENDATION

I recommend your approval of this interagency group. I will be happy to discuss any questions you may have.

_____ APPROVE

_____ DISAPPROVE

72

*11/22/75
Jim Cavanaugh
Ms talk with me about this*

THE WHITE HOUSE
WASHINGTON

DECISION

October 22, 1975

MEMORANDUM FOR:

JIM CANNON
JIM CAVANAUGH

FROM:

STEVE McCONAHEY *SEM*

SUBJECT:

Interagency Transportation
Review Group

In my memo to you outlining possible actions in response to the President's statement on budgetary and program review, I mentioned the possibility of establishing an interagency group under my direction to review multiple agency programs affecting metropolitan transportation. This group would analyze existing programs and identify specific legislative, regulatory, organizational and procedural improvements that would make our Federal effort more rational, consistent and cost effective.

I believe the proliferation of transportation programs and the growing inter-relationship of transportation, urban land use and development, energy conservation and environmental control require this type of cross agency review. In the short term, this group could be identified by the President as an example of what the Administration is doing to consolidate programs, eliminate unnecessary and inconsistent requirements and search for more cost-effective approaches. In the longer term (6 months), this group could be the genesis for legislative and administrative initiatives.

I believe this type of activity is one which the Domestic Council should undertake, and I request your consideration and approval.

Upon receipt of an initial go ahead, I will provide more specifics on the mission, membership and timeframe of this group.

_____ APPROVE

_____ DISAPPROVE

5/26/76

Cabinet Hour -

How to Run the Govt

TO DISCUSS WITH SECRETARY COLEMAN:

Post-Watergate

body

1. Women's Salaries

2. Navigability

W & Bill

3. Hudson River Tolls

Wm Fay & open up

4. Truckers' Meeting, 11:30 THURSDAY w/President

5. Busing



people of America found their
own
Constitution

but now even least
been there yet

THE WHITE HOUSE
WASHINGTON

J - Ph Hood.
Judy is
looking up
early comment
to Cleveland
Jim



THE WHITE HOUSE
WASHINGTON

FROM: DICK CHENEY

cc: Hope

Camm
MAY 27 1976

May 11, 1976

Dear Jim:

Your letter of today's date has reached my desk. Although I have not had an opportunity to absorb fully the excellent points you raised, I intend to study it in depth later today.

You have been in the front line on my behalf and I respect your judgment on what can and should be done.

With warmest personal regards,

Sincerely,

JERRY FORD

The Honorable James C. Cleveland
House of Representatives
Washington, D.C. 20515

bcc: w/incoming to John Marsh
Rogers C.B. Morton
~~Dick Cheney~~



GRF:MLF:JEB:VO:vo

20 11 MA 1 1976

JAMES C. CLEVELAND
2d DISTRICT, NEW HAMPSHIRE

COMMITTEES:
PUBLIC WORKS
HOUSE ADMINISTRATION
JOINT COMMITTEE ON
CONGRESSIONAL OPERATIONS

5-11

Congress of the United States
House of Representatives
Washington, D.C. 20515

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May 11, 1976

MAY 1 1976

Honorable Gerald Ford
President of the United States of America
The White House
Washington, D. C.

Dear Jerry:

When I agreed to take over your campaign in New Hampshire, you agreed that to the extent possible you would accept input. During the campaign this worked out pretty well and I have no complaints on that score.

Since the New Hampshire campaign, however, I have gradually decided that there is some additional input I should share with you. I think it is important. Based on the New Hampshire experience and discussions with people in other states, I would like to make the following suggestions:

- 1) Jerry Ford unrehearsed (but obviously not unbriefed) is your strong suit--and really strong.
- 2) But, as President you are perceived as being responsible for the government of the United States and that's the problem.

Some of the myriad departments and agencies of your government seem hell bent to ruin your candidacy. I won't burden you with a long and melancholy list. In New Hampshire it could be best summed up by the Coast Guard takeover of our lakes. Here is a situation where your people (Dr. James Cannon) in the White House and the people at the Department of Transportation absolutely promised me there was no way to step back and take another look. Based on this assertion, which made a liar out of me and inferentially one out of you, we addressed the problem during the campaign. Two months later they suddenly found there was a way. And then I was the last to be told!

From this type of situation I believe there is a lesson to be learned and I think there is still time. The bureaucratic first reaction that "there is no way" is pervasive. Damn it, there is almost always a way. You or somebody on your behalf has got to get this message across to the decision makers in your administration.

5/11/76

I am not and I repeat I am not suggesting that every Congressional shopping list be promptly filled.

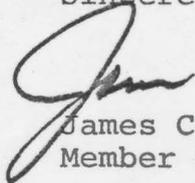
I am suggesting that legitimate gripes about foolish and arrogant and unnecessary abuses of the government-- your government-- be acted on decisively.

This is an urgent message from the firing line. Too many of your people do not know where the firing line is-- or for that matter that there is one.

It is true that some of the problems cannot be solved by the executive, but it is equally true that some of the problems which can be solved are not being effectively addressed.

The solution? Not easy but as a starter you should have someone with power designated to act in this area and available to listen.

Sincerely,



James C. Cleveland
Member of Congress

JCC/jem

*P.S. Most of this was dictated before
Texas & Indiana - & since then I am
sure you've been getting plenty of
advice - maybe too much - but
my principal point remains important*

Hope
Sent 7/7

THE WHITE HOUSE

WASHINGTON

June 30, 1976

MEMORANDUM FOR: JIM CANNON
FROM: JUDITH RICHARDS-HOPE
SUBJECT: Weekly Status Report



I. PRESIDENTIAL ACTION (Next 7-10 days)

Airport and Airways Development Act Program (ADAP)

This afternoon the House passed the ADAP bill, 309 to 103. It will be here for Presidential decision tonight or early tomorrow. DOT will urge signing; OMB will probably concur.

Local officials and airport/airline interests who have been awaiting this bill for 18 months urge a signing ceremony. I concur, and will submit a schedule proposal in the next day or two.

II. CANNON ACTION (Next 7-10 days)

13(c)

In a joint memorandum dated June 25, 1976, Secretaries Coleman and Usery submitted to the President their sides of the 13(c) problem, and requested a meeting. I will co-ordinate with your concurrence.

*Sub
Sent to
Cannon
7/2*

*Summarized
and back to you -
7/2*

III. STATUS OF MAJOR ASSIGNMENTS

Aircraft Noise: Retrofit and Replacement

DOT's retrofit and replacement policy has been held up by Domestic Council and OMB and DOT is reviewing their ideas. "A high White House source" has indicated that if the present proposal were to reach the EPB, it would be killed.

*Judith
what would it cost?
\$ 3.6 billion
for starters.
Too much.*

THE WHITE HOUSE
WASHINGTON

July 20

Seidman
Lynn working on this
Scowcroft

CAB : Transatlantic Route
 Proceedings

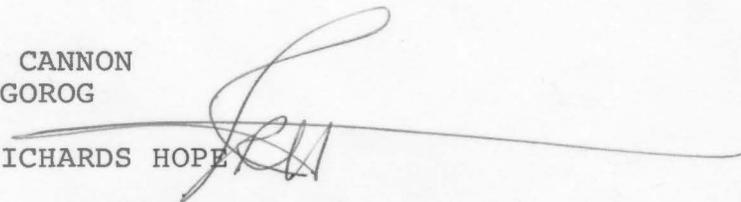
cd



THE WHITE HOUSE
WASHINGTON
July 16, 1976

3:00 mtg
801

MEMORANDUM FOR: JAMES M. CANNON
WILLIAM GOROG

FROM: JUDITH RICHARDS HOPE 

SUBJECT: CAB: Transatlantic Route Proceeding

SUMMARY

The CAB's decision arrived at the White House on July 15. We must decide by July 20 whether to classify all or any part of the decision. CAB then has 5 days to process the publication-non-publication of part or all of the decision. During this time, emergency decisions could be made to classify/declassify additional portions of the decision.

Basically, the decision renews all existing authority and adds much authority, particularly in connection with service to London. As you know, on June 22, 1976, Britain gave notice of their intent to terminate the Bermuda agreement on June 22, 1977. (This agreement negotiated in 1946 and last modified in 1966, governs all Great Britain-USA flights.) Thus, even if the present CAB decision stands, it may not go into effect by next summer because of new British-US treaty negotiations.

Note: Chairman John Robson strongly dissented from the CAB's decision on the basis that their grants of new routes were not premised on adequate statics or any systematic route analysis.

SUMMARY OF CAB DECISION

Steve Piper (CIEP) advises that CAB has made the following basic decisions:

1. TWA Renew all existing authority and add Cleveland, Pittsburgh, St. Louis, Denver, Minneapolis and Kansas City as permissible departure points for direct service to London.



2. Pan Am Renew existing authority except: remove service from Norway, Sweden, Finland, Iceland, Estonia, Latvia and Lithuania (which Pan Am hadn't been serving anyway.)

Add mandatory service from Dallas-Fort Worth to London.
3. National Renew existing authority. Add direct service to London from Tampa and New Orleans.
4. Northwest Has no present European service. Will get service to Glasgow, Denmark, Norway, Sweden, Finland and Iceland from: Seattle, Portland, Los Angeles, Chicago, Detroit, District of Columbia and New York City.
5. Delta Gets service out of Atlanta, and "1-stop" service from Dallas and Houston. If Pan Am fails to operate, then Delta receives non-stop rights out of Dallas-Houston.

cc: Steve Piper

**THE REPORT
BY
THE FEDERAL TASK FORCE
ON MOTOR VEHICLE GOALS
BEYOND 1980**

**VOLUME 1
EXECUTIVE SUMMARY**

DRAFT



JULY 23, 1976

MOTOR VEHICLE GOALS BEYOND 1980

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1. MOTOR VEHICLE GOALS BEYOND 1980

— BASIS FOR THE STUDY —

On March 21, 1975, the Chairman of the Energy Resources Council in a letter to the council members stated —

AS PART OF THE NATION'S LONG RANGE EFFORT TO CONSERVE ENERGY, THERE IS A NEED TO SET MOTOR VEHICLE FUEL ECONOMY GOALS BEYOND 1980 — KEEPING IN MIND THE NEED FOR COMPATIBILITY WITH ENVIRONMENTAL, SAFETY, AND ECONOMIC OBJECTIVES. THE SECRETARY OF TRANSPORTATION WAS REQUESTED TO LEAD A JOINT FEDERAL TASK FORCE TO RECOMMEND THESE GOALS.*

The assigned Task Force consisted of the:

Department of Transportation (DOT)
Environmental Protection Agency (EPA)
Energy Research and Development Administration (ERDA)
Federal Energy Administration (FEA)
National Science Foundation (NSF)

The Task Force has also drawn upon other departments of the government, including the:

Department of Commerce (DOC)
Department of Defense (DOD)
Department of Labor (DOL)
National Aeronautics and Space Administration (NASA)

*See Appendix 1 for letter of assignment.

ORGANIZATION AND PUBLICATIONS

The Task Force formed the following eight study panels on automobiles:

Air Quality, Noise and Health (EPA Chairman);
Safety (NHTSA Chairman);
Fuels and Materials Resources (ERDA Chairman);
Automotive Design (DOT Chairman);
Automotive Manufacturing and Maintenance (DOT Chairman);
Marketing and Mobility (FEA Chairman);
National, Industrial and Consumer Economics (DOT Chairman);
and,
Alternate Implementation Strategies (DOT Chairman).

Each Panel prepared a report of its studies which has been published and which served as input to the Task Force analysis.

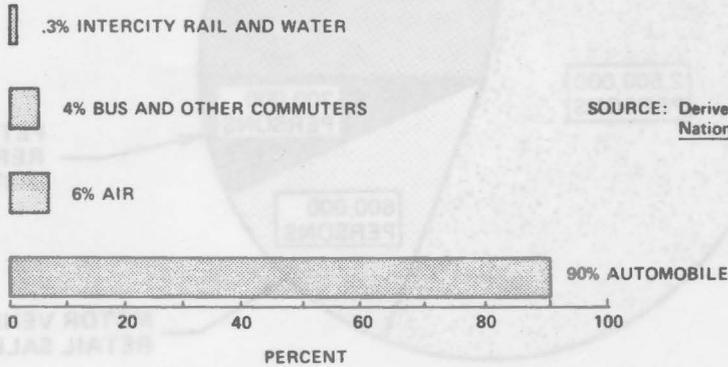
The Task Force analysis is contained in three volumes:

Volume 1 Executive Summary
Volume 2 Task Force Report
Volume 3 Appendices

A separate group was established under DOT chairmanship to study goals for Commercial Motor Vehicles after 1980. This group drew upon additional resources from the Interstate Commerce Commission and the U.S. Postal Service. The draft report of this group has also been published.

2. KEY CONSIDERATIONS UNDERLYING STUDY

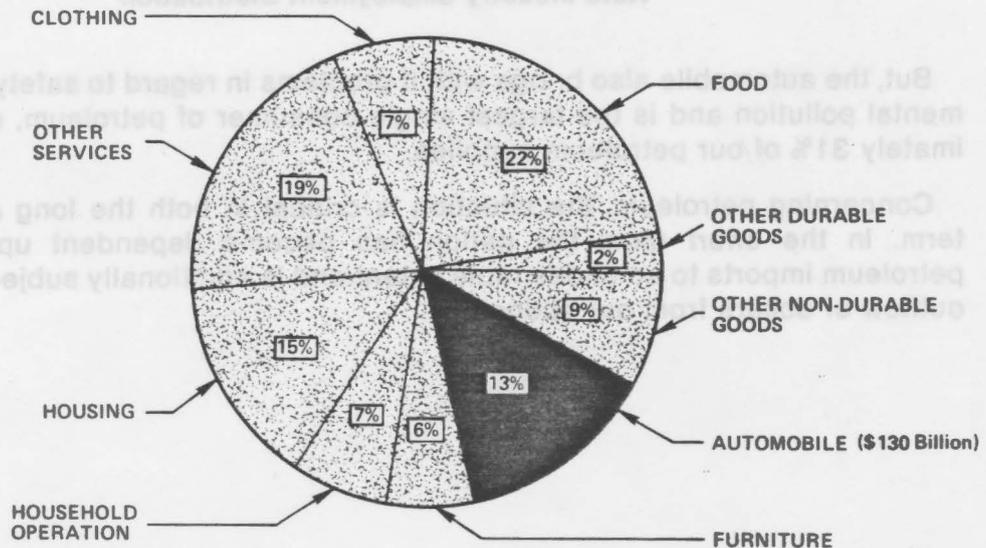
The automobile occupies a critical role in national mobility, economics, environment and safety, and therefore American lifestyle. It is, and will continue to be for the foreseeable future, the most universally accepted form of personal transportation in the United States. It is the most flexible and responsive transportation mode and is used for 90% of all personal travel.



SOURCE: Derived from U.S. Dept. of Transportation, National Transportation Statistics, 1975, Fig. 5

Personal Travel by Mode

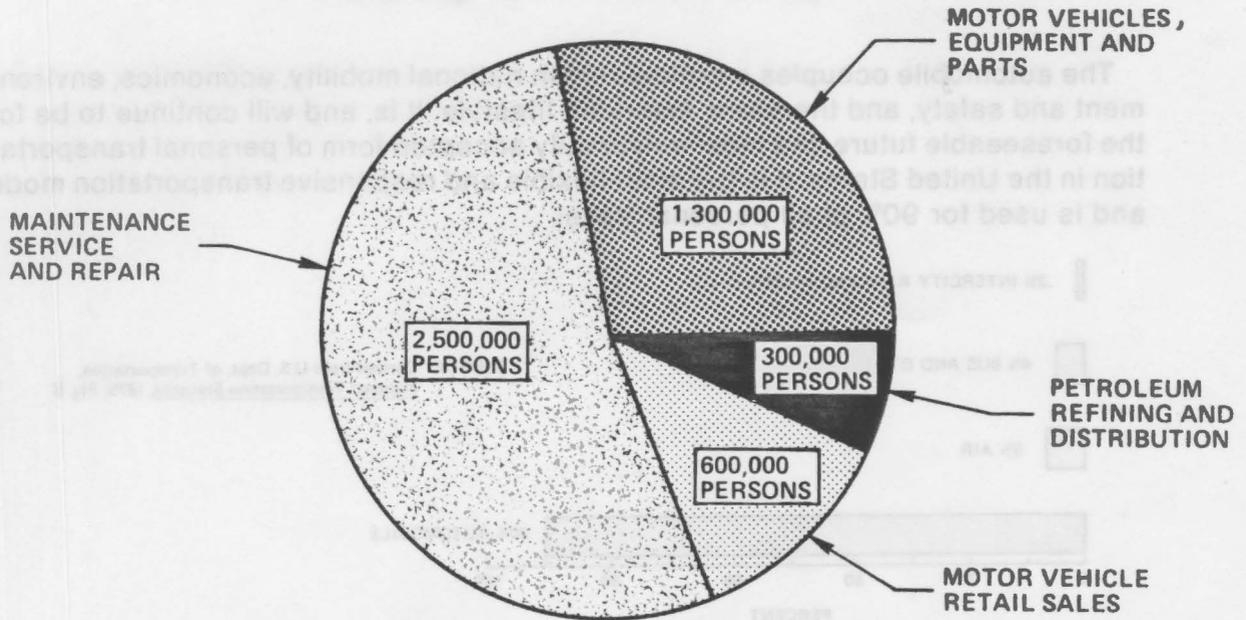
In the national economy, expenditures for operation of the automobile comprise the fourth largest item on which Americans spend their income — after food, housing, and other services, but ahead of clothing and medical care.



SOURCE: Survey of Current Business, March 1976

**Personal Consumption Expenditures
(TOTAL: \$1.0 Trillion)**

The automobile provides employment for approximately 4.7 million persons.



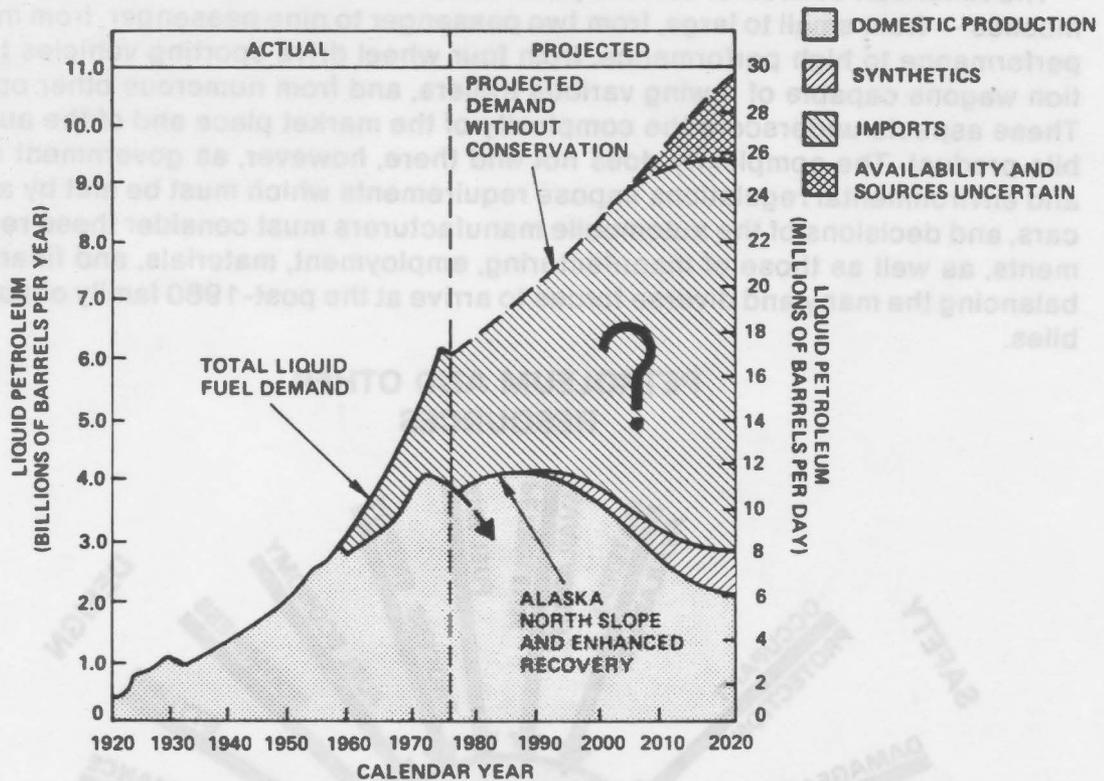
SOURCE: U.S. Bureau of the Census, Census of Manufacturers

Auto Industry Employment Distribution

But, the automobile also brings with it problems in regard to safety and environmental pollution and is the largest single consumer of petroleum, using approximately 31% of our petroleum supplies.

Concerning petroleum, the situation is critical in both the long and the short term. In the *short term*, the nation has become dependent upon uncertain petroleum imports to an undesirable extent and is additionally subject to the large outflow of dollars from our economy.

In the *long term*, a world-wide natural petroleum shortage is projected in the next 50 years. This is especially true with respect to domestic production.



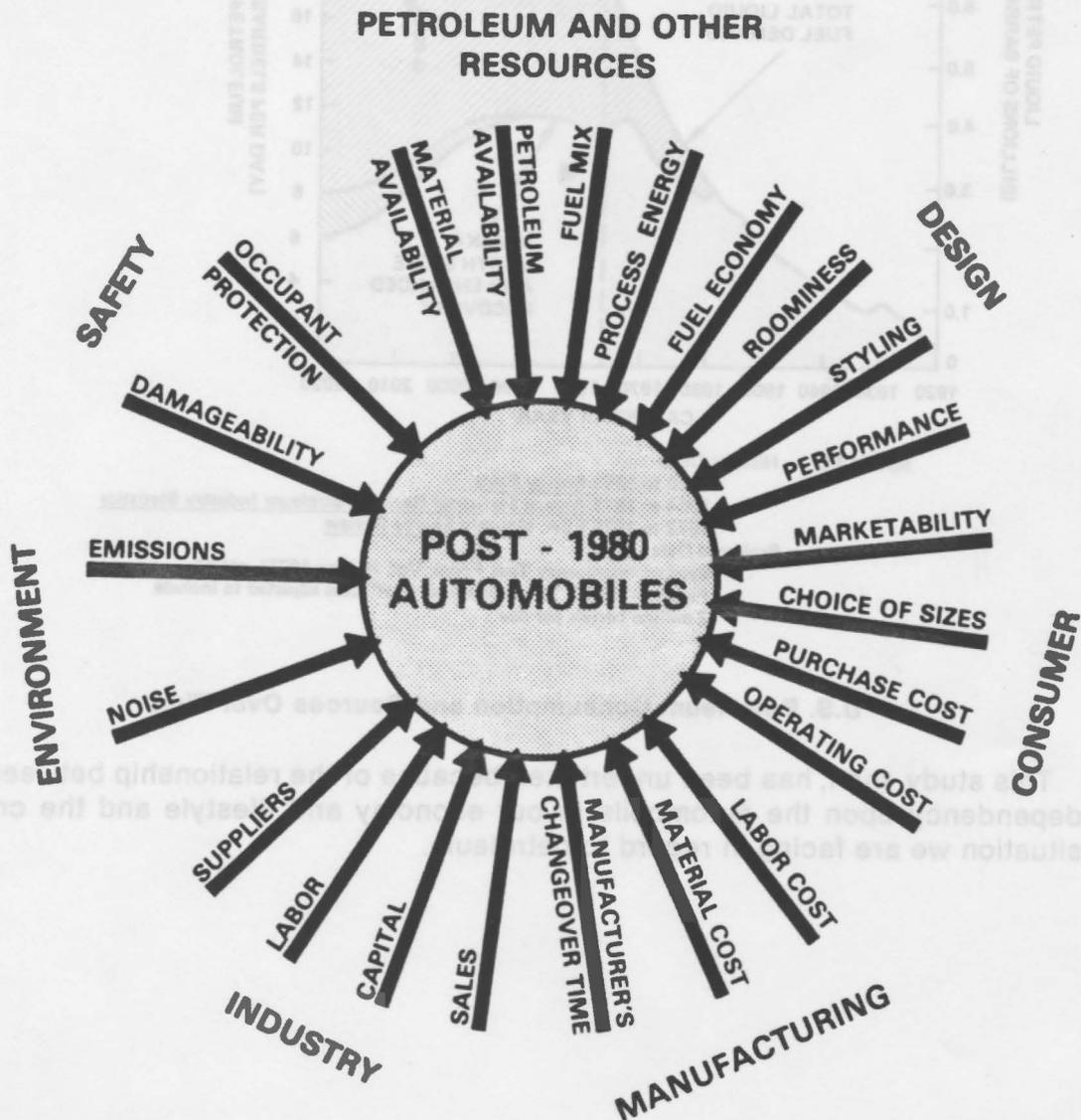
SOURCES: Historic Data:
 1920 to 1963 *Energy Facts*,
 1964 to 1973 *Annual Statistical Review, Petroleum Industry Statistics*
 1973 to 1975 *FEA, Monthly Energy Review*
 Projected Data:
 Synfuel Interagency Task Force, Vol. II (Nov 1975), p. 67,
 Figure 4-111-10, "High SynFuels Cost" case adjusted to include
 2 million barrels per day

U.S. Petroleum Consumption and Sources Over Time

This study, then, has been undertaken because of the relationship between our dependency upon the automobile in our economy and lifestyle and the critical situation we are facing in regard to petroleum.

3. THE AUTOMOBILE AFTER 1980

The American consumer currently can choose from among a wide range of automobiles — from small to large, from two passenger to nine passenger, from modest performance to high performance, from four wheel drive sporting vehicles to station wagons capable of towing various trailers, and from numerous other options. These aspects underscore the complexity of the market place and of the automobile product. The complexity does not end there, however, as government safety and environmental regulations impose requirements which must be met by all new cars, and decisions of the automobile manufacturers must consider these requirements, as well as those of manufacturing, employment, materials, and finance, in balancing the many and diverse forces to arrive at the post-1980 family of automobiles.



Post-1980 Automobiles Must Balance Many Requirements

4. APPROACH USED IN THE STUDY

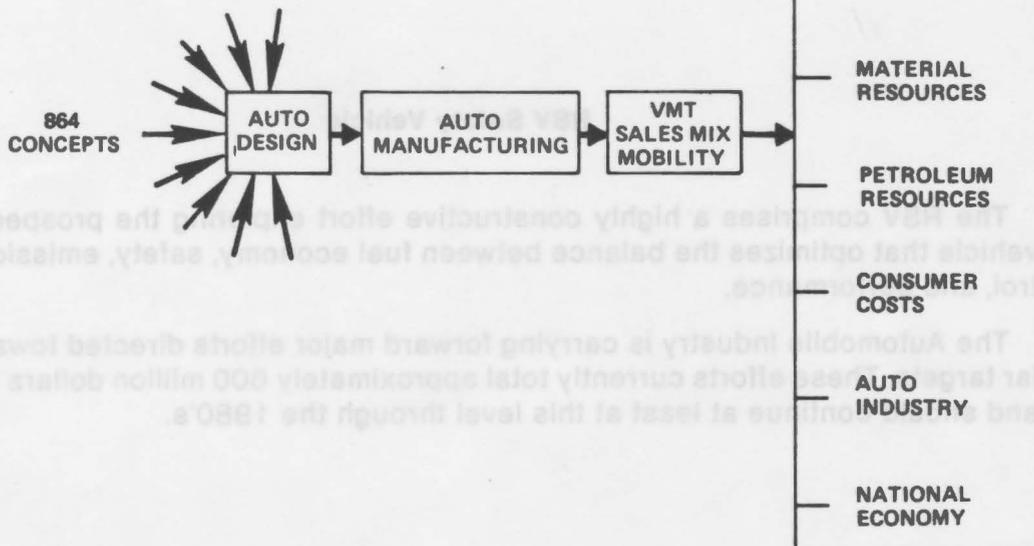
Petroleum conservation can be achieved by reduction of motor vehicle miles traveled (VMT), by improvement in motor vehicle fuel economy, or by both. The Task Force assignment was to focus on fuel economy. Therefore, discussion of methods for reducing vehicle miles traveled is presented only in brief summary in the main report.

Assuming a given mobility, the design of the motor vehicle determines (a) the degree to which the motor vehicle fleet meets the goals of safety, emissions and fuel economy, and (b) the impacts on national resource availability, the national economy, consumer cost and the automotive industry.

To estimate and evaluate the potential motor vehicle improvements, the Task Force:

- Selected a broad range of design concepts;
- Simulated the phase-in of these design concepts through production and into the market; and,
- Estimated the resulting effects on:

Total Fuel Use
Deaths and Injuries
Air Quality and Health
National Resource Availability
Automotive Industry
Consumer Costs
National Economy



Basic Approach to MVG Analysis

It should be emphasized that these evaluations are not forecasts. They are essentially explorations of possible development avenues. These avenues take off from the extensive information available to date.

While this report addresses itself to the 1980's and beyond, it should be recognized that major efforts to improve fuel economy and safety, and to reduce pollution are currently underway and have produced valuable results. The Government Research Safety Vehicle (RSV) program is illustrative of these activities which must be continued.



RSV Safety Vehicle

The RSV comprises a highly constructive effort exploring the prospects for a vehicle that optimizes the balance between fuel economy, safety, emissions control, and performance.

The Automobile Industry is carrying forward major efforts directed toward similar targets. These efforts currently total approximately 600 million dollars per year and should continue at least at this level through the 1980's.

It should also be noted that, since initiation of the study in mid-1975, there have been a number of changes in regulations affecting the automobile. These changes have, to a considerable degree, spelled out certain goals for the automobile. Congress has enacted the Energy Policy and Conservation Act (PL94-163) which, in part, prescribes a schedule of fuel economy standards to be met by passenger automobiles manufactured after 1977 and prescribes various other actions to increase automotive efficiency. Further, during the course of this study, amendments to the Clean Air Act have been debated and Congressional action on revised auto emission standards is imminent as of this writing.

Consideration of pending passive restraint system safety standards has also moved forward during the course of the study.

In this atmosphere of separate high level decision-making, the study has attempted to present a balanced view of the national automobile fleet in the context of all of its impacts, thereby providing appropriate interrelationships of the separate Government requirements heretofore placed upon the automobile. Such a balanced view should prove useful by providing the bases for future discussions and decisions. Certain of the preliminary findings of the study have already been used in the present Congressional deliberations on these fuel economy, safety, and emissions issues, thus recognizing the need for such a balanced framework for future decision making. This is a dynamic subject, however; therefore the framework will have to be updated to evaluate both developments as they occur and government strategies and regulations as they are proposed and implemented.

5. TASK FORCE CONCLUSIONS

Relative to a "business as usual" baseline of 1975 automobile characteristics (new car size mix, fuel economy, safety, and emissions, etc.) projected without change into the future and accounting for the expected growth in vehicle miles traveled, the Task Force Study concluded:

- **4 MILLION BARRELS PER DAY SAVING POTENTIAL BY 1995***

With substantial effort and investment, coupled with government/industry cooperation, the United States can achieve the following goals:

40-50% reduction in projected automobile fuel consumption*

30% reduction in projected light truck fuel consumption*

30% reduction in projected commercial vehicle fuel consumption* (separate report).

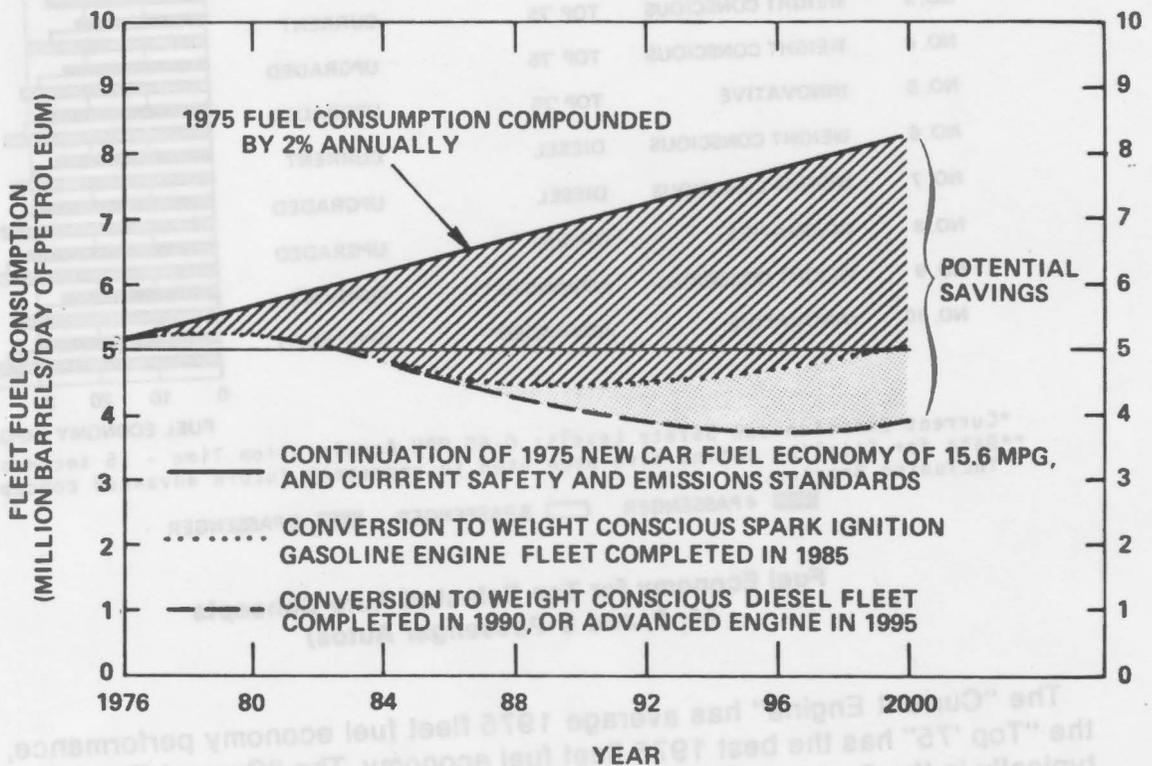


Auto/LDT/Tractor-Trailer

*Savings relative to 1975 fuel consumption compounded by annual growth in vehicle miles traveled.

● **40-50% REDUCTION IN PROJECTED AUTOMOBILE FUEL CONSUMPTION BY 1995**

With the 1975 automobile fleet fuel economy level of 15 mpg and with a projected 2% per year growth in vehicle miles traveled, the annual petroleum consumption over the next twenty years would rise by nearly 50 percent. However, this increase in consumption can be eliminated through the introduction of lighter weight auto structures, more fuel-efficient engines and more efficient auto drivetrains. These changes can prevent the projected increase in total fleet fuel consumption and by the mid-1990's can provide a net reduction of up to 1-1/3 million barrels per day in fleet fuel consumption as compared to 1975.

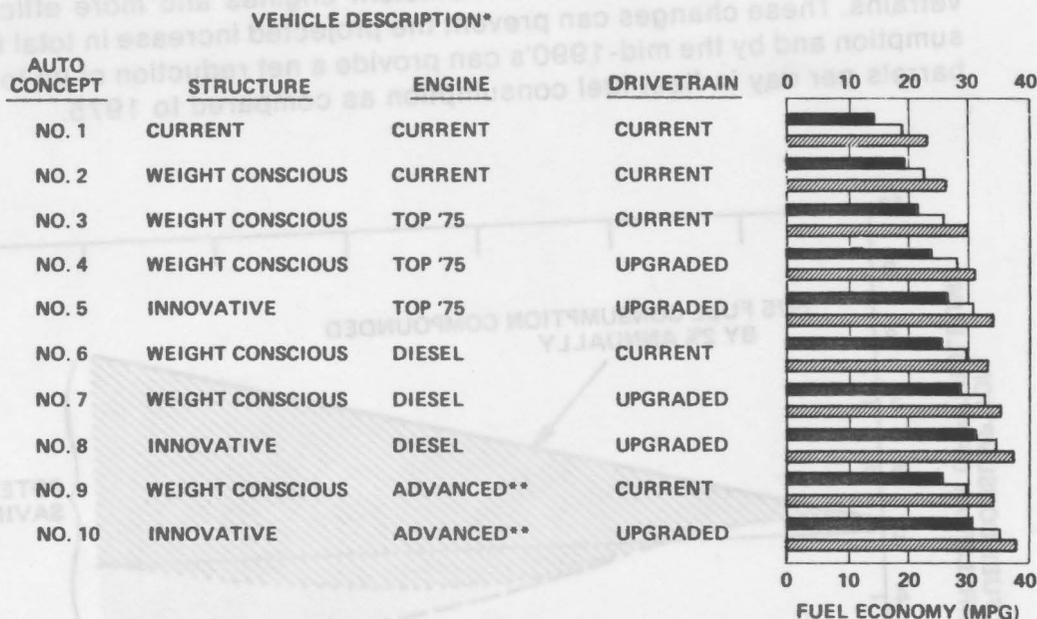


Projected Fuel Consumption

Excluding for the moment marketing and financial risks, the reduction in projected fuel consumption shown can be achieved through considerable improvements in automobile fuel economy in the 1980's at current environmental and safety standards.

● 80 TO 100% IMPROVEMENT IN INDIVIDUAL AUTOMOBILE FUEL ECONOMY

Projected fuel economy values range from 15 miles per gallon for the current 6-passenger automobile to more than 30 miles per gallon for the 6-passenger diesel and advanced engine powered vehicles, such as the gas turbine and Stirling.



*Current Emission and Safety Levels; 0-60 MPH Acceleration Time - 15 seconds.
 **Data for Stirling engine have been used to represent future advanced concepts, including Brayton.

▨ 4 PASSENGER □ 5 PASSENGER ■ 6 PASSENGER

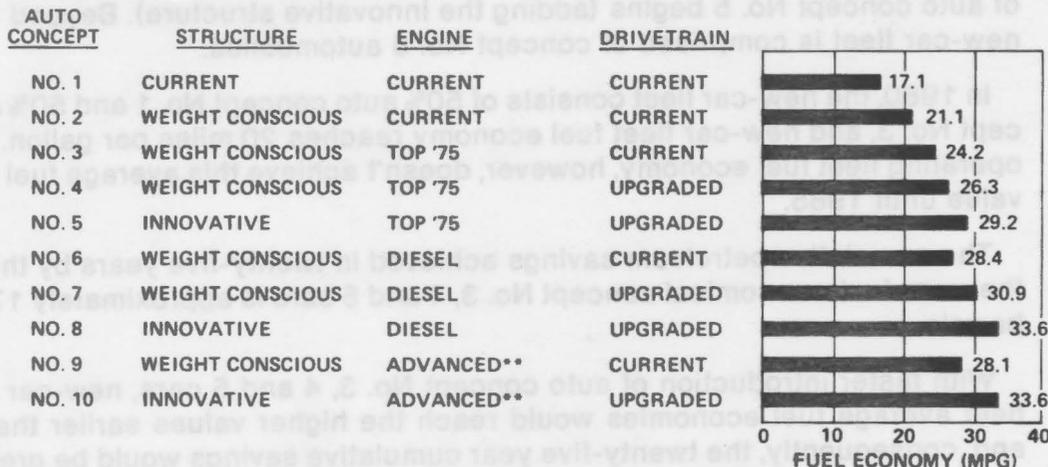
Fuel Economy for Ten Selected Auto Concepts (4, 5, and 6-Passenger Autos)

The "Current Engine" has average 1975 fleet fuel economy performance, and the "Top '75" has the best 1975 fleet fuel economy. The "Current Transmission" typically is the 3-speed automatic, and the "Upgraded" is a 4-speed with torque converter lock-up. The "Current Structure" is the typical 1975 structure; the "Weight Conscious" structure is the first step in significant weight reduction without sacrificing interior space; and the "Innovative" structure (the second step in weight reduction) utilizes 10% to 15% plastic/aluminum substitution.

● 80 TO 100% IMPROVEMENT IN NEW-CAR FLEET FUEL ECONOMY

With the current automobile size mix, which is about 50 percent 6-passenger cars, 25 percent 5-passenger cars, and 25 percent 4-passenger cars, the new-car auto fleet average fuel economy can be increased 80% to 100% by reducing car weight and by utilizing technologically-available powerplants and advanced transmissions.

VEHICLE DESCRIPTION*



*Current Emission and Safety Levels; 0-60 MPH Acceleration Time - 15 seconds.

**Data for Stirling engine have been used to represent future advanced concepts, including Brayton.

New-Car Fleet Fuel Economy of Ten Selected Auto Concepts
(Fleet Mix: 50% 6-Passenger, 25% 5-Passenger, 25% 4-Passenger Autos)

- **ACTUAL FUEL SAVINGS ARE DEPENDENT ON THE RATE OF INTRODUCTION OF NEW FUEL-ECONOMICAL CARS**

The average fuel economy of the total fleet — new cars plus old cars — lags behind the fuel economy of the new-car fleet.

For example, in the illustrative scenario*, phasing-in of auto concept No. 3 (weight conscious structure, Top '75 engine) begins in 1975 at the rate of 10% of new car production replacing auto concept No. 1 (essentially the current auto). In 1980, the phasing-in of auto concept No. 4 begins (adding the upgraded transmission at the rate of 10% of new-car production per year). Finally, in 1985, phasing-in of auto concept No. 5 begins (adding the innovative structure). Beyond 1995, the new-car fleet is comprised of concept No. 5 automobiles.

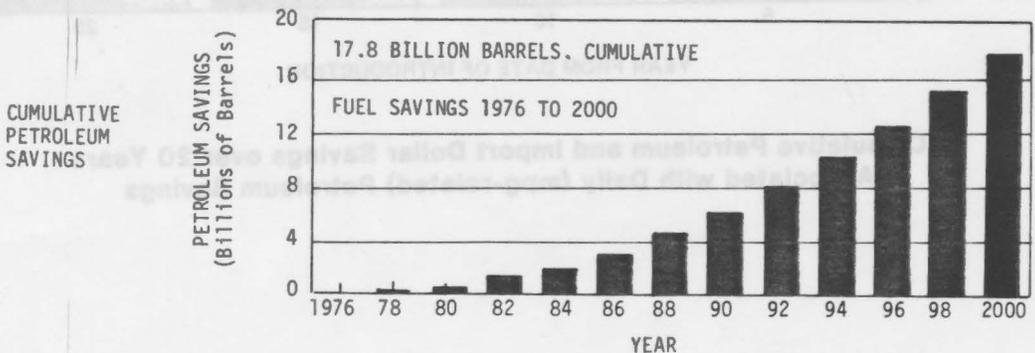
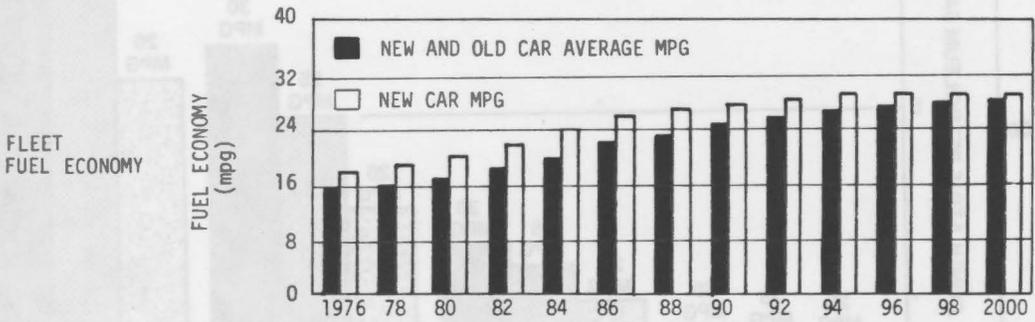
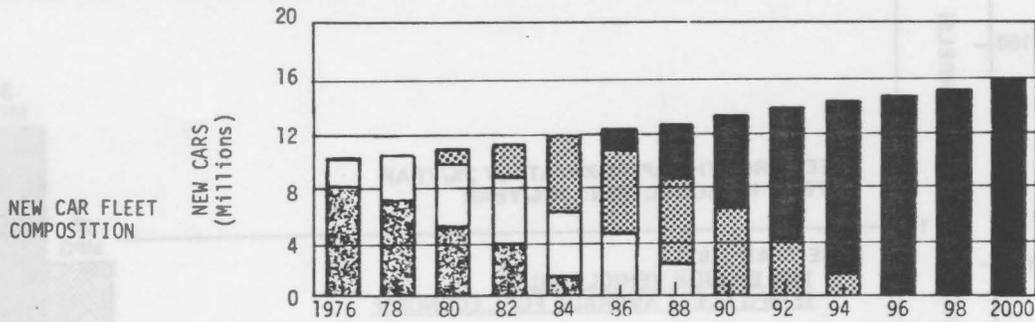
In 1980, the new-car fleet consists of 50% auto concept No. 1 and 50% auto concept No. 3, and new-car fleet fuel economy reaches 20 miles per gallon. The total operating fleet fuel economy, however, doesn't achieve this average fuel economy value until 1985.

The cumulative petroleum savings achieved in twenty-five years by this shift to the more fuel-economical concept No. 3, 4 and 5 cars is approximately 17.8 billion barrels.

With faster introduction of auto concept No. 3, 4 and 5 cars, new-car and total fleet average fuel economies would reach the higher values earlier than shown and, consequently, the twenty-five year cumulative savings would be greater than 17.8 billion barrels. Conversely, with slower introduction, the fleet average fuel economies would reach the higher levels later than shown and the twenty-five year cumulative savings would be lower than 17.8 billion barrels.

*Innovative Structure, Top '75 Otto, Upgraded Transmission (Scenario No. 2). This is one of ten time-phased scenarios using selected combinations of the 864 automobile design concepts considered.

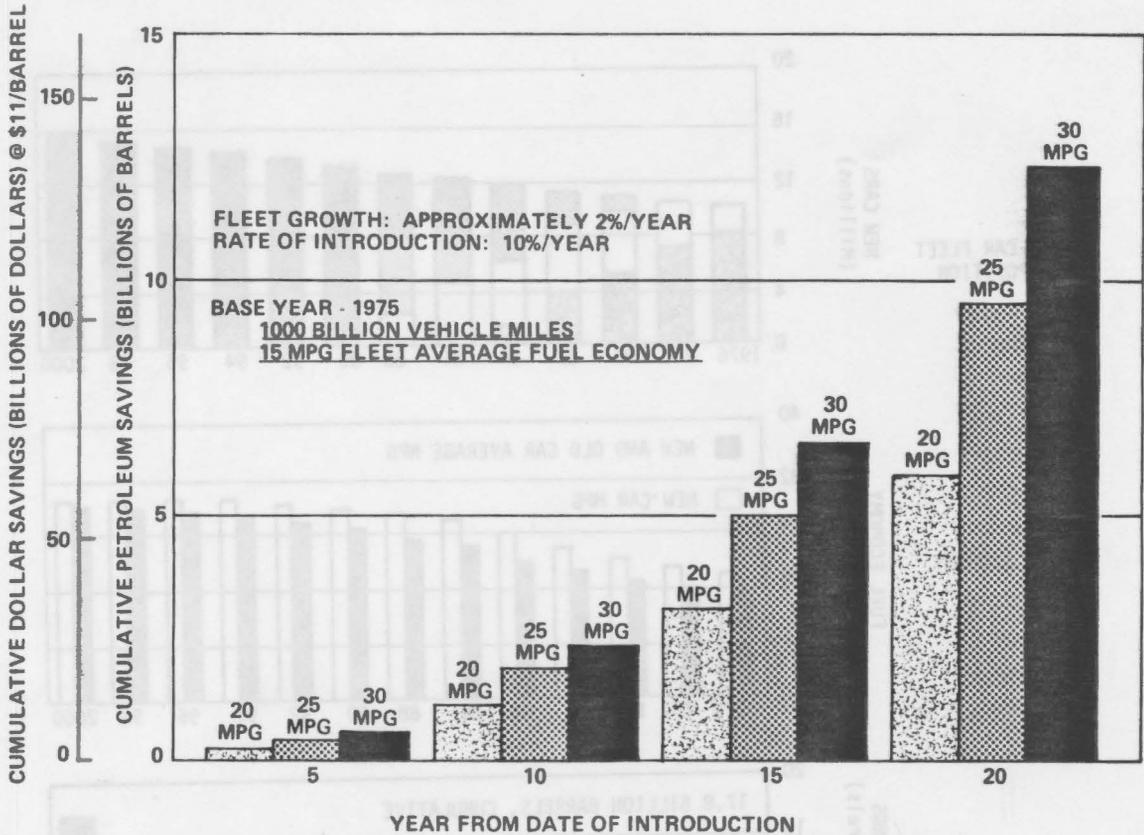
AUTO CONCEPT FLEET NO.	1	3	4	5
Structure	Current	Weight Conscious	Weight Conscious	Innovative
Engine	Current	Top '75	Top '75	Top '75
Transmission	Current	Current	Upgraded	Upgraded
Initiated	-	1975	1980	1985
Composite Fuel Economy	17.1	24.2	26.3	29.2



Illustrative Otto Engine (Scenario No. 2): Auto Concept No. 3 Phased-in 1975, Auto Concept No. 4 Phased-in 1980 and Auto Concept No. 5 Phased-in 1985 (Rate for Each 10%/Year of New-Car Fleet)



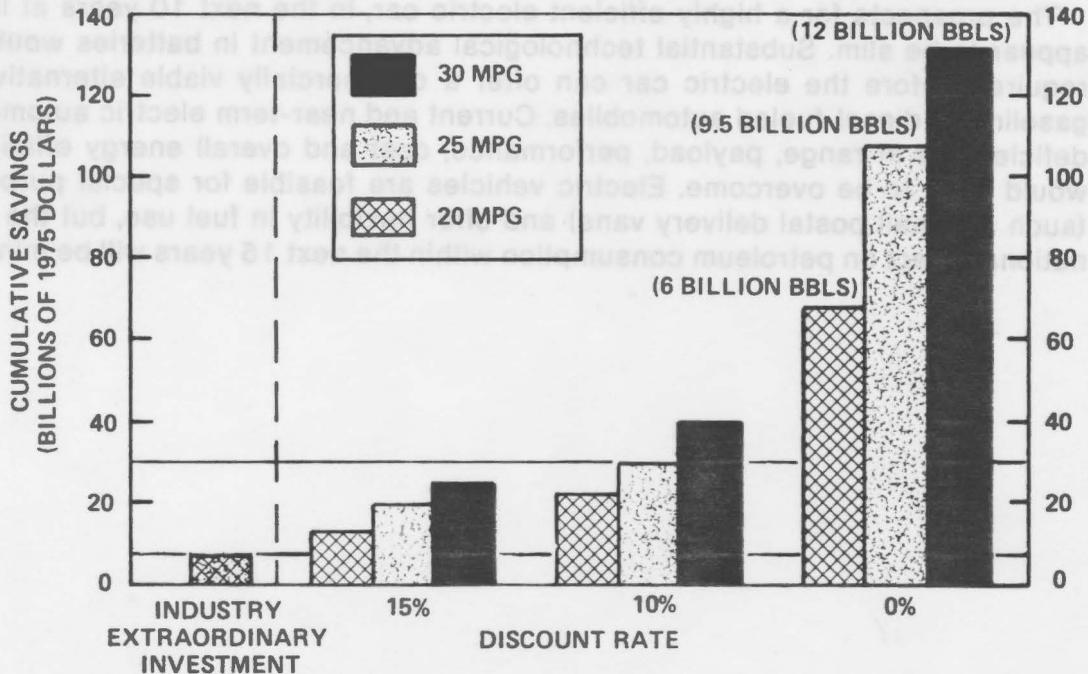
In general, the absolute value of the savings is dependent upon the rate of introduction of various combinations of fuel-economical new cars, the degree to which consumers purchase the more fuel-economical models and the balance, timing and methods used in achieving other important national objectives such as air quality improvement, improvement in vehicle and highway safety, and the maintenance of a strong domestic automotive industry.



Cumulative Petroleum and Import Dollar Savings over 20 Years Associated with Daily (mpg-related) Petroleum Savings

● ECONOMIC PAYBACK

The value to the nation of the potential automobile fuel savings greatly exceeds the costs (5 to 10 billion dollars net present value) of the investment necessary to obtain these savings. For example, a 25 mile per gallon fleet average fuel economy, set against a 1975 average of 15 miles per gallon, will save over a 20-year period approximately 9-1/2 billion barrels of petroleum (roughly the size of the Alaskan Prudhoe Bay Oil Field). At \$11 per barrel, this amounts to over 100 billion dollars. Even discounting these savings, as they occur, at a 10% rate, the present value is approximately 30 billion dollars which yields, on a national basis, a discounted return-on-investment of 600%!



Dollar Values of Automobile Fuel Savings Associated with Various Auto Concept Fuel Economies at Different Discount Rates Compared to Auto Industry Extraordinary Investment

● **ADVANCED ENGINES**

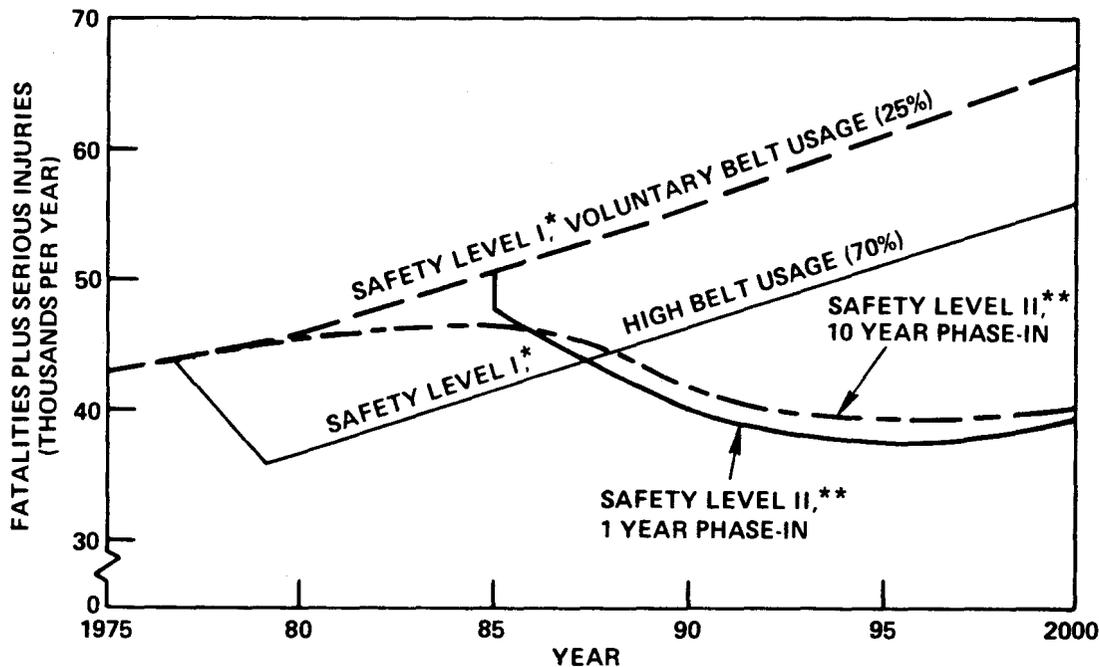
The prospect that a revolutionary new engine technology development would make a substantial impact on fuel efficiency within the 1980's is remote. Fuel-efficiency improvements will derive primarily from improvements in present body and frame structures, engines and their drivetrains. However, advanced engine technology, such as the turbine or the external combustion Stirling type, might enter the market in the last half of the 1980's and could provide, in the decade of the 1990's, another option for reducing automotive fuel consumption, or for reducing emissions, in addition to offering a multi-fuel capability.

● **ELECTRIC VEHICLES**

The prospects for a highly efficient electric car, in the next 10 years at least, appear to be slim. Substantial technological advancement in batteries would be required before the electric car can offer a commercially viable alternative to gasoline or diesel-fueled automobiles. Current and near-term electric automobile deficiencies in range, payload, performance, cost and overall energy efficiency would have to be overcome. Electric vehicles are feasible for special purposes (such as small postal delivery vans) and offer flexibility in fuel use, but the total national effect on petroleum consumption within the next 15 years will be minimal.

● SUBSTANTIAL REDUCTIONS IN AUTO DEATHS AND INJURIES ARE ACHIEVABLE

A transition to more compact, properly-designed, lighter-weight automobile designs is not projected to increase auto occupant fatalities and injuries. Growth in the number of vehicles, vehicle miles traveled, and number of drivers, however, are predicted to result in a 71% increase in fatalities and serious injuries by the year 2000 if new safety countermeasures are not adopted. Increased seat belt utilization would significantly reduce the automobile accident death and injury toll at the earliest date, while safety level II is shown to address the longer-term reduction in fatalities and serious injuries. Estimated cost increments for present safety standards center around \$230 per car. Additional reductions in automobile occupant fatalities can be obtained through cost-beneficial highway and driver countermeasures.



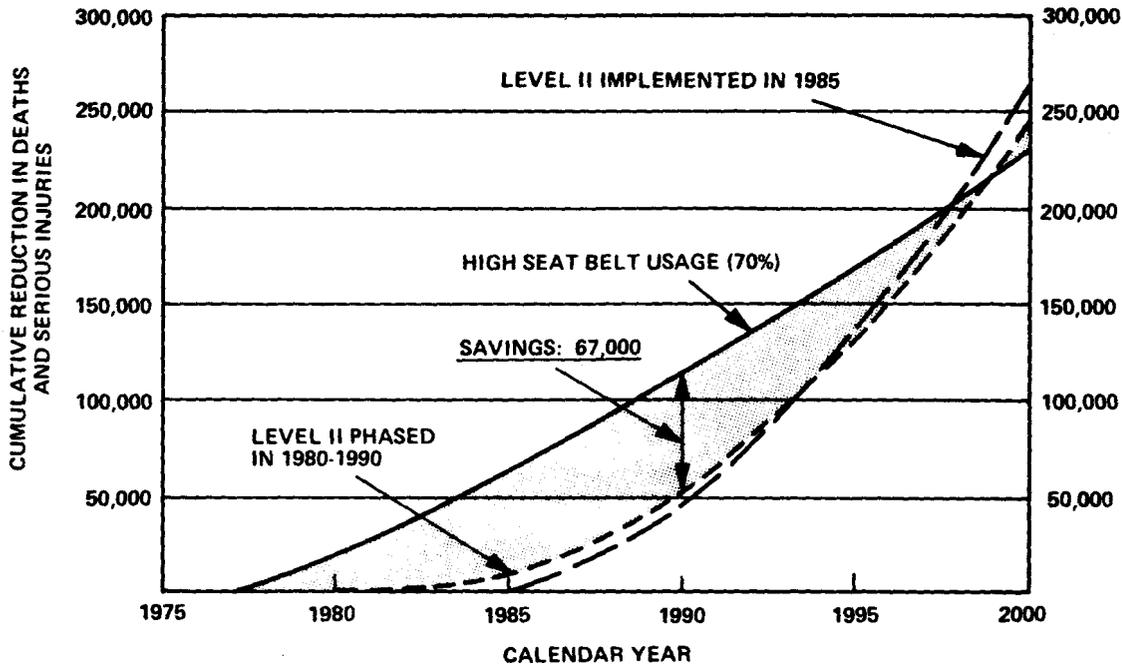
**Predicted Annual Auto Occupant Deaths and Serious Injuries
From Front, Side and Rear Collision Modes**

	Crashworthiness	Crash Avoidance
SAFETY LEVEL I	All FMVSS's pertaining to crashworthiness which are effective for MY 1975 cars and those which will become effective during the 1976-80 period (protection for front, rear, side, rollover, fire), 30 mph frontal performance.	All FMVSS's* pertaining to crash avoidance which are effective for MY 1975 cars and those which will become effective during the 1976-80 period (braking performance, lighting, field of view and other).
**SAFETY LEVEL II	Same as Level I plus 40 mph passive frontal protection, 20 mph passive side protection and egress.	Same as Level I plus all weather brake performance (anti-lock brakes).

*Federal Motor Vehicle Safety Standards

● CUMULATIVE FATALITIES AND SERIOUS INJURIES PREVENTED

The cumulative reduction of up to 230,000 fatalities and serious injuries which would be realized through early implementation of increased safety belt usage appears to warrant extraordinary steps to effect such usage on the belts which are already in the fleet. These benefits are achieved at low cost and generate no fuel penalty.

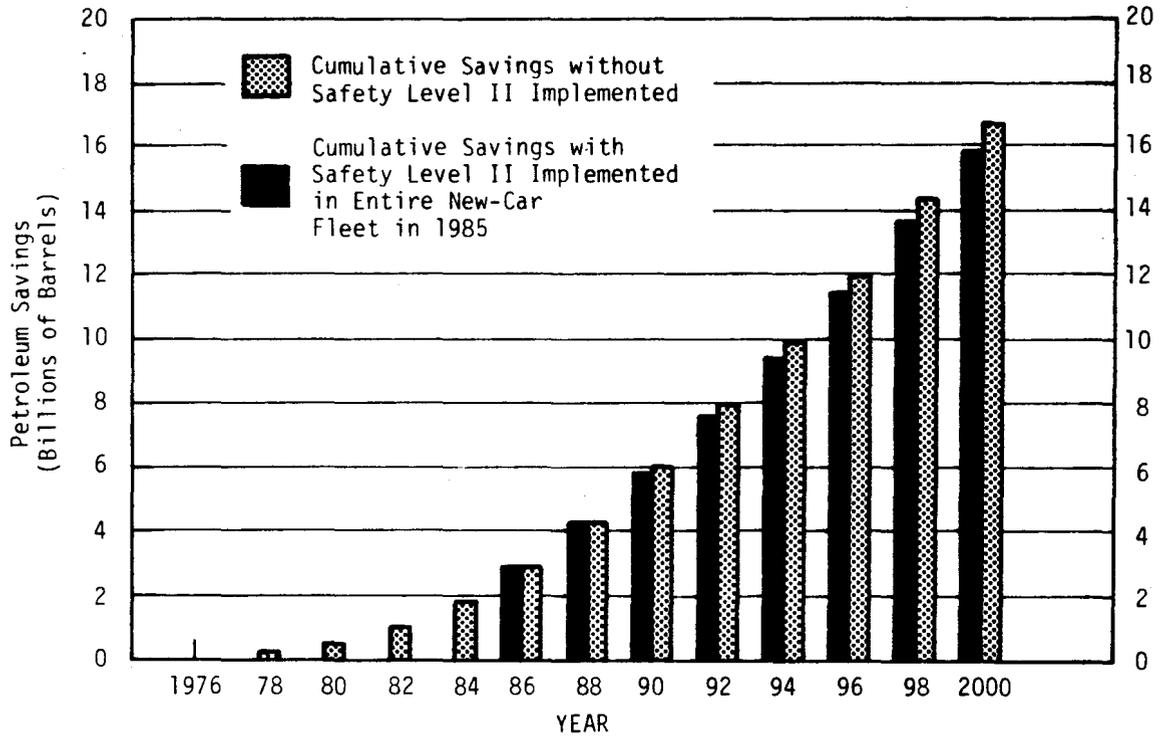


Estimated Cumulative Deaths and Serious Injuries Prevented Relative to Voluntary Seat Belt Usage

New Systems such as safety level II would take 10 years at least, and possibly 15 years, to become a major factor in the automobile fleet, because the new cars enter the fleet gradually and the new systems cannot be introduced immediately. As a complement to high belt use, safety level II would become effective at about the time when the predicted fatalities and serious injuries had risen back to the level of the mid 1970's. By itself, safety level II is predicted to reduce deaths and serious injuries by up to 264,000 by the year 2000.

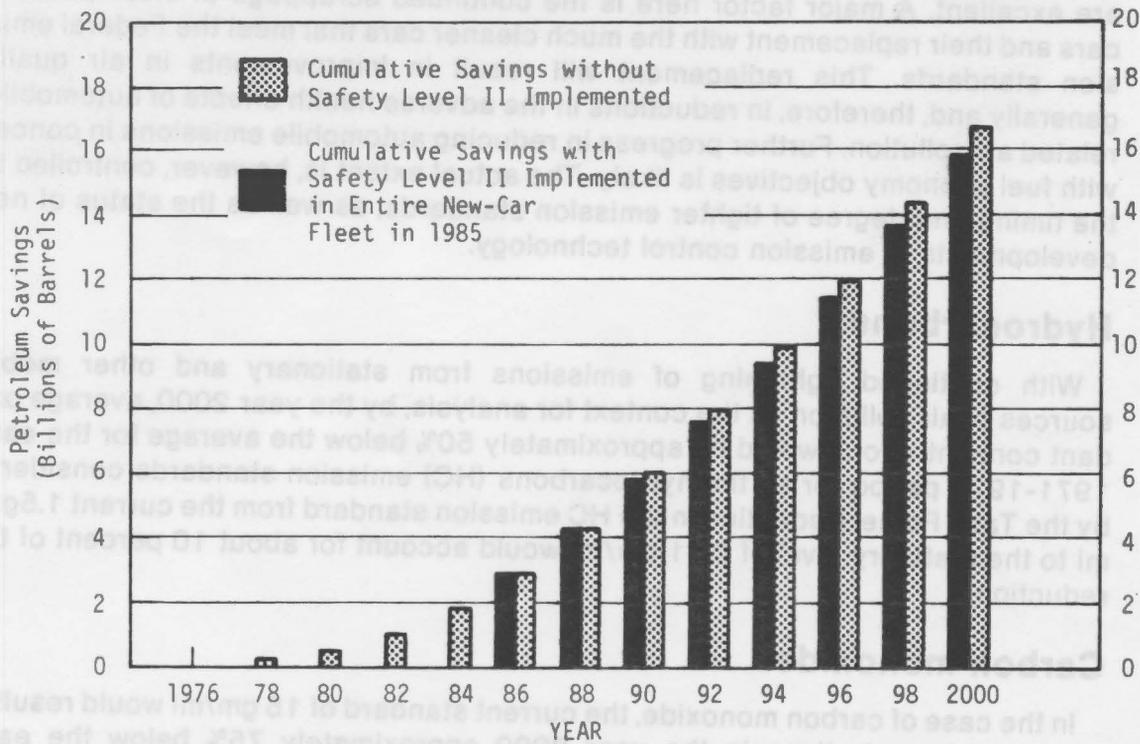
IF IN THIS 10 TO 15 YEAR INTERIM PERIOD INCREASED BELT USAGE IS NOT EFFECTED, WE WILL HAVE LOST THE OPPORTUNITY TO PREVENT MORE THAN 67,000 FATALITIES AND SERIOUS INJURIES.

There can be a predictable cumulative fuel penalty of about 0.9 billions of barrels by the year 2000 attached to the increased weight associated with future vehicle safety standards being considered.



Impact of Implementing Safety Level II in 1985 on Cumulative Fuel Savings

There can be a predictable cumulative fuel penalty of about 0.9 billions of barrels by the year 2000 attached to the increased weight associated with future vehicle safety standards being considered.



Impact of Implementing Safety Level II in 1985 on Cumulative Fuel Savings

● **CONTINUING REDUCTION IN AUTOMOBILE AIR POLLUTION**

The prospects for further reduction in air pollutants due to the automobile fleet are excellent. A major factor here is the continued scrappage of older polluting cars and their replacement with the much cleaner cars that meet the Federal emission standards. This replacement will result in improvements in air quality generally and, therefore, in reductions in the adverse health effects of automobile-related air pollution. Further progress in reducing automobile emissions in concert with fuel economy objectives is likely. The actual extent is, however, controlled by the timing and degree of tighter emission standards, as well as the status of new developments in emission control technology.

Hydrocarbons:

With continued tightening of emissions from stationary and other mobile sources of air pollution as the context for analysis, by the year 2000, average oxidant concentrations would be approximately 50% below the average for the early 1971-1974 period for all the hydrocarbons (HC) emission standards considered by the Task Force. Reduction in the HC emission standard from the current 1.5gm/mi to the statutory level of 0.41 gm/mi would account for about 10 percent of the reduction.

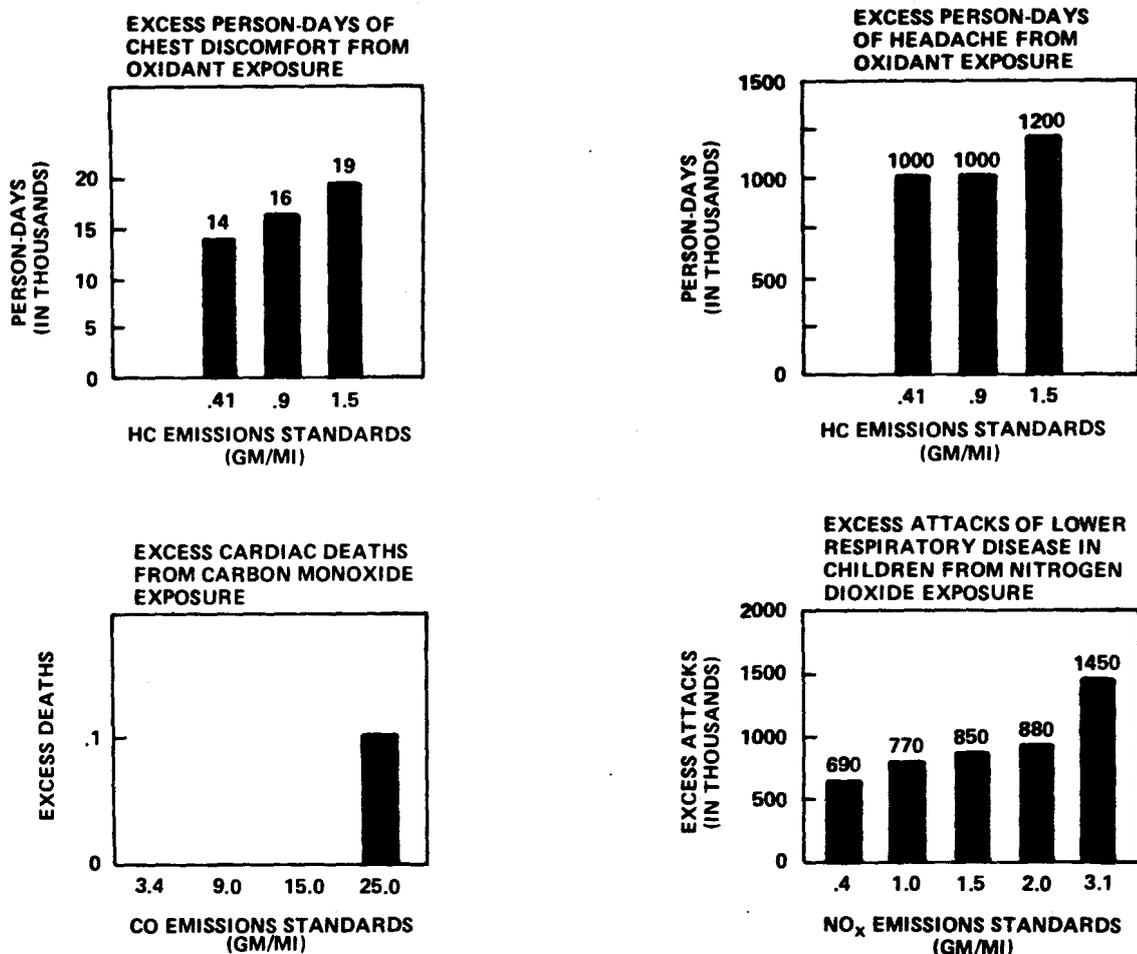
Carbon monoxide:

In the case of carbon monoxide, the current standard of 15 gm/mi would result in average concentrations in the year 2000 approximately 75% below the early 1970's base year averages, while a reduction in the standard to the statutory 3.4 gm/mi standard would reduce the average concentration by about 10 percent more.

Oxides of Nitrogen:

Air quality projections show that reductions in automotive NO_x emissions would be substantially offset by increases in emissions from stationary and other mobile sources. Reductions in emission standards from 3.1 gm/mi to 2.0 gm/mi in the late 70's would have the effect of reducing the average concentration in the year 2000 by about 20% of the average in the base years (early 1970's). A further reduction to the statutory level of 0.4 mg/mi would reduce those average concentrations by another 20 percent, approximately.

Some national health benefits projected to the year 1990 are shown on the accompanying figure to represent the effects of various levels of control (assuming concurrently one set of reasonably aggressive controls for stationary and other mobile sources).



Projected National Health Benefits of Emissions Standards in the Year 1990

Control of automobile hydrocarbon (HC) emissions from present 1.5 gm/mi to the statutory level of .41 gm/mi will, for example, reduce excess person days of chest discomfort by some 5000 cases by the year 1990. Control of carbon monoxide (CO) at the present level of 15 mg/mi is sufficient to reduce projected excess cardiac deaths and person days of discomfort to zero by 1990 as emission-controlled cars replace older vehicles. Lower CO emission levels do not change these health indicators.

Control of oxides of nitrogen (NO_x) is projected to reduce attacks of lower respiratory disease in children by nearly 600,000 cases or nearly 40% per year by 1990 if NO_x standards are reduced from the present 3.1 gm/mi to 2.0 gm/mi. Benefits of further reduction of the standard are shown to be less effective than this projected next step, and the statutory level offers only a 12% further improvement.

Amendments to the Clean Air Act are presently being debated with emphasis on the timing and need to impose the statutory levels of automobile emissions previously prescribed by the Congress. In particular, the need for the statutory NO_x standard and its full ramifications are being scrutinized. Numerous stationary and other mobile source NO_x control strategies are being examined in light of the fact that the 2.0 mg/mi automobile NO_x standard is likely in the near term which would reduce automobile contribution to 12% of the total nationwide NO_x emissions by the year 2000. Stationary source control strategies up to 3 times more cost-effective than reducing auto standards from 2 to 1 gm/mi have been identified and the further reduction of auto NO_x emissions below 1 gm/mi has been shown to be at least 5 times less effective than the 2 gm/mi to 1 gm/mi case. Other questions pertaining to the lower NO_x standards have prompted many to suggest that the Administrator of EPA should be granted authority to set the standard based upon health needs and availability of technology.

Relative to no emission control, current emissions standards and fuel specifications (i.e., removal of lead and corresponding compression ratio reduction) have increased fuel consumption in some cases and in all cases have increased new car costs by more than \$100 per car on the average. Substantial improvements in air quality have resulted from the increasingly stringent standards. Thus far, the benefits have been judged sufficiently great as to more than offset the fuel and dollar cost associated with the controls.

Further reduction of emissions under current technology can result in substantial increases in fuel consumption and cost; e.g., according to EPA, California 1976 standards (.9/9/2.0) have reduced the fuel economy of GM cars by 12%, Ford cars by 10%, Chrysler cars by 13% and AMC cars by 12% compared to comparable cars sold in the other 49 states and meeting the Federal standard of 1.5/15/3.1. Continued development of emissions control technology could reduce such penalties and could reduce the losses associated with future tighter standards. The recent Volvo certification for 1977 California standards illustrates the progress being made to meet emission standards while maintaining fuel economy. It also illustrates the problems that must be overcome to achieve widespread U.S. application. For example, the Volvo 3-way catalyst uses a ratio of rhodium to platinum which is greater than that found in nature. The Volvo system also requires a fuel injection system which costs about \$200 per car (which for U.S. production would cost some \$2 billion annually). Research is needed to reduce the amount of rhodium used or to find substitute materials and to make the technology compatible with lower cost carbureted engines. While work is underway on these items and others, the technology is not yet proven or available for commitment to production. The actual extent of future fuel economy losses will necessarily depend upon the timing and stringency of emissions standards, as well as success of the ongoing research and development efforts and manufacturer implementation programs. Future losses, at this point in time, can only be estimated and such estimates are necessarily judgments on the part of each person and group involved.

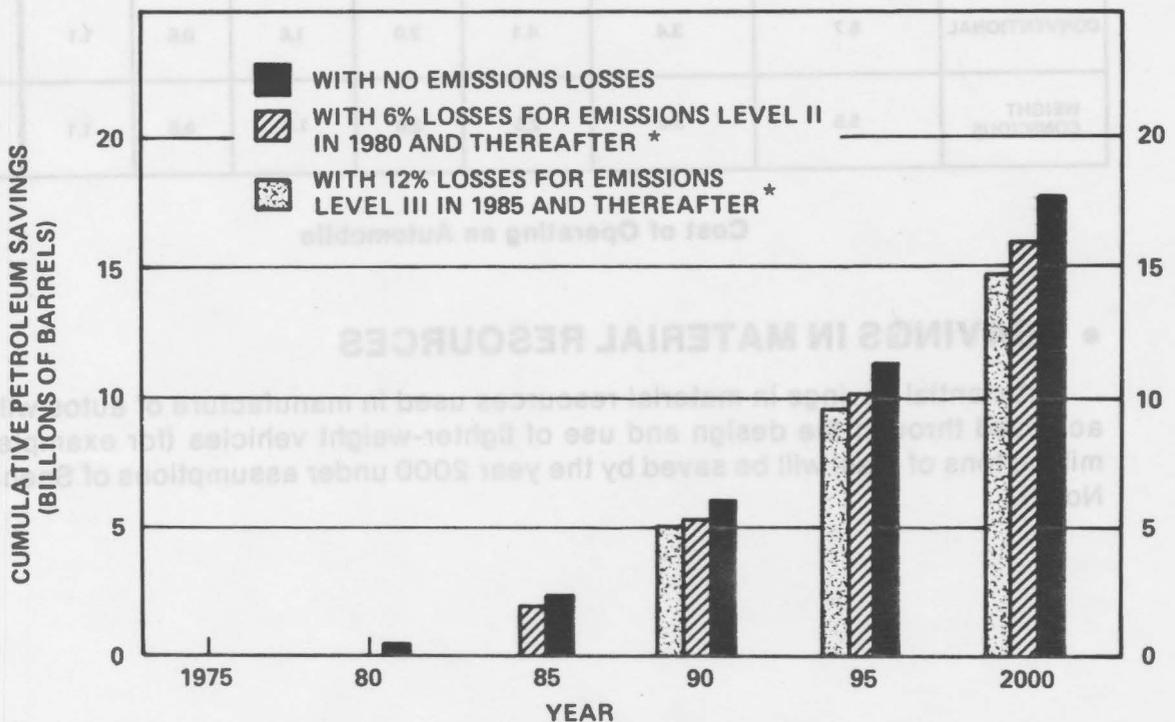
Automobile industry tests using current emissions control technology show high fuel economy penalties associated with more stringent standards as follows: 10% loss at .9/9/2; 15-20% loss at .41/3.4/2.0; and 15-30% loss at .41/3.4/0.4. DOT, ERDA and FEA believe that the probability of these losses remaining high in the

1980's is small, and likewise the probability that the tighter standards can be achieved with little or no fuel economy loss in production cars during the 1980's is equally small. They place the highest probability on fuel economy losses of approximately 6% for meeting the .41/3.4/2.0 standard and of approximately 12% for future systems which may meet the .41/3.4/.0.4 standard.

EPA believes that fuel economy losses associated with tighter standards in the 1980's would be smaller, in the range of 2% or less.

Rather than attempt to reflect the full-range of possible fuel economy losses in this study, the following mid-range fuel economy penalties have been assumed: 6% for .41/3.4/2.0 or Level II standard; and 12% for .41/3.4/0.4 or Level III standard.

The mid-range impact on cumulative petroleum savings as a result of implementing tighter emissions standards is shown in the figure below for the gasoline engine scenario. By the year 2000, the fuel economy losses associated with the Level II emissions standards (.41/3.4/2.0) could result in the consumption of 1/3 to 3 billion barrels more petroleum (with the most likely value of 1-1/2 billion barrels at a cost of 16.5 billion dollars), while the losses associated with Level III standards (.41/3.4/0.4) could result in the consumption of 1/3 to 4-1/2 billion barrels more petroleum (with the most likely value of 3 billion barrels at a cost of 33 billion dollars), than the base case of present emission standards (1.5/15/3.1),



*Estimates of fuel economy penalties vary. DOT/ERDA/FEA estimates shown; EPA estimate is lower.

Range of Impacts of Implementing Level II and Level III Emissions on Cumulative Petroleum Savings

- **NO REAL INCREASE IN THE COST OF AUTO TRANSPORTATION**

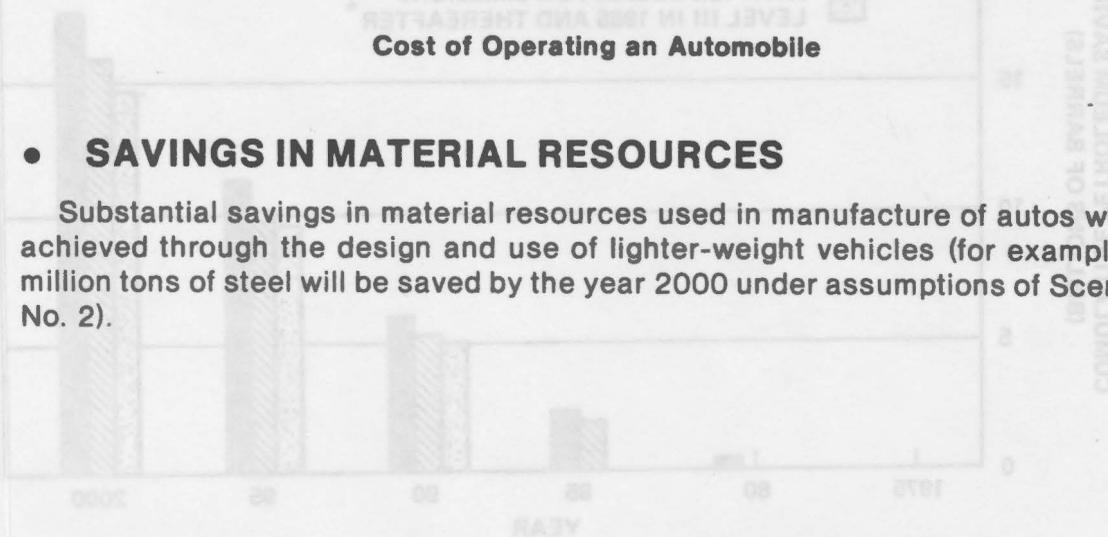
The average cost per mile of auto transportation at current emission and safety standards is not expected to change appreciably (in current dollars) with the transition to lighter-weight, more fuel-economical designs. The introduction of more stringent safety and emission standards may, however, increase the initial purchase and maintenance costs of an automobile. The magnitudes of associated cost increases will depend on the severity of the standards imposed (no consumer cost increases, for example, are associated with increased safety belt usage).

COST CATEGORY	CENTS PER MILE							\$
								
AUTO TYPE	ORIGINAL VEHICLE COST DEPRECIATED	MAINTENANCE	FUEL @ 60d/GAL	GARAGE PARKING & TOLLS	INSURANCE	TAXES & FEES	INTEREST	TOTAL COST
CONVENTIONAL	5.7	3.4	4.1	2.0	1.6	0.5	1.1	18.4
WEIGHT CONSCIOUS	5.5	3.0	2.5	2.0	1.6	0.5	1.1	16.2

Cost of Operating an Automobile

- **SAVINGS IN MATERIAL RESOURCES**

Substantial savings in material resources used in manufacture of autos will be achieved through the design and use of lighter-weight vehicles (for example 59 million tons of steel will be saved by the year 2000 under assumptions of Scenario No. 2).



● **ACHIEVEMENT OF FUEL ECONOMY STANDARDS IS POSSIBLE**

Near Term (1977-1980)

In the near term, the manufacturers' average fuel economy standards set for 1978, 1979, and 1980 (18 mpg, 19 mpg, and 20 mpg, respectively) appear to be achievable by the automotive industry at current safety and emission standards, provided that the consumer buys cars in the traditional mix of sizes.

1985

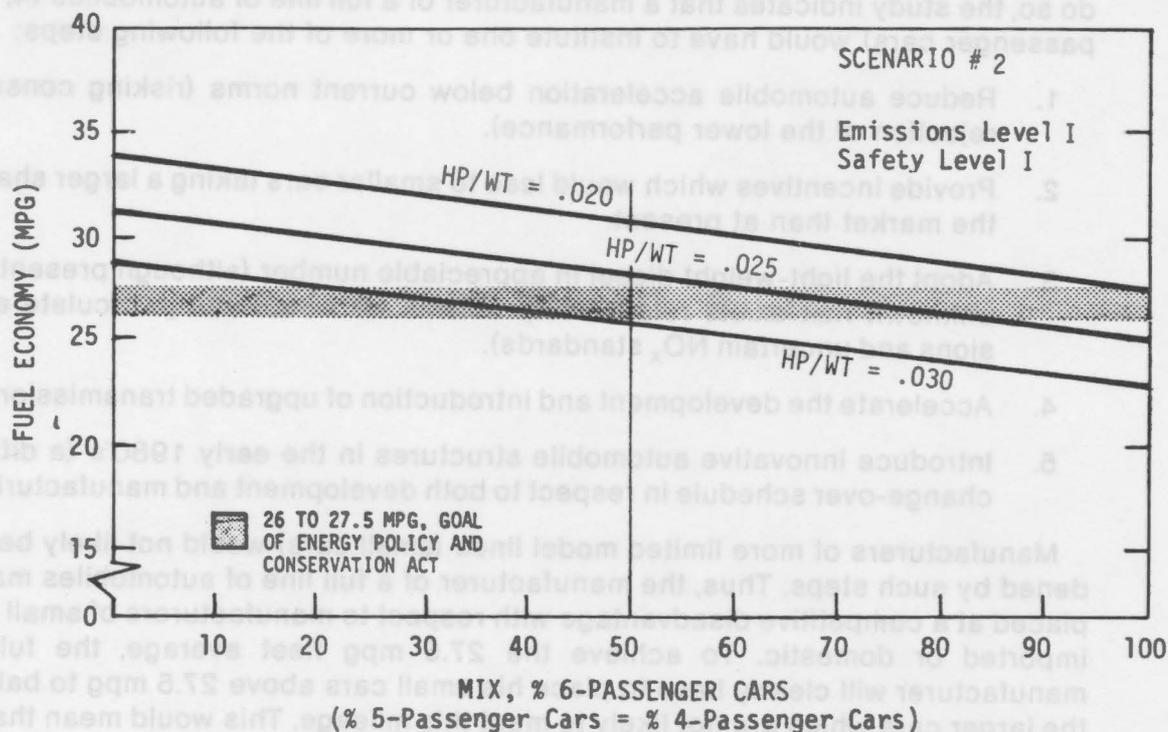
The analysis shows that fuel economies in the range of 26.0 to 27.5 miles per gallon can be achieved under current safety and emission standards. However, to do so, the study indicates that a manufacturer of a full line of automobiles (4, 5, 6-passenger cars) would have to institute one or more of the following steps:

1. Reduce automobile acceleration below current norms (risking consumer rejection of the lower performance).
2. Provide incentives which would lead to smaller cars taking a larger share of the market than at present.
3. Adopt the light-weight diesel in appreciable number (although presently an unknown risk exists relative to problems with odor and particulate emissions and uncertain NO_x standards).
4. Accelerate the development and introduction of upgraded transmissions.
5. Introduce innovative automobile structures in the early 1980's (a difficult change-over schedule in respect to both development and manufacturing).

Manufacturers of more limited model lines (small cars) would not likely be burdened by such steps. Thus, the manufacturer of a full line of automobiles may be placed at a competitive disadvantage with respect to manufacturers of small cars, imported or domestic. To achieve the 27.5 mpg fleet average, the full-line manufacturer will clearly have to place his small cars above 27.5 mpg to balance the larger cars which are not likely to meet this mileage. This would mean that the full-line manufacturer's small cars would have to be lighter in weight or, more likely, lower in performance than those small cars of his competitors which could be targeted at 27.5 mpg. The difference in performance could have a drastic market impact on the small car of the full-line manufacturer and, thus, make it even more difficult to meet the 1985 fuel economy standards.

The following figure shows fuel economy as a function of engine power to weight ratio and percentage of 6 passenger cars in the total new car fleet. The 1985 fuel economy goals of the EPCA are indicated by the shaded band, which extends from 26 miles per gallon to 27.5 miles per gallon.

At current mix (50% 6-passenger, 25% 5-passenger, 25% 4-passenger) and a power-to-weight ratio of .03 hp/lb (0 to 60 mph in 15 seconds), 1985 new-car fleet fuel economy will be 25.2 miles/gallon. In order to exceed the fuel economy standard at this performance level, the share of 6-passenger cars must be reduced to below 15%. On the other hand, if the power-to-weight ratio is reduced to .02 hp/lb (0 to 60 mph in 20 seconds), the fuel economy goal could be attained with 6-passenger cars having a 90% market share.



1985 New Car Fleet Fuel Economy Vs. Vehicle Mix and Acceleration Performance

The following table summarizes the sensitivity of fleet fuel economy to auto and fleet characteristics. Particularly noteworthy are the benefits from reduced performance or adoption of the diesel. The sensitivity data indicates the fuel economy gains associated with a reduction in the share of 6-passenger cars from 50% to 30% can be achieved by either a) the dieselization of larger cars, b) accelerated introduction of an upgraded drivetrain, c) an improvement in Otto engine fuel economy of 10% or, d) a reduction in acceleration performance. These alternative approaches suggest the wide range of options, with varying marketing and technical risk, available to achieve fuel economy goals.

BASE 1985 NEW-CAR FLEET FUEL ECONOMY - 25.2 MPG

MIX: 50% 6-PASSENGER; 25% 5-PASSENGER; 25% 4-PASSENGER

PERFORMANCE: HP/WT .03 hp/lb. (0 - 60 MPH IN 15 SEC)

ENGINE: TOP 75 OTTO

EMISSION/SAFETY STANDARDS: CURRENT

INCREMENTAL CHANGES IN FLEET FUEL ECONOMY

- REDUCE PERFORMANCE TO 17 SEC. + 2.4 MPG
- REDUCE PERFORMANCE TO 20 SEC. + 5.0 MPG
- REDUCE FRACTION OF 6-PASSENGER CARS FROM 50% TO 40% + 0.6 MPG
- REDUCE FRACTION OF 6-PASSENGER CARS FROM 50% TO 30% + 1.2 MPG
- ACCELERATE UPGRADED TRANSMISSION TO 100% IN 1985 + 1.1 MPG
- IMPROVE OTTO ENGINE FUEL ECONOMY BY 10% STARTING IN 1980¹ + 1.2 MPG
- DIESELIZE 6-PASSENGER CARS STARTING IN 1980^{1,2} + 1.3 MPG
- SHIFT TO DIESEL FLEET STARTING IN 1980¹ + 1.9 MPG
- ACCELERATE INNOVATIVE STRUCTURE³ + 1.3 MPG

- INTRODUCTION OF SAFETY LEVEL II - 1.1 MPG
- 6% FUEL ECONOMY PENALTY FOR EMISSIONS II IN 3000 LB. CAR⁴ - 1.5 MPG
- 12% FUEL ECONOMY PENALTY FOR EMISSIONS III IN 3000 LB. CAR⁴ - 3.1 MPG
- MULTI-FUNCTIONAL WEIGHT INCREASES⁵ - 1.9 MPG

¹ PHASE-IN OF UPGRADED OTTO AND DIESELIZATION OF 6-PASSENGER CARS ASSUMED TO PHASE-IN AT A RATE OF 10%/YEAR.

² DIESEL MPG VALUES ARE EXPRESSED AS GASOLINE EQUIVALENT GALLONS. FOR EQUIVALENT GALLONS ON A VOLUME BASIS MULTIPLY INDICATED VALUES BY 1.1.

³ INNOVATIVE STRUCTURE PHASE-IN AT 10% / YEAR STARTING IN 1980

⁴ ESTIMATES OF FUEL ECONOMY PENALTY VARY. DOT/ERDA/FEA ESTIMATES SHOWN; EPA ESTIMATE OF FUEL ECONOMY PENALTY IS LOWER.

⁵ INCREASE OF 500 LB. IN 6-PASSENGER, 200 LB. IN 5-PASSENGER CARS.

SENSITIVITY OF NEW-CAR FLEET FUEL ECONOMY TO AUTO AND FLEET CHARACTERISTICS

Beyond 1985

With the fuel economy, emissions and safety steps which will have been put into motion by 1985, the fuel economy of the total automotive fleet will continue to improve beyond 1985 to at least 1995 as the later new cars take over the fleet. The resultant fuel economy (potentially in the range of 30 mpg) will depend essentially upon the market actions, future safety and environmental regulations and the results of the ongoing research and development programs.

● GOOD FUTURE FOR AUTOMOTIVE INDUSTRY AND EMPLOYMENT

The study indicates that it is possible to achieve desirable improvements in fuel economy, safety and emissions while also meeting the needs in respect to the many other factors affecting the automobile such as first cost, operating costs, change-over times and performance. If this possibility is achieved, as it should be, then the automobile can continue its major role. This means then that future prospects for automotive employment and the industry can be good. The nation will be able to have the valuable mobility provided by the automobile, with automobile use increasing with the increase in the driving-age population.

● BUT THERE IS A RISK

The rapid introduction of new fuel-economical automobiles over the next decade dictated by mandatory fuel economy standards will require, for the "big four" automobile manufacturers, a 15 to 25 percent increase in capital investment (5 to 10 billion dollars) over their normal spending levels for facilities and equipment. If cars continue to sell at normal rates, this additional capital can be raised in the national money market, or can be internally generated, but there are definite risks associated with these investments:

1. The consumer may not buy the smaller cars in percentages which would yield the "mandated" fleet economies. Fines on the manufacturers will not necessarily solve this problem. Alternatively, low consumer acceptance of models offered will result in low total sales. Industry investment, and overall economic posture, would be jeopardized.
2. Ability to react to such uncertainties can create especially serious problems for smaller manufacturers who are less able to put up development funds and to risk major capital on new directions.
3. Changes in the national economy which have historically demonstrated overpowering effect on consumer buying power and habits cannot be ruled out.
4. Consumer "behavioral" patterns are shifting and are hard to predict. These changes have a real effect on acceptance of smaller cars.
5. Potential changes in regulations on safety, emissions and fuel economy create further uncertainties. The same is true with respect to wholly new regulations which may be introduced (e.g., sulfates).
6. Unforeseen changes in technology which are not now clear may occur.

6. ISSUES OF CONCERN

The Task Force has estimated that a 50 percent reduction in projected fuel use by the national automobile fleet is potentially achievable provided that the manufacturers can successfully develop and apply the necessary automotive technology and that customers decide to purchase the cars with high fuel economy.

The goal of minimizing petroleum consumption raises important issues in regard to the other important national objectives of improving air quality in metropolitan areas, reducing highway fatalities and accidents, and maintaining a viable and strong domestic automotive industry. Some of these important issues are as follows:

1. How can the American public be convinced of the need for changeover to more fuel-efficient motor vehicles, and be induced to accept the types of automobiles which will achieve desirable fuel economy? Without public acceptance and purchases, the most fuel-efficient design is useless. The mandated 27.5 mpg fleet fuel consumption standard in 1985, for example, appears to be technologically feasible, but can only be realized with public cooperation and full understanding of the purpose. This issue looms as the major dilemma facing the Federal Government and the industry.
2. How rapidly can industry change over to more fuel-efficient automobiles without undue burden or impact on itself, its suppliers or on levels of employment? Ideally, any changeover should take place gradually, with adequate advance knowledge and with maximum flexibility for each segment of the industry.
3. How should the nation handle the risk which the automotive industry must accept in motor vehicle changeover to fuel-efficient models? The impact of these risks is especially important in the light of the many uncertainties which underlie such changeovers.
4. How can the considerable risks associated with changeover be reduced for the smaller companies?
5. How may the Federal Government effectively balance the sometimes conflicting objectives of reduced energy, increased safety, and improved environmental quality in the requirements it imposes on the automotive manufacturers and their products, especially when these requirements are imposed by several independent agencies with separate authorities?
6. How far should passenger safety and emissions control be mandated into automobile designs? At what point do incremental costs outweigh incremental gains?
7. What changes should be made in Federal policies and regulations to provide effective incentives for automobile manufacturers to more rapidly develop and supply automotive technology having substantial public benefits?

cc: Judy Hope
Art Quern

THE WHITE HOUSE
WASHINGTON

July 27, 1976

*noted
JEC*

ADMINISTRATIVELY ~~CONFIDENTIAL~~

MEMORANDUM FOR: JAMES M. CANNON
FROM: JAMES E. CONNOR *JEC*
SUBJECT: Proposed 1977 Budget Amendment for
the Department of Transportation
(Coast Guard and Amtrak)

The President has reviewed your memorandum of July 26 on the above subject and has approved Option 1 -- OMB funding level, \$33 million -- and has signed the appropriate letter to the President of the Senate.

Please follow-up with the appropriate action, if any.

cc: Dick Cheney
Jim Lynn

WASHINGTON

July 26, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES M. CANNON

For Jim Cannon

SUBJECT: Proposed 1977 Budget Amendment for The Department of Transportation (Coast Guard and Amtrak)

This is to convey to you the proposed 1977 Budget Amendment for the Department of Transportation. OMB's signature memorandum is attached at Tab A.

Background

For FY 1977, DOT and OMB agree on a figure of \$62.6 million for Amtrak supplemental budget appropriations. However, there is a dispute as to the funding level for Coast Guard Enforcement of the new 200-mile fishing limits. On April 13, 1976, you signed the Fisheries Conservation and Management Acts of 1976, which extends U.S. fisheries jurisdiction to 200 miles from shore effective March 1, 1977.

Issue:

There is a \$23 million difference for FY 1977 between OMB and DOT on the appropriate funding level for this expanded Coast Guard authority: OMB recommends \$33 million; DOT recommends 56.4 million, down from their original recommendation of \$94.1 million. These sums are considerably less than Congress believes the Coast Guard should have to carry out their expanded missions. Both Houses of Congress have passed the DOT Appropriations Bill. The conference committee has provided \$80 million for the 200-mile zone enforcement.

Discussion

The \$23 million difference is attributable to three categories:

1. \$10 Million

OMB recommends three "aircraft years" (that is, 3 planes flying at all times,) to adequately patrol the expanded active fisheries zone, yet OMB provides for only 3 planes.

DOT states that a fourth plane (C-130, \$10 million) is needed to meet OMB's three "aircraft years" goal, due to normal requirements for "down time" to meet mandatory overhaul schedules while maintaining full surveillance.

2. \$10 Million

To patrol the enlarged fishing zone, OMB and DOT agree that approximately 300 new men must be stationed near Kodiak.

OMB budgets \$3 million for new housing, which would provide minimum quarters, no facilities for dependents, and no provision for major repairs to runways or enlarged hangars.

DOT requests \$13 million to provide more comfortable quarters for men and families in this remote and inhospitable location, to provide needed major repairs for taxiways, and to modify existing hangars to accommodate the larger aircraft.

3. \$3 Million

This additional amount reflects DOT's recommended level of additional Coast Guard capability (manpower) for both the Pacific and Atlantic fisheries area.

Staff Recommendations

Max Friedersdorf recommends the OMB position, Option 1. Counsel's Office (Lazarus) and I recommend the DOT position, Option 2. Counsel's Office points out that, in addition to substantive arguments, they believe the \$56.4 million level minimizes the confrontation with Congress.

Decision

Option 1 _____ (OMB funding level, \$33 million; OMB, Friedersdorf)

Sign letter to the President of the Senate at Attachment 1.

Option 2 _____ (DOT funding level, \$56.4 million; DOT, Counsel's Office, Cannon)

Sign letter to the President of the Senate at Attachment 2.



cc: Hope
Humphries

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 21, 1976

file

MEMORANDUM FOR: Honorable James Cannon, Assistant to the President
for Domestic Affairs
Honorable Daniel P. Kearney, Associate Director for
Economic Policy, Office of Management and Budget

SUBJECT: Funding under the Fisheries Conservation and Management
Act of 1976

In response to our discussion yesterday, the following is my assessment and appeal of the OMB recommendation on funding for the major Coast Guard enforcement responsibilities under the Fisheries Conservation and Management Act of 1976.

My initial request to OMB was based on "an active fisheries areas" approach coupled with a limited amount of additional surveillance and apprehending capability (ships and aircraft) outside the active fisheries areas. OMB's recommendations are predicated on an approach which restricts enforcement even more to the active fisheries areas.

After reviewing the issue further, the Department is willing to accept a more restricted "active fisheries area" approach, especially until more experience is gained with this new legislation. However, I do believe that revisions are necessary to the OMB recommended funding levels to implement this approach effectively by ensuring that we get full utilization out of our capital investment. Furthermore, I believe we must provide sufficient support facilities for the Coast Guard operations and personnel which will be carrying out this mission.

As detailed in Attachment A, my revised funding recommendation totals \$66.4 million. This sum represents a \$28 million reduction from the Department's original request. I would note that this sum is considerably less than the Congress believes the Coast Guard should have to carry out these missions, and given the strong Congressional attitudes on this matter, any proposal which involves less Coast Guard activity and funding than contemplated by the Appropriations Committees will very likely engender Congressional criticism of the Administration. (See Attachment B for summary comparison of the Congressional/Executive Branch recommendations on this issue.)

The principal cost differences between the OMB proposal and my revised recommendations are related to the need for one additional aircraft (C-130) and the improvements and housing needed at the Kodiak Base.

With regard to the aircraft item, we require one additional aircraft over the OMB allowance (two less than our original request) to provide three full aircraft years for implementing "active fisheries zone approach." The need stems from the normal requirements for "down-time" to meet mandatory overhaul schedules while maintaining full surveillance under the active fisheries concept.

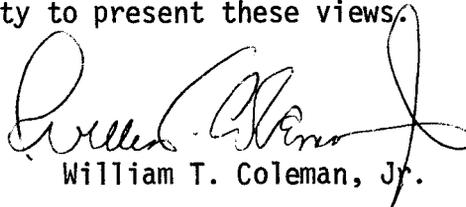
For Kodiak, my concern is two-fold. First, the physical facilities at the base in direct support of aircraft operations must be adequate to do the job. For example, the hangar needs to be modified to accommodate the larger aircraft, taxiways are in need of major repair, etc. Unless these improvements are made, full utilization of the aircraft will be impaired, and a considerable number of valuable flying hours would be unnecessarily lost.

In addition, Kodiak is a remote and inhospitable place with very limited housing. If Coast Guardsmen must make long and arduous, and often dangerous, flights to protect important U. S. resources, we ought to provide decent housing for them and their families. My revised funding level of \$66.4 million is designed to obtain maximum utilization of our capital investment and provide humane treatment to those who will be exposing their lives on the Nation's behalf.

I would also like to point out that under my appeal level, we will be able to provide for reasonable levels of additional Coast Guard capability in both the Pacific and Atlantic areas. Given the high degree of Congressional and public interest in this program, this is not an insignificant factor.

In summary, I believe my revised recommendation represents a reasonable and sound programmatic solution. In terms of resource requirements, it reflects an effective compromise between the levels in my original recommendations and those proposed by OMB.

Thank you for this opportunity to present these views.


William T. Coleman, Jr.

Attachments

ATTACHMENT A

200-MILE FISHERY RESOURCES
(Active Fishing Area)
(\$ in thousands)

Resource	DOT Original Recommendation (\$94.1M)				DOT Revised Recommendation (\$66.4M)			
	AC&I		OE	Personnel	AC&I		OE	Personnel
	1976	1977	1977		1976	1977	1977	
<u>SHIPS</u>								
Reactivate WHEC	\$2380		\$5009	336	\$1400		\$2500	168
Reactivate WLB	1200		1813	117				
<u>AIRCRAFT</u>								
Reactivate MRS (C-131)	1000		2471	84	1322		2129	84
Procure LRS (C-130)		\$60000	2299	223		\$40000	1633	149
Procure SLAR	1800				1800			
<u>SUPPORT</u>								
Kodiak	3620	9100	600		5478	7244		
Other			2808	103			2908	90
TOTALS	\$10000	\$69100	\$15000	863	\$10000	\$47244	\$9170	491
<u>MAJOR OPERATING HARDWARE</u>								
			4 - C131's				4 - C131's	
			6 - C130's				4 - C130's	
			4 - SLAR				4 - SLAR	
			2 - WHEC				1 - WHEC	
			2 - WLB					

200-MILE ZONE ENFORCEMENT
(\$ in M)

	<u>Original DOT Request</u>	<u>OMB Recom.</u>	<u>Revised DOT Request</u>	<u>House Approps. Action</u>	<u>Senate Approps. Action</u>	<u>House Auth. Action</u>	<u>Senate Auth. Action</u>
Operating Expenses - FY 1977	15.0	6.0	9.2	10.0	10.0	NA	NA
AC&I - FY 1976/1977	79.1	37.0	57.2	80.0	90.0	120	110

KEY PRINCIPLES OF REVISED DOT REQUESTS

1. Predicated on general OMB policy recommendation to focus program more exclusively on active fishing areas.
2. Provides sufficient facilities and support resources necessary to ensure that active fisheries area approach is pursued in an efficient and effective manner.
3. Allocates additional resources to both the Atlantic and Pacific fisheries areas.
4. Reduces requirements for additional 1977 personnel from 863 (DOT original request) to 491.



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

July 28, 1976

OFFICE OF THE ADMINISTRATOR

MEMORANDUM TO THE EXECUTIVE COMMITTEE,
ENERGY RESOURCES COUNCIL

FROM : FRANK ZARB, EXECUTIVE DIRECTOR *FZ*

SUBJECT: SUMMARY OF THE ENERGY RESOURCES COUNCIL
EXECUTIVE COMMITTEE MEETING, JULY 27, 1976

Post-1980 Auto Efficiency Goals

DOT briefed the Executive Committee on conclusions of the ERC task force on post-1980 automobile efficiency goals. Discussion focused on the interrelationship among safety, emission standards, fuel economy, employment and cost in determining characteristics of the future auto fleet. The Executive Committee stressed the need for thorough public education on likely tradeoffs and the requirement that any draft report avoid endorsing or suggesting particular policy options.

Decision

DOT will circulate a final draft version of the report to task force members, along with recommendations for release, during the week of August 2. Task force agency heads (ERDA, FEA, EPA, and DOT) will then sign off on the final draft report and DOT release procedures by Wednesday, August 11.

THE WHITE HOUSE
WASHINGTON

July 29, 1976

*Law -
Good
Thanks
Jim*

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY *SM*

SUBJECT:

National Transportation
Policy Study Commission

Attached is a memorandum from you to the President regarding the appointment of Governor Milliken of Michigan to the National Transportation Policy Study Commission.

Attachment

*Jim:
I suggest a copy to
D. Bennett.
OK*



THE WHITE HOUSE

WASHINGTON

July 29, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON *JC*

SUBJECT:

National Transportation
Policy Study Commission

The passage of the Federal-Aid Highway Act of 1976 called for the establishment of a National Transportation Policy Study Commission, comprised of six members of the Senate, five members of the House and seven public members appointed by you. It is my understanding that at the present time the candidates for the public members do not include any state and local officials who, in reality, plan and manage transportation systems throughout the country.

There has been particular interest by the National Governors' Conference in securing one of these positions for a Governor. Governor Milliken of Michigan has expressed personal interest in being appointed.

I strongly recommend the appointment of Governor Milliken not only because of his personal capabilities and experience in the transportation field, but because of the need to have a state/local perspective on this Commission.



[Aug. 1976]

Ford Administration National Transportation Policy Statement, as stated by Secretary Coleman on September 17, 1975:

"Responsible action is needed to reform and modernize the regulatory system in which surface, air and water transportation operate. However valid the original purpose of promoting a fledgling industry and protecting the public from the tyranny of monopoly or the chaos of predatory competition, the public perception of the system now is that it serves primarily to foster security in the industry it is designed to regulate. In its operation the existing regulatory structure is too often outdated, inequitable, inefficient, uneconomical and often irrational."

Governor Carter's representative's statement before the Democratic Platform Committee on July , 1976:

"Priority attention should also be given to restructuring the nation's antiquated system of regulating transportation. The patchwork scheme of rail, truck, and airline regulation at the federal level needlessly costs consumers billions of dollars every year. However valid the original purpose of promoting a fledgling industry and protecting the public from the tyranny of monopoly or the chaos of predatory competition, the present system has, more often than not, tended to discourage desirable competition."

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Governor Carter's representative's statement before the Democratic Platform Committee on July ^{present} 1976: ^{also}

"Priority attention should be given to restructuring the nation's antiquated system of regulating transportation. The patchwork scheme of rail, truck, and airline regulation at the federal level, needlessly costs consumers billions of dollars every year. However valid the original purpose of promoting a fledgling industry and protecting the public from the tyranny of monopoly or the chaos of predatory competition, the present system has, more often than not, tended to discourage desirable competition."

From the Transportation Policy Statement:

"Our objective is to concentrate federal resources on today's national priorities and increase the power and flexibility of state and local governments to respond to local needs. We will work with the Congress toward the objective by eliminating antiquated federal requirements, simplifying the grant-making process, consolidating the myriad of federal objectives into broader, more manageable statements of interest, increasing transferability of states within and among transportation modes, and decentralizing decision making."

". . .the National Mass Transportation Assistance Act of 1974 and the Federal Aid Highway Act of 1973 . . provide greater local flexibility in the use of Federal financial assistance and offer new and expanded sources of funds for the public transportation improvements. The urban transportation program envisioned in our new proposed Highway Legislation, which extended the flexibility to transfer funds between highway and mass transit even further."

From the Democratic Platform:

". . .we will work to expand substantially the discretion available to states and cities in the use of federal transportation money."

". . .greater share of highway trust fund money should be available on a flexible basis."

From the National Transportation Policy
Statement:

"The development and modernization of a nation-wide, privately owned, interstate rail freight system, is essential to our national interest . . . improving and modernizing the rail freight system and keeping it in the private sector requires prompt federal action."

"The rural transportation system program, proposed in the Administration's Highway Bill . . . which gave state and local governments increased program flexibility to use funds for highway construction . . . public transportation investment, safety improvements and expanding and acquisition assistance for rural public transportation . . . rural transportation programs substantially encourage world development and growth, help meet the problems of rural poverty by facilitating access to employment, education and better medical services, and in short, access of interstate transportation for our citizens."

From the Democratic Platform:

"We will take whatever action is necessary to reorganize and revitalize our nation's railroads."

". . . transportation monies should be available in a manner to permit a flexible use. In rural areas this means it could be used for such needs as secondary road improvement, taxi systems, buses, or other systems to overcome the problems of widely dispersed populations and facilitate provisions of source services and to assure access of citizens to meet human needs."



Jimmy Carter Presidential Campaign

For America's third century, why not our best?

JIMMY CARTER'S PRESENTATION TO THE
PLATFORM COMMITTEE OF THE DEMOCRATIC PARTY

"A NEW BEGINNING"

GOALS: OPENNESS, COMPASSION, EFFICIENCY

Let me again express my regret that I was not able to meet with you personally. As I indicated in my telegram to the staff of the Democratic National Committee, the need to campaign in a large number of states over a short period of time left me with no reasonable alternative.

You have an historically important opportunity. It is time for a New Beginning in our Bicentennial Year - A new Beginning so that as a nation we can rededicate ourselves to the ideals upon which our country was founded and reinvigorate the basic principles that made our country great, principles which have been honored in the breach in the last few years. What is at stake in 1976 is whether we are going to begin the process of restoring the precious things we have lost in this country. You can begin that process with a platform which reaffirms the Democratic Party's traditional values, presents clear policy initiatives and commits this Party to three basic propositions.

Our Party and the platform should emphasize three themes--

- (1) The need for an open, responsive, honest government, at home and abroad.
- (2) The need to restore a communicative government in



funds by localities so that greater amounts can be used as operating subsidies. We should oppose the Administration's efforts to reduce federal operating subsidies.

Priority attention should also be given to restructuring the national antiquated system of regulating transportation. The present patch-work scheme of rail, truck, and airline regulation at the federal level needs to be reformed. It costs consumers billions of dollars every year. However valid the original purpose of promoting a fledgling industry and protecting the public from the tyranny of monopoly or the chaos or predatory competition, the present system has, more often than not, tended to discourage desirable competition.

(i) Housing

The following agenda on housing is aimed at putting to work hundreds of thousands of unemployed construction workers and fulfilling our national commitment to build 2 million housing units per year:

- (1) direct federal subsidies and low interest loans to encourage the construction of low and middle class housing.
- (2) expansion of the highly successful Section 202 housing program for the elderly, which utilizes direct federal subsidies.
- (3) greatly increased emphasis on the rehabilitation of existing housing to rebuild our neighborhoods; certain of our publicly created jobs could be used to assist such rehabilitation. It is time for urban conservation instead of urban destruction.
- (4) greater attention to the role of local communities under the Housing and Community Development Act of 1974.
- (5) greater effort to direct mortgage money into the financing of private housing.
- (6) prohibiting the practice of red-lining by federally sponsored savings and loan institutions and the FHA, which has had the effect of depriving certain areas of the necessary mortgage funds to upgrade themselves.
- (7) Encouraging more loans for housing and rehabilitation to the poor.
- (8) providing for a steady source of credit at low interest rates to stabilize the housing industry.

(j) Agriculture and Rural America

The Republican agriculture policy has whip-sawed the consumer with higher prices and the farmers with declining profits, with speculators

AVIATION DAILY FRI JUL 16

1156 15TH ST., N.W. WASHINGTON, D.C. 20005 TELEX 89-2447 202-293-3400 • 1976 VOL. 226 NO. 11

Page 81

TRUNKS REPORT JUNE, FIRST HALF 1976 TRAFFIC

● RPMs INCREASE 8.9% FOR THE MONTH, 11.7% FOR YEAR-TO-DATE

The 11 large U.S. airlines posted a healthy traffic gain last month, with June's 8.9% increase contributing to a year-to-date rise of 11.7%, according to The DAILY's compilation of the carriers' traffic reports. Results cover scheduled service except for United, which includes charter. National reported the only revenue passenger mile decreases for the two periods, with June's results still affected by the carrier's May 2 cancellation of no-frills fares and first half figures depressed by limited operations resumed Jan. 6 following National's lengthy strike.

Pan American and Northwest were the top two gainers for the second consecutive month, with Pan Am leading in June, reporting an 18.3% RPM increase. Heading the list of year-to-date increases were Western, 16.3%; Delta, 14.9%; and American, 14.8%.

Industry load factor for June was up 2.6 points from a year ago to 59.3% on a capacity increase of 8.9%. First half load factor rose almost four points from the 1975 period on just 3.9% more capacity. Five carriers' June load factors topped 60.0%, led by United, 65.6%; TWA, 62.4%; and Western, 62.0%. Western's 59.5% led all carriers for the January-June period. (See related charts on backs of Pages 82-83.)

	<u>June 1976</u>	<u>June 1975</u>	<u>6 Months 1976</u>	<u>6 Months 1975</u>
Rev. Passenger Miles	15,212,907,675	13,975,203,347	80,878,256,089	72,411,092,840
Available Seat Miles	25,635,336,714	24,666,028,389	146,270,704,480	140,765,404,238
Load Factor (%)	59.3	56.7	55.3	51.4

NO AVIATION BACKGROUND ON DEMOCRATIC TICKET

● CARTER MAY RESTRUCTURE TRANSPORTATION AGENCIES

Neither Democratic presidential candidate Jimmy Carter nor his vice presidential choice, Sen. Walter Mondale (D-Minn.), has any aviation background. A check by The DAILY shows that Carter did not take any action affecting aviation during his term as governor of Georgia. Carter favors "restructuring" transportation regulation, and believes the Ford Administration decision on the Concorde is "wrong." Mondale was an outspoken critic of the U.S. supersonic transport program in 1971 and led the opposition to the space shuttle when it was first proposed. Mondale's record shows he was not active in other aviation matters during his term in the Senate.

Carter will support regulatory reform, but not to the degree recommended by the Ford Administration. Carter advisors have been reported as saying Carter would move more slowly than Ford on regulatory reform, but would consider combining all transportation regulatory bodies. Carter's platform presentation reads:

"Priority attention should also be given to restructuring the nation's antiquated system of regulating transportation. The present patchwork scheme of rail, truck and airline regulation at the federal level needlessly costs consumers billions of dollars every year. However valid the original purpose of promoting a fledgling industry and protecting the public from the tyranny of monopoly or the chaos of predatory competition, the present system has, more often than not, tended to discourage desirable competition."

(Continued On Following Page)

● Eric Bramley, Editor • James E. Skinner, Executive Editor • James D. Baumgarner, Managing Editor / Kenneth Koppel, Publishing Director
Published daily except Saturdays, Sundays and holidays in Washington by The Public Transportation & Travel Division of The Ziff-Davis Publishing Company, Inc.
Philip B. Korsant, President • Richard P. Friese, Vice President
SUBSCRIPTION RATE: One year \$470, 6 months \$290. Quantity rates on request.

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DEMOCRATIC TICKET (Cont.)

Carter supporters are working to put together information on the aviation industry. The DAILY learned a small group has been working to compile aviation information for Carter, but that nothing is completed. There are reports that former Transportation Secretary Alan Boyd, Langhorn Bond, who served at DOT during the Johnson Administration, Continental attorney Lee Hydeman and Najeeb Halab are participating.

On the Concorde, Carter has issued the following statement: "The Ford Administration's decision regarding the supersonic is wrong and may well jeopardize the health and safety of the people of New York, Maryland and Virginia as well as other parts of the nation. The environmental dangers caused by Concorde are out of proportion to the possible benefits. The federal government should be more concerned with the length of time it takes to travel from Dulles Airport to our homes than with saving two hours of flight time between Paris and Washington."

IATA'S HAMMARSKJOLD PUTS DOWN NACA'S DRISCOLL, CLEARS THE RECORD

IATA Director General Knut Hammarskjold has formally notified CAB that statements attributed to him by National Air Carrier Association President Edward Driscoll are "simply not true," and has asked Driscoll to have "the courtesy of checking the facts with me personally" in the future.

Hammarskjold's statement, which was sent to CAB, Driscoll and the press, is in response to a remark by Driscoll that Hammarskjold advised an ECAC meeting against allowing charter airlines to participate in rate discussions (DAILY, July 14). Driscoll made the statement during a presentation to CAB (DAILY, July 9).

Hammarskjold said he "did not make this statement nor anything similar to it." He said IATA has made a "determined effort" to get charter airlines involved in rate discussions, noting an agreement opening IATA membership to supplementals is pending government approval. He said: "It is saddening and dismaying to me to see segments of an industry with the commonality of purpose such as we share falsely attacking one part or the other of the system. I for one am determined that IATA will not engage in such rhetoric. Hopefully in the future if such reports come to your attention you (Driscoll) will do me the courtesy of checking the facts with me personally before allowing them to become part of the public record."

NO PROGRESS IN U.S.-U.K. TALKS

Talks between the British and U.S. appear deadlocked with neither side agreeing to anything sought by the other (DAILY, July 14). To date, discussions have concerned capacity, fares and excess baggage charges, but there has been no agreement. The DAILY learned that British Ambassador Sir Peter Ramsbotham met yesterday afternoon with Deputy Secretary of State Charles Robinson to discuss U.S.-U.K. aviation relations.

DOT SAYS TWA DOES NOT ADEQUATELY JUSTIFY PROPOSED TRANSATLANTIC FARE

Department of Transportation's primary problem with TWA's proposed North Atlantic fare package is that the carrier does not adequately justify its proposals (DAILY, July 15). DOT said TWA "should be commended for simplifying the fare structure, reducing the availability of free stopovers and taking the initiative by filing an international rate proposal independent of IATA agreement." However, DOT said the proposed fares had not been cost justified.

Specifically, DOT took issue with the proposed increase in normal economy fares which would create cross-subsidization of low-fare travelers by the normal economy passenger. DOT said its "reluctance to support" most transatlantic fare proposals is because of this problem. The department said TWA should be required to show all costs which are incurred in normal economy service and which are not incurred for discount service.

On the positive side, however, DOT said, "TWA has taken some important steps in the right direction with the present fare proposal." DOT approved of the reduction of the total number of fares offered from 19 to five and also approved of the reduction of the availability of free stopovers. DOT also supported the proposed elimination of youth fares.

TWA IS POSTPONING from Aug. 15 to Sept. 15 effective date of its 2% fare increase (DAILY, July 15).



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(j) Agriculture and Rural America

The Republican agriculture policy has whip-sawed the consumer with higher prices and the farmers with declining profits, with speculators

Transportation

THE WHITE HOUSE

WASHINGTON

August 4, 1976



MEMORANDUM FOR: JUDITH HOPE
GEORGE HUMPHREYS
FROM: GLENN SCHLEEDE
SUBJECT: REPORT ON MOTOR VEHICLE GOALS
BEYOND 1980

Attached is a copy of the Executive Summary of a report prepared for the ERC by a Task Force lead by DOT entitled, "The Report by the Federal Task Force on Motor Vehicle Goals Beyond 1980."

This report was discussed at length at an ERC Executive Committee meeting on July 27 with a decision to proceed as follows:

- A final draft version of the report will be circulated to Task Force members for their sign off.
- The report would be released for public comment (and probably hearings) as a proposed report to the ERC. Thus it will not have ERC endorsement.
- DOT will, this week, submit to the ERC a plan and schedule for handling the public release and for obtaining comments.
- Heads of agencies represented on the Task Force will then have an opportunity to sign off on the plan of release -- but still withholding any approval of the report.
- The report probably would not be released before the last of August.

You should know that there was substantial criticism of the attached Executive Summary because it gives the impression that the Federal Government should take actions along the lines described in the report -- as contrasted with the presentation made to the ERC by Assistant DOT Secretary Herman that the Government could take action if it wanted to assume responsibility for the various penalties involved.

cc: Jim Cannon

July -
to this time
7 RVD
Could you
get the scoop on
this from
Tom Lloyd?
Administration: News
J. Hope.

N-9

FAA Aides' Air-Firm Ties Faulted

(By Barry C. Rascovar, excerpted, Baltimore Sun)

One hundred FAA officials in decision-making positions have ~~financial interests in aviation-related firms~~, receive pensions from these companies or hold interests in companies that receive FAA contracts, according to a report released Wednesday by the GAO.

The agency's report to Congress found that FAA financial disclosure regulations were so lax at least 95 other officials who should have been required to file statements did not do so and that a loophole in the FAA guidelines may have allowed other potential conflicts of interest to go unnoticed.

The GAO recommended that Transportation Secretary Coleman take steps to correct "weaknesses in the agency's financial-disclosure system and to determine if other departmental agencies have similar problems. -- (8/5/76)

Presidency: News

Housing Projects Funded

(By Muriel Dobbin, excerpted, Baltimore Sun)

President Ford gave his approval Wednesday to an \$850 million bill channeling aid to low-income housing projects, but accompanied his signature with sharp criticism of the legislation.

he President made clear that he was signing the measure because of his concern over the growing problem of adequate homes for lower-income Americans, and despite his conviction that Congress had failed to take a realistic approach to that problem in drawing up the legislation.

Ford singled out for criticism what he said was the congressional failure to realize the benefits which had accrued from a housing assistance payments program, begun two years ago, which had utilized existing and new houses for the poor, instead of concentrating on public housing.

That plan, President Ford said, had been about half as expensive as constructing all-new public housing, and had prevented waste of buildings already in existence. He added that it had also permitted lower income families to live in "modest homes instead of institutionalized housing." -- (8/5/76)



Steve
cc: Quern, Hope

Transportation

THE WHITE HOUSE
WASHINGTON

August 6, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR *JEC*

SUBJECT:

National Transportation
Policy Study Commission

The President reviewed your memorandum of July 29 recommending consideration of Governor Milliken as a member of the National Transportation Policy Study Commission and made the following notation:

"Good"

Doug Bennett will follow-up with appropriate action.

cc: Dick Cheney
Doug Bennett



file
Transp.

THE WHITE HOUSE

WASHINGTON

August 17, 1976

MEMORANDUM FOR: JAMES M. CANNON

FROM: JUDITH RICHARDS HOPE 

SUBJECT: Invitation to Address the Town Hall Forum, Los Angeles, California, on Transportation Policy, October 27, 1976

Los Angeles' Town Hall has invited me to address them on October 27 on the Administration's Transportation Policies and Proposals. This is one of the most prestigious forums in California, and I am honored to be invited. You have already approved a trip for me to Chicago on October 29 for the Naval Review at the Great Lakes Naval Training Center. With your approval, I will tack the Los Angeles trip on to that one, perhaps stopping in Wichita on the way from Los Angeles to Chicago for a conference with General Aviation Manufacturers which they have been seeking for several months.

APPROVE TOWN HALL SPEECH 

DISAPPROVE TOWN HALL SPEECH _____

THE WHITE HOUSE

WASHINGTON

August 26, 1976

MEMORANDUM FOR: Bill Nicholson

FROM: Jim Cannon

SUBJECT: Invitation to the President to Address
the American Public Transit Association
Annual Meeting on October 18, 19, or 20,
in San Francisco

The first transportation bill which the President signed after assuming office was the Urban Mass Transit Act Amendments of 1974. He has been supportive of public transportation and now has a major initiative in regulatory reform plan pending to simplify procedures under UMTA Section 13(c).

This meeting will draw approximately 2,500 attendees representing not only transit operators, but also State, regional, local, and Federal officials. If, as we believe, the President will have a major announcement to make in connection with the 13(c) regulatory reform, this audience would provide an ideal forum. I recommend that the President make this appearance, and suggest one of the following two times: October 18, between 9 a.m. and 2 p.m. (the opening session); or between 9 a.m. and 12 noon on October 20 (the closing session).

You may be interested to know that Governor Carter has also been asked to address this group.



file

THE WHITE HOUSE

WASHINGTON

August 31, 1976

Quite Detailed for

MEMORANDUM FOR: JIM CANNON
FROM: JUDITH RICHARDS HOPE
SUBJECT: Your Inquiry From News Summary

Earlier this month you inquired about financial disclosure problems with regard to the FAA. I have checked into this and have found that:

- . The GAO study was done in 1974 and 1975, and since this time, Secretary Coleman has made some good changes in the process.
- . FAA feels the forms are out of date and the situation probably has gotten a little out of hand.
- . 100 of the 1,700 interviewed by GAO had possible violation.
 - . Of that 100, FAA reviewed and found that most did not have a conflict and;
 - . Took immediate action on the ones that did have a conflict (immediate divestment).
- . FAA is now conducting a complete review of their financial disclosure system.

Attachment

*OK,
Pls make sure
this is followed up
Dan*