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THE WHITE HOUSE
WASHINGTON

February 5, 1975

Dear Henry:

Thank you for your letter of January 10. I am pleased by the commitment of Ford Motor Company to the goal of increasing automobile fuel economy. Achieving that goal is critically important to our Nation's energy situation.

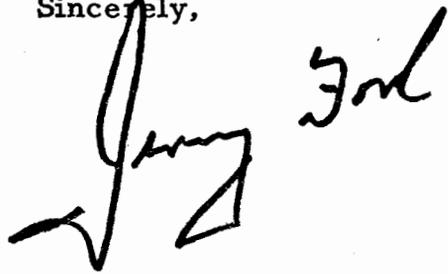
I recognize your point that there is a definite relationship between automobile prices, fuel and maintenance costs as well as emission requirements and that decisions on this matter have important implications for our economy. Our aim is to achieve a balance between air quality objectives and our energy and economic objectives that is in the best interest of the Nation. Finding the right balance depends heavily on good, current information regarding the impact of various emission requirements on air quality, initial automobile costs, and fuel and maintenance costs.

I am aware of the lack of agreement among experts on the impact of alternative automobile emission requirements. My decision to recommend stable emission standards for five years was based on my belief that this solution represented an acceptable balance among our various objectives. Since the Congress must act on this matter, there is time to bring additional information to the attention of the Executive branch, the Congress and the public.

Your Company's presentation to the Environmental Protection Agency's hearings on automobile emission controls was a useful first step in bringing out pertinent information on the impact of various emission requirements. Congressional hearings will provide another opportunity to help point toward the best solutions. Any new facts that you can provide me will also be welcome.

I appreciate very much your taking the time to let me have your views. I will follow developments on this issue very closely.

Sincerely,

A handwritten signature in black ink, appearing to read "James Ford". The signature is stylized and written in a cursive-like hand.

Mr. Henry Ford, II
Chairman of the Board
Ford Motor Company
The American Road
Dearborn, Michigan 48121

*file on this letter
in Central Files
CM 29
2/5/75*

1-14-75

THE WHITE HOUSE

WASHINGTON

Don R

His should
go to Frank Zach.

I suggest he talk
with Rod Mackley as to
whether an answer is necessary.

Maybe I should call
Henry Ford?

THE WHITE HOUSE
WASHINGTON

TO: The President

FROM: MILDRED LEONARD

FOR: Information _____

Appropriate Handling _____

Rod Markley called and asked me to get
this letter to you as soon as it came in.

ml

DATE: _____



Henry Ford II
Chairman of the Board

Ford Motor Company
The American Road
Dearborn, Michigan 48121

January 10, 1975

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

We have had a series of meetings on Secretary Morton's letter asking us to sign up to his voluntary fuel economy improvement target while simultaneously meeting tighter emission standards, and we have finally agreed on the attached reply. As you will see, we have pledged reluctantly to meet Mr. Morton's goal.

I would not be writing to you about this matter if I did not believe that it involves a policy decision of great importance to the nation that only you can make. I must tell you that in my view this tightening of emission standards is not in the best interests of the nation. It will increase our costs and thereby contribute to inflation. Because the costs will have to be passed on, it will reduce car sales and increase unemployment. It will slow our progress toward better fuel economy and thereby lead to greater petroleum imports and greater balance of payments deficits than are necessary.

These negative results might be acceptable if the nation were not in the middle of an inflation crisis, an unemployment crisis and an energy crisis. But I am convinced that they need not and should not be accepted at this time. They can be

prevented, without seriously slowing air quality improvement, simply by continuing the present emission standards for five more years. I hope that you will give this suggestion your serious consideration.

Best Regards

Harry L. Truman



Lee A. Iacocca
President

Ford Motor Company
The American Road
Dearborn, Michigan 48121

January 10, 1975

The Honorable Rogers C. B. Morton
Secretary of the Interior
Washington, D. C. 20240

Dear Mr. Secretary:

This is in response to your letter of January 8 that proposes, among other things, more strict vehicle emission standards and requests a commitment from Ford Motor Company that it will increase average car fuel economy to at least 18.7 miles per gallon by 1980.

Ford is deeply committed to fuel economy improvements, both in the national interest and for competitive reasons. Our commitment is evidenced by the introduction in the past two model years of all new, more fuel-efficient products, as well as major manufacturing changes to increase our small car capacity. Our aim, however, is to fulfill the commitment to better fuel economy and adequate emissions control at the lowest possible cost to the consumer. To do otherwise would add to the depth of the recession in the near-term and help to rekindle inflation in the long term.

As your letter recognizes, the presently established automotive emission standards for 1977 and beyond must be changed if the ambitious fuel economy goals you propose are to be achieved. Maximum fuel economy gains can be achieved at lowest cost to the consumer by a carry-forward of the 1975 49-state control levels for HC and CO (1.5/15). The nationwide application of the stricter California standards (.9/9) would, in our view, delay fuel economy

progress and add to consumer costs and inflationary pressures -- without producing appreciable air quality benefits as compared with a carry-forward of 1975 standards. In addition, it would sharply reduce any possibility of system redesign to remove catalysts -- an action that could permit substantial reductions in new car cost and increase refinery yield of gasoline through the use of lead additives.

We can, of course, meet the .9/9 emission levels, as we do so today on production units sold in California. It is abundantly clear, however, that today's California cars cost more and give less fuel economy than today's 49-state cars. Regardless of what fuel economy improvement can be attained at your proposed standards, more fuel can be saved, more quickly and with less cost and less investment, if the standards are held at present 49-state levels. At issue, then, is whether the incremental gains in emission control levels warrant these negative trade-offs. We believe they do not. We find no evidence that the proposed tightening of HC and CO standards for 1977-80 production will have a significant effect on national air quality.

In these circumstances, we must reiterate our view that the optimum course of action is a carry-over through 1980 of today's 49-state standards, and we shall continue to advocate this position as vigorously as we can. We urge the Administration to continue its review of this issue so that final legislative proposals may be passed on the best possible assessment. In this regard, we strongly endorse your determination to utilize a voluntary compliance program in the pursuit of our common goals. Selection of a voluntary program -- rather than a mandated legislative route with its go/no-go inflexibility, costly and frustrating administrative burdens and the inherent adversary relationship between government and the private sector -- is most encouraging to us. This decision will put competitive forces fully to work in the public interest.

With respect to the other points in your letter, we endorse uniform fuel economy labeling, the provision for fuel economy monitoring by the Department of Transportation and I wish to commend your recognition of the need to establish, as soon as practicable, optimum long-range emission control levels that will reflect a reasonable balance between the costs and benefits of improving the nation's ambient air quality.

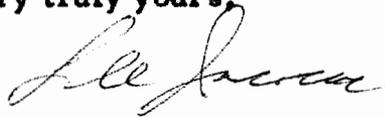
In summary, Ford Motor Company believes it can, by the 1980 model year, achieve a sales-weighted average passenger car fuel economy of 18.7 miles per gallon, as measured by the present

EPA city/highway test procedure, assuming that the 1977-80 emission standards are set no lower than 0.9 gpm hydrocarbons, 9.0 gpm carbon monoxide and 3.1 gpm oxides of nitrogen. It is our considered judgment, however, that the imposition of more strict HC and CO control is contrary to the public interest and a most regrettable additional burden to place on new car customers who ultimately must, through higher prices, pay for what we view as the totally unnecessary and not insignificant capital investment and product costs that will be incurred. I hope you will recognize that we are speaking not only for the account of our customers but for the welfare of our employes as well, thousands of whom are without employment, victims already of the depression-inflationary spiral that will be fed further by this ill-timed proposal.

Your desire to increase passenger fuel economy is no greater than ours. To ask us to achieve it in a manner that is wasteful of both capital and energy supplies is enormously disturbing to us.

On the other hand, it is even more disturbing that we find ourselves continually in a year-by-year adversary relationship with the Federal government over constantly changing standards. Accordingly, in the interest of seeking an accommodation that should be in our common interest because it holds the promise of stability for planning purposes, we pledge that we will work in good faith toward achievement of the fuel economy goal at the emission levels set forth in your letter.

Very truly yours,



Lee A. Iacocca



Ford Motor Company

The American Road
Dearborn Michigan 48121

The President
The White House
Washington, D. C. 20500

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 22, 1975

Time:

FOR ACTION: Roy Ash
Jack Marsh
Paul Theis

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Friday, January 24, 1975

Time: 10:00 a. m.

SUBJECT:

Cole/Duval memo (1/no date) re: Response
to Mr. Henry Ford, II, concerning auto
emissions and fuel economy

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

1/24 - Ash ok
1/27 Joe redacting letter
per their editing charges

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: MIKE DUVAL 
THRU: KEN COLLE
SUBJECT: Response to Mr. Henry Ford, II, concerning
auto emissions and fuel economy

Briefly, Mr. Ford's letter reflects his concern that the auto emission standards that you have recommended to the Congress are too rigid and will involve unnecessary fuel and dollar costs to automobile owners and undesirable economic impact. He argues that the improvement in air quality at the levels you have recommended does not warrant the additional costs.

There continues to be disagreement among experts on this matter. The information available thus far indicates that the air quality benefits are small (only a few cities are involved and the movement toward meeting ambient air quality standards in those cities by meeting the more rigid standards is quite small). Going to the more rigid standards will preclude some technical options that involve less fuel and dollar costs.

Nevertheless, I do not believe that there is information available to justify changing your position at this time. Furthermore, there will be opportunity for the auto companies and others to present facts on these issues at EPA hearings scheduled for later this month and during Congressional hearings.

I recommend that you sign the attached letter which has been coordinated with Frank Zarb, Russ Train and Claude Brinegar.

Attachment

THE WHITE HOUSE
WASHINGTON

Dear Henry:

Thank you for your January 10, 1975 letter. I'm pleased that you were able to commit Ford Motor Company to the goal of increasing average automobile fuel economy to at least 18.7 miles per gallon by 1980. I believe that achieving that goal is critically important to our Nation's energy situation.

I recognize your point that there is a definite relationship between automobile prices, fuel and maintenance costs, and emission requirements and that decisions on this matter have important implications for our economy. We must strive to achieve a balance between our air quality objectives and energy and economic objectives that is in the best interest of the Nation. Finding the right balance depends heavily upon good information on the impact of various emission requirements on air quality, initial automobile costs, and fuel and maintenance costs.

I am well aware that there is not agreement among experts on the impact of alternative automobile emission requirements. My decision to recommend stable emission standards for five years was based on my belief that this solution represented an acceptable balance among our various objectives. Since the Congress must act on this matter, there is time to bring additional information to the attention of the Executive Branch, the Congress and the public. I would urge you to take advantage of the Environmental Protection Agency hearings on automobile emissions which begin on January 21, 1975, and the Congressional hearings to bring out the information that will help point the way toward the best direction.

- 2 -

I appreciate very much having your views. I will follow developments on this issue very closely.

Sincerely,

Mr. Henry Ford, II
Chairman of the Board
Ford Motor Company
The American Road
Dearborn, Michigan 48121

THE WHITE HOUSE

Mr. Henry Ford, II
Chairman of the Board
Ford Motor Company
The American Road
Dearborn, Michigan 48121

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: **January 14, 1975**

Time:

FOR ACTION: **Mike Duval**

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: **Thursday, January 16, 1975**

Time:

cob

SUBJECT:

Letter from Henry Ford II dated January 10

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

The attached is forwarded for appropriate handling and your response should be coordinated with Frank Zarb.

Thank you.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

**Jerry H. Jones
Staff Secretary**

Henry Ford II
Chairman of the Board

Ford Motor Company
The American Road
Dearborn, Michigan 48121

January 10, 1975

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

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I would not be writing to you about this matter if I did not believe that it involves a policy decision of great importance to the nation that only you can make. I must tell you that in my view this tightening of emission standards is not in the best interests of the nation. It will increase our costs and thereby contribute to inflation. Because the costs will have to be passed on, it will reduce car sales and increase unemployment. It will slow our progress toward better fuel economy and thereby lead to greater petroleum imports and greater balance of payments deficits than are necessary.

These negative results might be acceptable if the nation were not in the middle of an inflation crisis, an unemployment crisis and an energy crisis. But I am convinced that they need not and should not be accepted at this time. They can be

prevented, without seriously slowing air quality improvement, simply by continuing the present emission standards for five more years. I hope that you will give this suggestion your serious consideration.

Best Regards

Henry Smith



Lee A. Iacocca
President

Ford Motor Company
The American Road
Dearborn, Michigan 48121

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Secretary of the Interior
Washington, D. C. 20240

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With respect to the other points in your letter, we endorse uniform fuel economy labeling, the provision for fuel economy monitoring by the Department of Transportation and I wish to commend your recognition of the need to establish, as soon as practicable, optimum long-range emission control levels that will reflect a reasonable balance between the costs and benefits of improving the nation's ambient air quality.

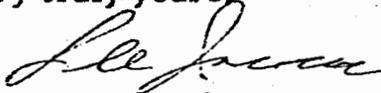
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Your desire to increase passenger fuel economy is no greater than ours. To ask us to achieve it in a manner that is wasteful of both capital and energy supplies is enormously disturbing to us.

On the other hand, it is even more disturbing that we find ourselves continually in a year-by-year adversary relationship with the Federal government over constantly changing standards. Accordingly, in the interest of seeking an accommodation that should be in our common interest because it holds the promise of stability for planning purposes, we pledge that we will work in good faith toward achievement of the fuel economy goal at the emission levels set forth in your letter.

Very truly yours,



Lee A. Iacocca

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

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DUE: Date: Thursday, January 16, 1975 Time: cob

SUBJECT:

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ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

The attached is forwarded for appropriate handling and your response should be coordinated with Frank Zarb.

Thank you.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: OK/LD

Date: January 22, 1975

Time:

FOR ACTION: Roy Ash
Jack Marsh
Paul Theis

cc (for information):

OK/mt ja 1/23/75

FROM THE STAFF SECRETARY

DUE: Date: Friday, January 24, 1975

Time: 10:00 a. m.

SUBJECT:

Cole/Duval memo (1/no date) re: Response to Mr. Henry Ford, II, concerning auto emissions and fuel economy

ACTION REQUESTED:

- | | |
|---|--|
| <input type="checkbox"/> For Necessary Action | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

1975 JAN 23 AM 7 45

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Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

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THRU: KEN COLL

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There continues to be disagreement among experts on this matter. The information available thus far indicates that the air quality benefits are small (only a few cities are involved and the movement toward meeting ambient air quality standards in those cities by meeting the more rigid standards is quite small). Going to the more rigid standards will preclude some technical options that involve less fuel and dollar costs.

Nevertheless, I do not believe that there is information available to justify changing your position at this time. Furthermore, there will be opportunity for the auto companies and others to present facts on these issues at EPA hearings scheduled for later this month and during Congressional hearings.

I recommend that you sign the attached letter which has been coordinated with Frank Zarb, Russ Train and Claude Brinegar.

Attachment

This doesn't sound like
OF at all

LD

Notice date
change last p

THE WHITE HOUSE
WASHINGTON

Dear Henry:

letter of I am impressed by your

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~~you were able to commit Ford Motor Company to the goal of~~
increasing average automobile fuel economy to at least 18.7
miles per gallon by 1980. I believe that achieving that goal
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Commitment to

I recognize your point that there is a definite relationship
between automobile prices, fuel and maintenance costs, ~~and~~ as well as
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important implications for our economy. ~~We must strive to~~ Our aim
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hearings to bring out ~~the~~ information that ~~will help point the~~
way toward the best direction ~~and~~ ^{to} ~~an~~ ~~answer~~ ~~substantive~~.

755-5070
EPA
0344
Miss
Office

toward

will also

and will continue
until Feb 5
February

you taking the time to let me have

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Chairman of the Board
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For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

*See corrections
of draft letter
to H. Ford.
JH*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

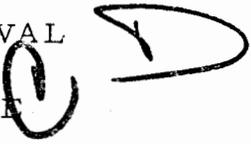
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Staff Secretary

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WASHINGTON

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reliable
Source
Account

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begin

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The American Road
Dearborn, Michigan 48121