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THE WHITE HOUSE
WASHINGTON

ACTION
Last Day: September 25

September 24, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON *Jimi*
SUBJECT: Enrolled Bill H.R.13655 -- Automotive
Transport Research and Development Act
of 1976

This is to present for your action H.R.13655, a bill which would establish within the Energy Research and Development Administration (ERDA) a program to develop advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles within five years. The bill was sponsored by Representative Brown (D-Calif.) and 15 others.

BACKGROUND

This bill would promote development of advanced alternatives to existing automobiles which would have greater fuel economy and less adverse impact on the environment. Specifically, it would:

- . Establish a five-year \$100 million research and development program within ERDA leading to construction of integrated test vehicles using advanced technology with respect to fuel economy, pollution control and other features.
- . Require ERDA to study the feasibility of Federal loan guarantees for advanced automobile R&D and report to Congress within one year the findings and recommendations for legislation.

Additional discussion is provided in OMB's enrolled bill report at TAB A.



ARGUMENTS FOR APPROVAL

1. The bill specifies that the R&D program shall neither supplant nor duplicate efforts of private industry.
2. The bill passed by 296 to 86 in the House and by 63 to 27 in the Senate, suggesting that sustaining a veto would be difficult. Similar legislation, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976," was passed a few days over your veto.

ARGUMENTS FOR DISAPPROVAL

1. The automobile industry already has sufficient incentives under the influence of increased gas prices and the recently-enacted mandatory fuel economy program to maintain primary responsibility in this area.
2. The legislation would duplicate established programs in ERDA, DOT and disrupt the existing ERDA-DOT working relationship.
3. The bill's two-year \$100 million authorization is costly and likely to generate pressure for significant additional funding over the five year life of the program and beyond.

AGENCY RECOMMENDATIONS

ERDA recommends that you approve H.R.13655. Commerce, EPA, NASA and NSF indicate they have no objection. OMB and DOT, with Treasury concurring, recommend that you disapprove H.R.13655.

COMMENTS

ERDA
Robert Seamans, Jr.

"Earlier versions of the Act . . . did present troublesome questions about the respective roles of ERDA and the Department of Transportation . . . However, ERDA is satisfied these difficulties have been resolved and that H.R.13655 describes a general program of energy research with equitable divisions of responsibility."



OMB (O'Neill)

". . . this legislation . . . duplicates existing authority . . . could preempt the private sector . . . is costly at a time of necessary fiscal restraint . . . would likely create pressure for additional high level funding in future years."

Secretary Coleman

". . . the bill would unnecessarily duplicate existing ERDA and DOT programs . . ." ". . . the proper Federal role . . . does not include construction of test vehicles which, . . . while they may not be called production prototypes, . . . may very well result in the same thing."

STAFF RECOMMENDATIONS

Max Friedersdorf recommends approval. He notes that a veto will be difficult to sustain in the Senate (63-27 and voice vote) and probably impossible in the House (296-86 and 344-39). Republican leaders believe it is unproductive to have another veto overridden (e.g. the electric car bill). Max also notes that Members are gripped with election fever and it is most difficult to hold them in line against spending proposals.

CEA and Bill Seidman recommend disapproval.

Counsel's Office (Kilberg) recommends disapproval on the merits, but defers to Friedersdorf on political advisability.

RECOMMENDATION

I recommend disapproval of H.R. 13655. The bill would duplicate established programs and preempt the private sector where it already has adequate incentives.

DECISION

Sign H.R. 13655 at TAB B.
Approve Signing Statement at TAB C.

Approve _____

Veto H.R. 13655 and sign veto message at TAB D which has been cleared by White House Editorial Office (Doug Smith).

Approve _____

Attachments





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 20 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13655 - Automotive
Transport Research and Development
Act of 1976
Sponsors - Rep. Brown (D) California and
15 others

Last Day for Action

September 25, 1976 - Saturday

Purpose

Authorizes in the Energy Research and Development Administration, a five-year Federal research and development program leading to advanced automobile propulsion systems and integrated test vehicles; provides an appropriation authorization of \$100 million over the next two fiscal years to carry out the program.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto Message attached)
Department of Transportation	Disapproval (Veto Message attached)
Department of the Treasury	Concurs in disapproval recommendation
Energy Research and Development Administration	Approval
Department of Commerce	No objection
Environmental Protection Agency	No objection
National Aeronautics and Space Administration	No objection
National Science Foundation	No objection
Department of Justice	No objection (Informally)
Federal Energy Administration	No objection (Informally)
Council on Environmental Quality	No comment (Informally)

Description of the bill

H.R. 13655 would establish a major Federal program to develop advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles. The Administrator of the Energy Research and Development Administration (ERDA) would be charged with primary management responsibility for the program.

Under the bill, ERDA would be required to:

- accelerate existing projects and conduct new projects for automotive research and development (R&D), giving priority to development of advanced propulsion systems;
- develop and construct integrated test vehicles within five years of enactment or within the shortest practicable time consistent with appropriate R&D techniques, using advanced technology with respect to safety, fuel economy, damageability and the other features;
- intensify research in key basic science areas where the lack of knowledge limits development of advanced automotive propulsion systems;
- make contracts and grants with any public or private organization for automotive R&D, subject to a requirement that not more than 60 percent of the program's funds is to be spent in Federal laboratories;
- design R&D under the Act so as to supplement, but not supplant or duplicate, private industry's automotive R&D;
- coordinate and consult with and obtain assistance from, the Department of Transportation (DOT), Environmental Protection Agency (EPA), and other Federal agencies in various phases of the program;

- study the feasibility of Federal loan guarantees for advanced automobile R&D, and report to the Congress within one year its findings with recommendations as to appropriate legislation; and,
- provide Congress with annual reports concerning the program's progress and problems.

The patent policy of the Federal Nonnuclear Energy and Research Development Act of 1974 would be applied to any contract or grant made under the program (that Act authorizes the Administrator to waive U.S. patent rights in certain cases).

Under the bill, the Secretary of DOT would be required to: (a) evaluate the extent to which the automobile industry utilizes advanced automotive technology; and (b) report his findings and recommendations to Congress. DOT would also be required to test integrated test vehicles for compliance for existing or contemplated standards under its applicable automotive statutes.

EPA would be required to test integrated test vehicles for compliance with statutes under its jurisdiction, including compliance with exhaust emission standards and for fuel economy.

Finally, the enrolled bill would amend the National Aeronautics and Space Administration's basic charter to specifically authorize NASA to conduct advanced automobile propulsion systems R&D.

H.R. 13655 passed by 296 to 86 in the House and by 63 to 27 in the Senate.

Budget Impact

H.R. 13655 would authorize appropriations of not to exceed \$25 million and \$75 million, respectively, for fiscal years 1977 and 1978.

The second concurrent congressional budget resolution for fiscal year 1977 includes an allowance of \$25 million for automobile energy programs. However,

this allowance was intended to cover specifically this bill and H.R. 8800, the bill you vetoed on September 13 (the Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976). Since that veto was overridden, it would appear that enactment of this bill would authorize appropriations that exceed the concurrent resolution for fiscal year 1977 by \$30 million.

Discussion

In testimony and reports on this legislation, ERDA, DOT and other Executive Branch agencies recognized and endorsed the principle that a certain level of advanced automobile R&D is an appropriate Federal responsibility. However, the agencies strongly opposed H.R. 13655 and similar bills based on the following factors:

1. The legislation would duplicate programs already established to support applied research and exploratory and advanced development of (a) propulsion systems, including alternative engines for cars, and (b) an integrated advanced test vehicle. ERDA, for example, has authority and is developing alternative engines in its Heat Engine Highway Systems Program, with outlays estimated at \$15 million in fiscal year 1977. Similarly, DOT's National Highway Traffic Safety Administration (NHTSA) has an established Research Safety Vehicle Program underway to develop an advanced test vehicle that will be more damage resistant, safe, energy efficient and environmentally acceptable than present motor vehicles. This type of research is already advancing safety concepts faster than they can practicably and economically be put into production. DOT will obligate \$27 million in fiscal year 1977 on this program and related automotive R&D.

2. The legislation would seriously disrupt the existing ERDA-DOT working relationship designed to coordinate their respective development activities in the transportation area. This relationship is

embodied in a carefully worked out Memorandum of Understanding. DOT and ERDA have consistently indicated their intention to solicit each other's advice in conducting portions of any programs that require the specific expertise of either agency and to continue to work together effectively.

3. While existing Federal research is providing important benefits, automobile manufacturers, using their own research, together with that of the Federal Government, are fully capable of maintaining primary responsibility in this area. The increased price of gasoline and the recently-enacted mandatory fuel economy program are providing adequate stimulus for the automotive industry to develop more efficient engines and automobiles.

In reporting on this legislation, the Senate Committee on Commerce observed that "... many of the Nation's most pressing problems in terms of energy conservation, environmental protection, and human safety are directly attributable ..." to the automobile. The Committee noted that much of private industry's automotive R&D is concentrated on the near-term aspects, and in this regard, it expressed the belief that "a coherent long-term program in R&D requires perspectives and responsibilities well beyond those of the private automobile companies, whose objectives are rooted in the marketplace." In light of the important role the automobile plays in the lives of many Americans, the Committee concluded that additional Federal automotive R&D is necessary to supplement the efforts of private industry.

Agency recommendations

DOT recommends veto while Treasury advises that it "would concur in a recommendation that the enrolled enactment not be approved by the President." DOT and Treasury base their recommendations on the same general grounds the Administration cited in opposing the bill in Congress (described above). In his concluding remarks on the enrolled bill, Secretary

Coleman notes that:

"This type of complex technological program, which I believe private industry is best able to perform, will eventually require, moreover, a massive spending program not reflected in the \$100 million start-up authorizations over the first two years which are provided in this bill."

Taking a different view, ERDA recommends approval while the remaining agencies either express no objection to approval or defer to ERDA. In arguing for approval, ERDA expresses the belief that the enrolled bill is an improvement over earlier version and now provides " ... a sound program of energy research with equitable divisions of responsibility." In addition, ERDA emphasizes that " ... the act clearly places primary emphasis on advanced propulsion system development rather than on test vehicle development ..." and thus simply tends to accelerate ERDA's efforts to develop new propulsion systems. Finally, ERDA interprets the bill as not duplicating DOT's integrated test vehicle responsibilities, and the agency concludes by pledging to work with DOT " ... toward the common goals of reducing energy consumption and increasing safety in automobile transportation."

OMB recommendation

H.R. 13655 is similar in many respects to the recently-vetoed H.R. 8800. Both bills would commit the Federal Government to significant and excessive spending programs in advanced transportation R&D where the private sector already has substantial expertise, experience and interest, and where adequate and appropriate Federal programs already exist.

We recognize that a veto override of H.R. 13655 -- as occurred with H.R. 8800 -- is a strong possibility. Nevertheless, we view H.R. 13655 as unacceptable and concur in DOT's recommendation for veto. The

factors cited by the Administration in opposing this legislation are still fully relevant. This bill reflects the apparent congressional conviction that there is an urgent need, for reasons related to environmental protection, safety and energy conservation, to further inject the Federal Government into the development of advanced automotive systems and integrated test vehicles.

As noted previously, the fact remains that this legislation:

- duplicates existing authority for Federal programs in automobile R&D and would disrupt these on-going efforts;
- despite an explicit provision in the bill to the contrary, it would require an inappropriate expansion of the Federal role that could unduly preempt the private sector; and
- is costly at a time of necessary fiscal restraint on the part of the Federal Government; in addition to the bill's two-year \$100 million authorization, the five-year program established by the bill would likely create pressure for additional high-level funding in future years.

We have prepared, for your consideration, a draft veto message which is attached.



Paul H. O'Neill
Acting Director

Enclosures

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550



OFFICE OF THE
DIRECTOR

September 16, 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

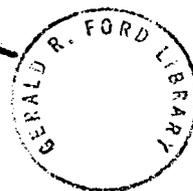
This is in reply to your request of September 14, 1976, for the comments of the National Science Foundation on Enrolled Bill H. R. 13655, the "Automotive Transport Research and Development Act of 1976."

The Foundation has no objection to approval of the bill by the President.

Sincerely yours,

A handwritten signature in cursive script that reads 'R.C. Atkinson'.

Richard C. Atkinson
Acting Director





UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

SEP 16 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget

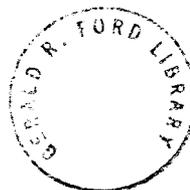
Dear Mr. Frey:

The Energy Research and Development Administration (ERDA) is pleased to respond to your invitation to comment on H.R. 13655, an Enrolled Bill, cited as the "Automotive Transport Research and Development Act of 1976." ERDA as the lead agency for the program described in the Act has worked closely with the Committees of the House and Senate and is now fully satisfied that this is constructive and desirable legislation.

H.R. 13655 directs that the Administrator of ERDA establish a program "to insure the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles within 5 years" (Section 4(a)). It is important to note that the Act specifically provides that this program shall be so designed and operated that it "neither supplants nor duplicates . . . efforts of private industry." (Section 4(a)(3)). ERDA is also mindful of the unmistakable intent of the Congress that industry rather than Federal laboratories is to carry out the program. For this reason the program should have the effect of accelerating the development of the automotive industry in this important area.

Earlier versions of the Act (H.R. 9174 and S. 1883) did present troublesome questions about the respective roles of ERDA and the Department of Transportation (DOT) and about the possibility of duplicating ongoing work. However, ERDA is satisfied that these difficulties have been resolved and that H.R. 13655 in its present form describes a sound program of energy research with equitable divisions of responsibility.

The current responsibilities of DOT in areas of automobile safety and damageability would remain unchanged and any new work in these areas, if required, would be conducted by DOT. Similarly, the current ERDA responsibilities to develop an advanced propulsion system would remain as before. The Act gives to the Administrator of ERDA the additional responsibility of building the integrated test vehicle and insuring that any advances in the areas of safety and damageability made by DOT as well as the ERDA advances in propulsion be incorporated into it.



SEP 16 1976

The "integrated test vehicle" is defined in Section 3(9) as a "vehicle which incorporates an advanced automobile propulsion system and other advanced automobile subsystems and which is used to determine . . . performance characteristics" of the various subsystems. In accord with the proscription against duplication, noted earlier, the integration into the test vehicle of advances in propulsion and in safety, etc., would not duplicate any program or research and development in any Federal agency. Further, there is no previous legislation or Executive Order delegating responsibility for developing the test bed vehicle to any Federal agency. There has not been, is not now, and is not planned for FY 77 any other program in any Federal agency to build such an integrated test vehicle.

Finally, the Act would, in effect, accelerate the pace of the ongoing ERDA program with industry to develop new, energy efficient and virtually pollution free propulsion systems. Some of the ongoing DOT safety and damageability programs also may be accelerated. However, I would emphasize that the Act clearly places primary emphasis on advanced propulsion system development rather than on test vehicle development; therefore, priorities among funds would be set accordingly. My staff and I, of course, look forward to working with the DOT toward the common goals of reducing energy consumption and increasing safety in automobile transportation.

For the reasons set forth above, I recommend that the President sign into law the Enrolled Bill, H.R. 13655.

Sincerely,

James A. Wilderott
for Robert C. Seamans, Jr.
Administrator





THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D. C. 20220

SEP 16 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

This letter is in response to your request for the views of this Department on the enrolled enactment of H.R. 13655, "To establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes."

The enrolled enactment would require the Administrator of the Energy Research and Development Administration to establish a program to ensure the development of advanced automobile propulsion systems, advanced automobile sub-systems, and integrated test vehicles within 5 years. To carry out the program, the Administrator would make contracts and grants with Federal agencies, universities, and other entities. In addition, section 10(b) would require the Administrator to submit to the Congress within 1 year a report covering, among other items, an examination of those stages of an advanced automobile technology development for which financial obligation guarantees may be useful and appropriate together with legislative recommendations. The enrolled enactment would authorize \$100,000,000 to be appropriated to carry out its purposes.

The House Report on the enrolled enactment contains letters from the Department of Transportation and ERDA opposing similar bills as being duplicative of existing programs and unnecessary. In the circumstances, the Department would concur in a recommendation that the enrolled enactment not be approved by the President.



In the event that the enrolled enactment becomes law, this Department should assist in the study of the need for guarantees and the preparation of resulting legislation, if any.

Sincerely yours,


Richard R. Albrecht
General Counsel





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 16 1976

OFFICE OF THE
ADMINISTRATOR

Dear Mr. Lynn:

This is in response to your request of September 14, 1976, for the views of the Environmental Protection Agency (EPA) on enrolled bill H.R. 13655 entitled, the "Automotive Transport Research and Development Act of 1976."

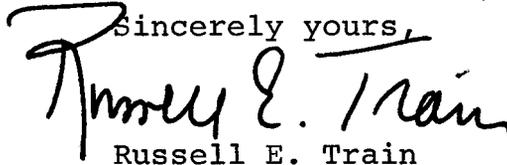
Under the provisions of H.R. 13655, the Administrator of the Energy Research and Development Administration (ERDA) is directed to establish and is given overall management responsibility for a program to insure the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles within five years or within the shortest practicable time. To fulfill his responsibilities, the ERDA Administrator is further directed to make grants and contracts. In providing financial assistance, he must give full consideration to the capabilities of Federal laboratories, except that no more than 60 percent of the funds appropriated pursuant to the authorizations may be expended in Federal laboratories. The enrolled bill authorizes the appropriation of no more than \$25 million for Fiscal Year 1976 and \$75 million for Fiscal Year 1977. The duty to evaluate the extent to which the automobile industry utilizes advanced automotive technology is given to the Secretary of Transportation.

Further, the enrolled bill directs the Administrator of EPA to test, or cause to be tested, in a facility subject to EPA supervision, each integrated test vehicle developed in whole or in part with Federal financial assistance provided under the bill, or referred by the ERDA Administrator, to determine whether such vehicle complies with any exhaust emission standards or any other requirements promulgated, or reasonably expected to be promulgated, under any provision of the Clean Air Act, the Noise Control Act of



1972, or any other law administered by EPA. In conjunction with any test for compliance with exhaust emission standards, the EPA Administrator is also directed to conduct tests to determine the fuel economy of such vehicle.

The Environmental Protection Agency has no objection to the signing of this bill from the standpoint of its programs.

Sincerely yours,

Russell E. Train
Administrator

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C. 20503



THE WHITE HOUSE
WASHINGTON

NOTE TO FILE: The DOT veto message
was submitted to President rather
than OMB version.

JJ 9/24





THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

September 16, 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for departmental views on H.R. 13655, an enrolled bill entitled the "Automotive Transport Research and Development Act of 1976."

This bill would establish within the Energy Research and Development Administration (ERDA) a 5-year program to develop and construct advanced automobile propulsion systems, advanced automobile subsystems, and "integrated test vehicles"--test vehicles which are compatible with criteria specified for an "advanced automobile." The program would involve research within ERDA, and research and development contracts and grants with public agencies and private industry. Other Federal agencies would be utilized by the ERDA Administrator to the extent that they have the expertise appropriate for the research and development program.

Although no authority is provided to finance the construction of a production prototype of an advanced automobile, the bill would require the construction of a sufficient number of integrated test vehicles to permit an adequate testing program. Funding projections over the life of the program would be included in requirements for an annual report to be submitted to the Congress. In addition, the ERDA Administrator would be required to prepare a report, within 1 year after the bill's enactment, on the need for Federal loan guarantee authority which may be useful or appropriate for the commercialization of advanced automotive propulsion systems, advanced automobile systems, and integrated test vehicles. For the first two years of the program, fiscal years 1977 and 1978, the bill authorizes \$25 million and \$75 million, respectively.



The Department has long opposed the provisions of this bill. First, ERDA and DOT, the Federal agencies which would be most directly affected by this bill, together already have sufficient authority to develop and construct advanced automobile propulsion systems, advanced automobile subsystems, and "integrated test vehicles," and indeed are already doing so. The Energy Reorganization Act of 1974 (P.L. 93-438), for example, gives ERDA the authority to conduct research, development and demonstrations of "alternative power systems" for automobiles, and the Federal Non-nuclear Energy Research and Development Act of 1974 (P.L. 93-577) authorizes ERDA to conduct studies regarding the improvement of automobile design and alternatives to the internal combustion engine and "systems of efficient public transportation." In addition, the Energy Reorganization Act makes the ERDA Administrator responsible for utilizing the technical and management capabilities of other Federal agencies in furtherance of such research and development.

Pursuant to this authority, ERDA's Highway Vehicle Systems Program is currently proceeding with the development of new automobile engine systems to the point where several prototype systems can be demonstrated in vehicles on the road. It should be noted that the \$100 million in authorizations for the first two fiscal years under this bill are in addition to those contained under ERDA's annual authorization for automotive research and development, which for fiscal year 1977 is approximately \$27 million.

While ERDA's automotive research and development programs are mainly focused on alternatives to existing automobile engines, DOT has been actively engaged in all aspects of advanced automobile research and development except for the area of alternative engine systems. These activities are authorized by the Department of Transportation Act (P.L. 89-670), the National Traffic and Motor Vehicle Safety Act of 1966 (P.L. 89-563), and the Motor Vehicle Information and Cost Savings Act, as amended (P.L. 92-513 and P.L. 94-163).

As part of our Automotive Fuel Economy Program, which was recently established through an amendment to the Motor Vehicle Information and Cost Savings Act, DOT is presently engaged in testing and evaluation to improve the fuel economy of automobiles. This program and previous DOT research has already resulted in the identification of numerous opportunities for improving the fuel efficiency



of conventionally-powered automobiles through engine modifications, changes in transmissions, aerodynamic redesign, and other design changes.

Through our National Highway Traffic Safety Administration (NHTSA), we also conduct research concerning all major components and systems of automobiles, in addition to carrying out the responsibility for promoting the development and production of improved automobiles by the motor vehicle manufacturers through regulations for fuel economy, damageability and safety.

Our Research Safety Vehicle Program, for example, is well along in its sponsorship of the development and evaluation of advanced safety automobiles which will achieve advanced levels of damage-resistance, safety, fuel economy, and lower emissions while also designed to be produced at reasonable costs. Detailed design development for two versions of such advanced research automobiles, which should meet the Nation's goals for advanced automobiles through the mid-1980's, will be completed before the end of this year. Our Research Safety Vehicle Program, moreover, has been carefully planned to determine what advanced automobile technologies are both practical and economically reasonable through the development and testing of engineered test vehicles only, and not production prototypes. For automotive research and development activities, DOT has obligated \$17.7 million in fiscal year 1976 and has requested obligational authority of \$26.9 million in fiscal year 1977.

In short, ongoing DOT and ERDA advanced automobile research and development programs have already been established to achieve the purposes of this bill and, in our view, will do so in a cost-effective manner. With regard to the coordination of our programs for the development of complete advanced vehicles for testing purposes, DOT and ERDA have an existing working relationship which is formally embodied in a carefully worked out Memorandum of Understanding. Accordingly, DOT is fully prepared to integrate any advanced propulsion system developed by ERDA into our advanced research safety vehicles. By proceeding in this way, the unnecessary duplication of programs and expenditures of funds which this bill would bring about can be avoided.

Our second reason for opposing this bill relates to the question of what is the appropriate role of the Federal government in carrying out its advanced automobile research and development activities. In our view, the provision for

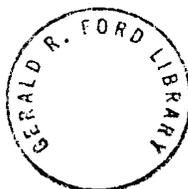


the development and construction of integrated test vehicles, which would require the construction of complete vehicles which incorporate safety, emissions, fuel economy, damage-ability, productibility and other features, would thrust the Federal government into expensive automobile engineering development and design areas where private industry has the best experience and most expertise.

Although the bill does not authorize the construction of production prototypes of advanced automobiles--vehicles which have gone through the final phases of engineering development and thus are readied for mass production--the bill specifically provides under section 3(9) that integrated test vehicles must be "compatible with the criteria for an advanced automobile." Since the criteria for an advanced automobile under section 3(2) of the bill include production prototype requirements, it is clear that "integrated test vehicles" are broadly enough defined so that, although they may not be called "production prototypes," they may very well amount to the same thing.

Accordingly, the provision for the construction of integrated test vehicles contained in the bill would clearly infringe upon the traditional responsibilities of the automobile industry, and goes a long way toward putting the Federal government in the business of designing and producing automobiles. While we support the concept that the Federal government, through ERDA and DOT, should continue to engage in the research and development of advanced automobile engines and the technologies and designs necessary to meet the Nation's goals for advanced automobiles, we believe that the Federal role should be confined to research and development and should not extend into borderline commercial areas.

In conclusion, we recommend that the bill be vetoed. We take this position because the bill would unnecessarily duplicate existing ERDA and DOT programs designed to accomplish the same purposes as this proposed legislation and in a cost-effective manner. If it is determined that increased funding levels for the existing programs in advanced automobile research and development could be used to accelerate these programs, then it would be appropriate to utilize the normal budgeting processes rather than to seek the enactment of such unnecessary and duplicative legislation.



In addition, we believe that the proper Federal role with respect to the research and development of advanced automobiles does not include the construction of test vehicles which may be completed in such a manner that, while they may not be called production prototypes, they may very well result in the same thing.

This type of complex technological program, which I believe private industry is best able to perform, will eventually require, moreover, a massive spending program not reflected in the \$100 million start-up authorizations over the first two years which are provided in this bill.

Enclosed is a proposed Presidential veto message for your consideration.

Sincerely,


William T. Coleman, Jr.

Enclosure



DOT Version
Concurred in by OMB
DC
&
D. SMITH
77

TO THE HOUSE OF REPRESENTATIVES:

I am returning, without my approval, H.R. 13655, the "Automotive Transport Research and Development Act of 1976."

This bill would establish a five-year research and development program within the Energy Research and Development Administration (ERDA) leading to the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles to promote the development of advanced alternatives to existing automobiles. The major objective of the program would be the development and construction of integrated test vehicles which would incorporate advanced automobile engines into complete vehicles conforming to Federal requirements for safety, emissions, damageability, and fuel economy. Such development would unnecessarily duplicate existing authorities and extend into areas private industry is best equipped to pursue.

Both ERDA and the Department of Transportation (DOT), the two Federal agencies which would be most directly affected by this program, already have sufficient authority to accomplish the objectives of this bill. Under the authority of the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974, ERDA's Highway Vehicle Systems Program is presently proceeding with the development of new automobile engine systems to the point where several prototype systems can be demonstrated in vehicles on the road. Under my fiscal year 1977 budget, ERDA will continue to emphasize the development of such advanced engines designed to meet higher levels of fuel economy and lower emissions.

Ongoing DOT programs under the authority of the Department of Transportation Act, the National Traffic and Motor Vehicle Safety Act of 1966, and the Motor Vehicle Information and Cost Savings Act are currently sponsoring advanced automobile



research that, except for advanced automobile engines, will achieve the purposes of this bill. Detailed design development for two versions of a Research Safety Vehicle should be completed before the end of this year. ~~Again~~, under my fiscal year 1977 budget, DOT will have sufficient funds for its advanced automobile research and development activities.

~~While~~ the Federal government, through ERDA and DOT, can play an important role in exploring the research areas that must be developed before advanced automobiles are produced which meet the Nation's conservation goals--especially in the critical area of new engine research. ^{However,} it must be recognized that private industry has substantial expertise and interest in the development and production of advanced automobiles. ~~This bill's provision for the construction of integrated test vehicles--vehicles which may be completed in such a manner that, although they may not be called production prototypes, they may very well result in the same thing--is not a proper role for the Government. Such a program would go a long way toward putting the Government in the business of designing and producing automobiles, a role which I am not prepared to commit the Government to undertake. The appropriate Federal role in this area should be confined to research and development only, and not extend into borderline commercial areas~~ ^{which} private industry is best able to perform.

This highly complex technological program, moreover, would eventually require a massive spending program not reflected in the bill's \$100 million start-up authorizations for the first two years of the program. *This bill would unnecessarily expand research and development programs now underway, and would provide no commensurate benefit for the taxpayers who must pay for this program.*

GERALD R. FORD
I am therefore, returning the bill without my approval.





National Aeronautics and
Space Administration

Washington, D.C.
20546

Office of the Administrator

SEP 16 1976

Director
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Attention: Assistant Director
for Legislative Reference

Subject: Enrolled Enactment report on H.R. 13655,
94th Congress

This is an Enrolled Enactment report on H.R. 13655, "To establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes." It is submitted pursuant to Mr. James M. Frey's memorandum of September 14, 1976.

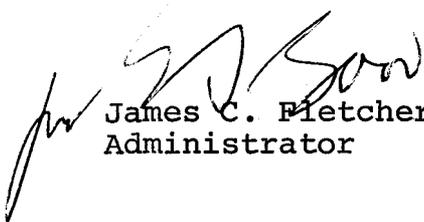
In general, the Bill would direct the Energy Research and Development Administration (ERDA) to establish a program to ensure the development of advanced automotive propulsion systems, advanced automotive subsystems, and integrated test vehicles within 5 years. ERDA would have overall management responsibility for the conduct of the program but would be required, where appropriate, to utilize the expertise of other Federal agencies. Vehicles developed by ERDA would be required to comply with all Federal standards affecting automobiles and, in this regard, provision is made for close cooperation between ERDA and the Department of Transportation (DOT) and the Environmental Protection Agency (EPA). The Bill further would require that programs conducted by ERDA would supplement and not supplant or duplicate the efforts of private industry.

Section 11 of H.R. 13655 would amend section 102 of the National Aeronautics and space Act of 1958 (42 U.S.C. 2451), which sets forth the Declaration of Policy and Purpose of that Act. H.R. 13655 would add new subsection (d) which declares that the unique competence of NASA in science and engineering systems be directed toward the development of advanced automobile propulsion systems to contribute to the achievement of the purposes set forth.



in H.R. 13655. The Conference Report on H.R. 13655 states that the purpose of section 11 is to insure that NASA "has the authority to carry out programs assigned to it" by ERDA, and that "NASA may not establish a separate program for such R&D under this new authority."

We would be pleased to participate in automotive research and development programs within the scope envisioned by H.R. 13655, and believe we have the expertise that would permit us to contribute significantly to such efforts. Although we defer to ERDA for recommendations on the enactment of H.R. 13655, the National Aeronautics and Space Administration would have no objection to approval of that legislation.


James C. Fletcher
Administrator





**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

SEP 16 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H. R. 13655, an enrolled enactment

"To establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes,"

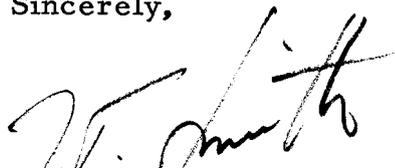
to be cited as the "Automotive Transport Research and Development Act of 1976".

H. R. 13655 would authorize the Administrator of the Energy Research and Development Administration to undertake a substantial research and development effort to develop innovative, fuel-efficient automobile designs. One hundred million dollars would be authorized for the first two years of the program.

With respect to the merits of this legislation generally, the Department defers to the views of the Energy Research and Development Administration and the Department of Transportation. With respect to the patent provisions of the bill, on which the Department had commented previously, we have no objection to the provisions as presently drafted in the enrolled enactment.

Enactment of this legislation would not involve any increase in the budgetary requirements of this Department.

Sincerely,


General Counsel



OFFICE OF MANAGEMENT AND BUDGET
ROUTE SLIP

TO Mr. Linder

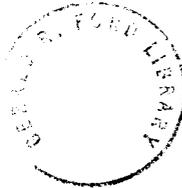
- Take necessary action
- Approval or signature
- Comment
- Prepare reply
- Discuss with me
- For your information
- See remarks below

FROM Mary Molnar

DATE 9/22/76

REMARKS

To be added to enrolled bill file
re. H.R. 13655.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

September 17, 1976

MEMORANDUM FOR JAMES M. FREY
OFFICE OF MANAGEMENT AND BUDGET

Subject: H.R. 13655, a bill to "establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes."

The Council on Environmental Quality recommends that the President sign the above enrolled bill.



Gary L. Widman
General Counsel



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 20

Time: 730pm

FOR ACTION:

cc (for information): Jack Marsh
Jim Connor
Ed Schmitts

Glenn Schleede

Judy Hope *veto*

Bobbie Kilberg

Max Friedersdorf

George Humphreys *veto*

Bill Seidman *veto*

Alan Greenspan

Robert Hartmann (veto message attached)

FROM THE STAFF SECRETARY

DUE: Date:

September 21

Time:

500pm

SUBJECT:

H. R. 13655-Automotive Transport Research and
Development Act of 1976

San Rosenblatt

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing



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.

K. R. COLE, JR.
For the President

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede
Judy Hope
Bobbie Kilberg / George Humphreys
Max Friedersdorf / Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

Robert Hartmann (veto message attached)

DUE: Date:

September 22

Time:

10:00am

SUBJECT:

H.R. 13655-Automotive Transport Research and
Development Act of 1976

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks



REMARKS:

please return to judy johnston, ground floor west wing

*approve veto but defer to Friedersdorf
& mark on question of whether override
is likely & if so, if it places us in a
bad position of having again -- or other
bad, unless whether that makes us look
good & Congress look bad. Kilberg 9/22/76*

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.

James M. Cannon
For the President

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede
Judy Hope
Bobbie Kilberg
Max Friedersdorf

George Humphreys
Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

Robert Hartmann (veto message attached)

FROM THE STAFF SECRETARY

DUE: Date:

September 22

Time:

10:00am

SUBJECT:

H.R. 13655-Automotive Transport Research and
Development Act of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*Agree with
OMB and DOT: Veto.*

[Handwritten signature]



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.

James M. Cannon
 For the President

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede

Judy Hope

Bobbie Kilberg

Max Friedersdorf

George Humphreys

Bill Seidman

Alan Greenspan

Robert Hartmann

cc (for information): Jack Marsh

Jim Connor

Ed Schmults

FROM THE STAFF SECRETARY

Robert Hartmann (veto message attached)

DUE: Date:

September 22

Time:

10:00am

SUBJECT:

H.R. 13655-Automotive Transport Research and
Development Act of 1976

ACTION REQUESTED:

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

REMARKS:

please return to judy johnston, ground floor west wing

Disapproval
JWS



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.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede
Judy Hope
Bobbie Kilberg
Max Friedersdorf

George Humphreys
Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

Robert Hartmann (veto message attached)

FROM THE STAFF SECRETARY

DUE: Date:

September 22

Time:

10:00am

SUBJECT:

H.R. 13655-Automotive Transport Research and
Development Act of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

I recommend disapproval
A) FURTHER INTRUSION IN TO PRIVATE SECTOR
B) DUPLICATIVE OF EXISTING AUTHORITY



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.

James M. Cannon
 For the President

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

1976 SEP 22 PM 12 47

September 22, 1976

MEMORANDUM FOR JAMES M. CANNON

FROM: Paul W. MacAvoy *PM*

SUBJECT: H.R. 13655 - Automotive Transport Research
and Development Act of 1976

The Council of Economic Advisers concurs with the Office of Management and Budget that H.R. 13655 should be vetoed for essentially the same reasons expressed by the Office of Management and Budget and the Department of Transportation. We are most troubled by the duplication of private research activities which would be required by the bill. We believe such duplicative efforts could lead to reduced activity by private firms. In addition, we are unaware of any studies which demonstrate the need for federal intervention into this market. In fact, recent experience suggests that foreign competition has provided a more than adequate stimulus to research by U.S. manufacturers.

The Council of Economic Advisers is also dissatisfied with funding provisions of the bill. While H.R. 13655 authorizes appropriation of only \$25 million in Fiscal Year 1977 and \$75 million in Fiscal Year 1978, the requirements of the bill dictate that the vehicles designed under this legislation be developed and constructed in as short a period as possible. We believe that this requirement would impose substantial burdens on the Federal budget in future years. We are unwilling to endorse the acceptance of such requirements without a statement of their probable costs.

In summary, the Council of Economic Advisers believes that this area of research can be more profitably left to the private sector.



0922-13

9/28

Mr. J. -

To add to the
file, pls.

Kate



Department of Justice
Washington, D.C. 20530

September 23, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill H. R. 13655, the "Automotive Transport Research and Development Act of 1976." As the bill states, its primary purpose is to "direct the Energy Research and Development Administration to make contracts and grants for research and development leading to the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles within 5 years of the date of enactment of this Act...." (Sec. 2(b)(1)(A))

This Department generally believes that projects such as these are best undertaken by the private sector. However, in light of the express findings of Congress that "insufficient resources are being devoted to both research on and development of advanced automobile technology," (Sec. 2(a)(3)), and that such projects relate directly to the "Nation's energy, safety, and environment problems," (Sec. 2(a)(5)), the public interest may best be served through approval of this bill.

There is, however, one specific area of concern. Section 7(d) provides that "The Administrator shall collect, analyze, and disseminate to developers information, data, and materials that may be relevant to the development of advanced automobile technology." (See also Secs. 2(b)(1)(B); 6(d)). Inasmuch as "developers" apparently includes representatives of the automobile industry, (Sec. 3(6)), the opportunity for exchange of competitive information, and perhaps collaboration among competitors, is real. If such a situation were permitted, serious anticompetitive



effects might result. This Department expects, therefore, that the Administrator of the program would be sensitive to this potentiality and would supervise the plan fully cognizant that one of Congress' purposes is to "preserve, enhance, and facilitate competition" in all areas of advanced automobile technology. (Sec. 2(b)(2)) We also note that the bill does not affect the applicability of the antitrust laws to projects undertaken pursuant to the bill. See H. R. Rep. No. 94-1351, 94th Cong., 2d Sess. 23 (1976).

The Department of Justice recommends Executive approval of this bill.

Sincerely,



Michael M. Uhlmann
Assistant Attorney General



THE WHITE HOUSE

WASHINGTON

September 22, 1976

MEMORANDUM FOR: STAFF SECRETARY
FROM: MAX FRIEDERSDORF *M.F.*
SUBJECT: HR 13655

Veto will be difficult to sustain in Senate (63-27 and voice vote) and probably impossible in House (296-86 and 344-39).

Republican leaders believe it is unproductive to have another veto overridden such as the electric car bill.

Members are gripped with election fever and it is most difficult to hold them in line against spending proposals.

I recommend approval of S. 13655.



TO THE HOUSE OF REPRESENTATIVES:

I am returning, without my approval, H.R. 13655, the "Automotive Transport Research and Development Act of 1976."

This bill would establish a five-year research and development program within the Energy Research and Development Administration (ERDA) leading to the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles to promote the development of advanced alternatives to existing automobiles. The major objective of the program would be the development and construction of integrated test vehicles which would incorporate advanced automobile engines into complete vehicles conforming to Federal requirements for safety, emissions, damageability, and fuel economy. Such development would unnecessarily duplicate existing authorities and extend into areas private industry is best equipped to pursue.

Both ERDA and the Department of Transportation (DOT), the two Federal agencies which would be most directly affected by this program, already have sufficient authority to accomplish the objectives of this bill. Under the authority of the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974, ERDA's Highway Vehicle Systems Program is presently proceeding with the development of new automobile engine systems to the point where several prototype systems can be demonstrated in vehicles on the road. Under my fiscal year 1977 budget, ERDA will continue to emphasize the development of such advanced engines designed to meet higher levels of fuel economy and lower emissions.

Ongoing DOT programs under the authority of the Department of Transportation Act, the National Traffic and Motor Vehicle Safety Act of 1966, and the Motor Vehicle Information and Cost Savings Act are currently sponsoring advanced automobile



research that, except for advanced automobile engines, will achieve the purposes of this bill. Detailed design development for two versions of a Research Safety Vehicle should be completed before the end of this year. ~~Again,~~ ^{Under} my fiscal year 1977 budget, DOT will have sufficient funds for its advanced automobile research and development activities.

~~While~~ ^{The} Federal government, through ERDA and DOT, can play an important role in exploring the research areas that must be developed before advanced automobiles are produced which meet the Nation's conservation goals, especially in the critical area of new engine research. ^{However,} it must be recognized that private industry has substantial expertise and interest in the development and production of advanced automobiles. This bill's provision for the construction of integrated test vehicles ~~vehicles which may be completed in such a manner that although they may not be called production prototypes, they may very well result in the same thing~~ is not a proper role for the Government. ~~Such a program would go a long way toward putting the Government in the business of designing and producing automobiles, a role which I am not prepared to commit the Government to undertake.~~ The appropriate Federal role in this area should be confined to research and development only, and not extend into borderline commercial areas ^{which} private industry is best able to perform.



This highly complex technological program, moreover, would eventually require a massive spending program not reflected in the bill's \$100 million start-up authorizations for the first two years of the program.

~~This bill would be a massive~~ ~~spending program~~ ~~that would unnecessarily spend~~

~~of money on~~ ~~research and development~~ ~~programs~~ ~~new~~ ~~under way~~, and would provide no commensurate benefit for the taxpayers who must pay ^{for this program} the bill.

I am therefore returning the ~~legislation~~ the bill without my approval.

GERALD R. FORD

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede
Judy Hope
Bobbie Kilberg
Max Friedersdorf

George Humphreys
Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

Robert Hartmann (veto message attached)

FROM THE STAFF SECRETARY

DUE: Date:

September 22

Time:

10:00am

SUBJECT:

H.R. 13655-Automotive Transport Research and
Development Act of 1976



ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

9/21/76 - copy sent for researching.
9/21/76 - Researched copy returned.
RTH should see.
Stinson ref. statement and
statement edited.
J. Smith

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.

James M. Cannon
 For the President

Date: September 21

Time: 1130am

FOR ACTION:

Glenn Schleede

Judy Hope

Bobbie Kilberg

Max Friedersdorf

George Humphreys

Bill Seidman

Alan Greenspan

Robert Hartmann

cc (for information): Jack Marsh

Jim Connor

Ed Schmults

FROM THE STAFF SECRETARY

(veto message attached)

DUE: Date:

September 22

to file
9-21 2:06
GA

Time:

10:00am

to DJS
9-21 4:10
GA

SUBJECT:

H.R. 13655-Automotive Transport Research and Development Act of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

MWB.



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.

James M. Cannon
 For the President

TO THE HOUSE OF REPRESENTATIVES:

I am returning, without my approval, H.R. 13655, ^{ca}
the "Automotive Transport Research and Development
Act of 1976."

This bill has a sound objective -- development
of advanced alternatives to existing automobiles
which could operate with less adverse impact on the
environment and with greater fuel economy. However,
I disagree with the approach in the bill of
committing the Federal Government to excessive
spending in an area where the private sector
already has substantial expertise, experience and
interest, and where adequate and appropriate
Federal programs already exist.

H.R. 13655 ^{ca} would establish a five-year \$100 ^{ca}
million research and development program within
the Energy Research and Development Administration
(ERDA) to promote the development of advanced
automobile propulsion systems. The major focus
of the program would involve research within ERDA ^{ca}
and research and development grants for other
public agencies and private industry to encourage
automobile manufacturers to consider incorporating
advanced technology into automobiles and automobile
components.

H.R. 13655 would unnecessarily duplicate
substantial Federal programs already established



to support applied research and exploratory and advanced development of propulsion systems including alternative engines for cars. The National Highway Traffic Safety Administration in the Department of Transportation (DOT) already has adequate authority under the National Traffic and Motor Vehicle Safety Act of 1966 to conduct an integrated advanced vehicle program and research on all major components and systems of automobiles. Under my fiscal year 1977 budget, DOT will be spending \$27 million on advanced automobile research and development.

Furthermore, ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Nonnuclear Energy Research and Development Act of 1974 to conduct an appropriate advanced propulsion system program. In this regard, ERDA will spend approximately \$15 million in fiscal year 1977 under its Heat Engine Highway Systems Program for developing alternative engines.

This bill threatens to disrupt these on-going programs which are now fully coordinated between DOT and ERDA. At a time of necessary fiscal restraint, it is costly and wasteful for the Federal Government to duplicate already existing programs for advanced automobile systems.



Moreover, although Federal Government research efforts by DOT and ERDA are producing important benefits and will continue, I am convinced that private industry is best able and equipped to carry research and development of advanced engines and vehicles to the point where they can be put into actual commercial production. The increased price of gasoline and the recently enacted mandatory fuel economy program are providing adequate stimulus for automobile manufacturers to develop more efficient engines and automobiles.

I have often promised the American people that I will protect their interests as taxpayers against unnecessary and excessive Government spending. I intend to keep that promise, and I therefore cannot approve H.R. 13655.

THE WHITE HOUSE
September , 1976



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 23

Time: 1100am

FOR ACTION:

Jim Lynn *Redone*
Max Friedersdorf *uh*
Bobbie Kilberg *an*
Robert Hartmann - *AO*
Bill Seidman *an*

cc (for information):

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 23

Time: asap

SUBJECT:

Signing statement - H.R. 13655, Act to establish a 5-year research & development program leading to advanced automobile propulsion systems

ACTION REQUESTED:

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

REMARKS:

please return to Judy Johnston, Ground Floor West Wing



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.

K. R. COLE, JR.
For the President

SEP 23 1975
THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 23

Time: 1100am

FOR ACTION: Jim Lynn
Max Friedersdorf
Bobbie Kilberg
Robert Hartmann
Bill Seidman

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 23

Time: asap

SUBJECT:

Signing statement - H.R. 13655, Act to establish a 5-year research & development program leading to advanced automobile propulsion systems

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to Judy Johnston, Ground Floor West Wing



Handwritten signature/initials

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.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 23

Time: 1100am

FOR ACTION: Jim Lynn
Max Friedersdorf
Bobbie Kilberg
Robert Hartmann
Bill Seidman

MB

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 23

Time: asap

SUBJECT:

Signing statement - H.R. 13655, Act to establish a 5-year research & development program leading to advanced automobile propulsion systems

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to Judy Johnston, Ground Floor West Wing

Concur - [Signature]



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.

James M. Cannon
For the President

THE WHITE HOUSE

~~ACTION~~ MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 23

Time: 1100am

FOR ACTION: Jim Lynn
Max Friedersdorf
Bobbie Kilberg ✓
Robert Hartmann
Bill Seidman

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 23

Time: asap

SUBJECT:

Signing statement - H.R. 13655, Act to establish a 5-year research & development program leading to advanced automobile propulsion systems

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input 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:

please return to Judy Johnston, Ground Floor West Wing

Approved Kelly 9/23/76



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.

James M. Cannon
For the President

OFFICE OF MANAGEMENT AND BUDGET
ROUTE SLIP

TO Mr. Jim Mitchell

- Take necessary action
- Approval or signature
- Comment
- Prepare reply
- Discuss with me
- For your information
- See remarks below

FROM Hugh Loweth

DATE 9/23/76

REMARKS

Attached are two copies of the revised signed statement on H.R. 13655--to develop advanced automobile propulsion system.

We have incorporated the approach you suggested on the phone.



SIGNING STATEMENT

Today I have signed H.R. 13655, a bill which establishes within the Energy Research and Development Administration a program to help develop alternatives to existing automobiles which could operate with less adverse impact on the environment and greater fuel economy.

The bill includes a five-year program of research and development leading to the development of integrated test vehicles, with emphasis on advanced propulsion systems. The legislation also provides for a study of the feasibility of Federal loan guarantees for advanced automobiles R&D. It calls for intensification of research in basic science areas where the lack of knowledge limits development of advanced automobile propulsion systems.

The overall thrust of this legislation is in keeping with the goals of the Administration's program already underway in automotive energy conservation. It clearly recognizes that the role of the Federal Government is to stimulate and complement the efforts of industry, rather than to use Federal funds to duplicate or supplant private investments. It also stresses the importance of focusing Federal support on advanced concepts and key research areas of high risk but high public benefit where industry does not have adequate incentive to invest.



I intend that these critical aspects of H.R. 13655 be carefully observed in its implementation in order to assure effective overall national progress in the development of advanced automotive concepts.



THE WHITE HOUSE

Lynch

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 23

Time: 1100am

FOR ACTION: Jim Lynn ✓
Max Friedersdorf
Bobbie Kilberg
Robert Hartmann
Bill Seidman

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 23

Time: asap

SUBJECT:

Signing statement - H.R. 13655, Act to establish a 5-year research & development program leading to advanced automobile propulsion systems

ACTION REQUESTED:

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

REMARKS:

please return to Judy Johnston, Ground Floor West Wing



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.

James M. Cannon
For the President

9-162

SIGNING STATEMENT

Today I have signed H.R.13655, a bill which establishes within the Energy Research and Development Administration, a program to develop alternatives to existing automobiles which could operate with no adverse impact on the environment and with greater fuel economy.

The bill includes a five year program of research and development leading to the
~~The program includes a five-year \$100 million project involving research and development of integrated test vehicles, with emphasis on advanced propulsion systems.~~
The legislation also provides for a study of the feasibility of Federal loan guarantees for advanced automobile R&D -- ERDA is required to report their findings and recommendations for appropriate legislation within one year.

The program will augment ~~programs~~ *research and development efforts* already established in ERDA and the Department of Transportation and ~~will~~ *in particular* accelerate ongoing efforts of ERDA ~~to~~ *to work with industry* develop new energy efficient and virtually pollution free propulsion systems, ~~with industry.~~

I believe that there should not be Federal intervention where there are incentives and willingness for the private sector to assume responsibilities and this legislation specifically provides that the research and development of the integrated test vehicles are not to supplant or duplicate efforts of the private industry.



TO THE HOUSE OF REPRESENTATIVES:

I am returning, without my approval, H.R. 13655, the "Automotive Transport Research and Development Act of 1976."

This bill has a sound objective -- development of advanced alternatives to existing automobiles which could operate with less adverse impact on the environment and with greater fuel economy. However, I disagree with the approach in the bill of committing the Federal Government to excessive spending in an area where the private sector already has substantial expertise, experience and interest, and where adequate and appropriate Federal programs already exist.

H.R. 13655 would establish a five-year \$100 million research and development program within the Energy Research and Development Administration (ERDA) to promote the development of advanced automobile propulsion systems. The major focus of the program would involve research within ERDA and research and development grants for other public agencies and private industry to encourage automobile manufacturers to consider incorporating advanced technology into automobiles and automobile components.

H.R. 13655 would unnecessarily duplicate substantial Federal programs already established



to support applied research and exploratory and advanced development of propulsion systems including alternative engines for cars. The National Highway Traffic Safety Administration in the Department of Transportation (DOT) already has adequate authority under the National Traffic and Motor Vehicle Safety Act of 1966 to conduct an integrated advanced vehicle program and research on all major components and systems of automobiles. Under my fiscal year 1977 budget, DOT will be spending \$27 million on advanced automobile research and development.

Furthermore, ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Nonnuclear Energy Research and Development Act of 1974 to conduct an appropriate advanced propulsion system program. In this regard, ERDA will spend approximately \$15 million in fiscal year 1977 under its Heat Engine Highway Systems Program for developing alternative engines.



This bill threatens to disrupt these on-going programs which are now fully coordinated between DOT and ERDA. At a time of necessary fiscal restraint, it is costly and wasteful for the Federal Government to duplicate already existing programs for advanced automobile systems.

Moreover, although Federal Government research efforts by DOT and ERDA are producing important benefits and will continue, I am convinced that private industry is best able and equipped to carry research and development of advanced engines and vehicles to the point where they can be put into actual commercial production. The increased price of gasoline and the recently enacted mandatory fuel economy program are providing adequate stimulus for automobile manufacturers to develop more efficient engines and automobiles.

I have often promised the American people that I will protect their interests as taxpayers against unnecessary and excessive Government spending. I intend to keep that promise, and I therefore cannot approve H.R. 13655.



THE WHITE HOUSE
September , 1976

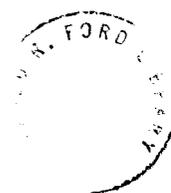
STATEMENT BY THE PRESIDENT

Today I have signed H.R. 13655, a bill which establishes within the Energy Research and Development Administration a program to help develop alternatives to existing automobiles which could operate with less adverse impact on the environment and greater fuel economy.

The bill includes a five-year program of research and development leading to the development of integrated test vehicles, with emphasis on advanced propulsion systems. The legislation also provides for a study of the feasibility of Federal loan guarantees for advanced automobile research and development. It calls for intensification of research in basic science areas where the lack of knowledge limits development of advanced automobile propulsion systems.

The overall thrust of this legislation is in keeping with the goals of the Administration's program already underway in automotive energy conservation. It clearly recognizes that the role of the Federal Government is to stimulate and complement the efforts of industry, rather than to use Federal funds to duplicate or supplant private investments. This bill also emphasizes the importance of focusing Federal support on advanced concepts and key research areas of high benefit to the public where industry does not have adequate incentive to invest.

I will insist that these critical aspects of H.R. 13655 be carefully observed in the implementation of this research program to assure effective overall national progress in the development of advanced automotive concepts.



THE WHITE HOUSE
WASHINGTON

Doug Smith:

Attached is a revised version of the signing statement on H.R. 13655. It was redone by OMB and Dennis Barnes also thinks it is much better than the statement you received earlier today and about which you two talked.

Judy 9/23



SIGNING STATEMENT

Today I have signed H.R. 13655, a bill which establishes within the Energy Research and Development Administration a program to help develop alternatives to existing automobiles which could operate with less adverse impact on the environment and greater fuel economy.

The bill includes a five-year program of research and development leading to the development of integrated test vehicles, with emphasis on advanced propulsion systems. The legislation also provides for a study of the feasibility of Federal loan guarantees for advanced automobiles ~~and~~ *research and development.* It calls for intensification of research in basic science areas where the lack of knowledge limits development of advanced automobile propulsion systems.

The overall thrust of this legislation is in keeping with the goals of the Administration's program already underway in automotive energy conservation. It clearly recognizes that the role of the Federal Government is to stimulate and complement the efforts of industry, rather than to use Federal funds to duplicate or supplant private investments. *This bill also emphasizes* ~~it also stresses~~ the importance of focusing Federal support on advanced concepts and key research areas of ~~high risk but high public benefit~~ *high risk but high public benefit to the public* where industry does not have adequate incentive to invest.



~~will~~ ^{insist} ~~that~~
 I intend that these critical aspects of H.R. 13655
 be carefully observed in ~~the~~ implementation ^{of this research program} ~~in order~~ to
 assure effective overall national progress in the develop-
 ment of advanced automotive concepts.

OK as indicated
 9/23/76
