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MEETING WITH

R. L. "DICK" HERMAN

Wednesday, February 5, 1975

12:15 P. M.

THE PRESIDENT HAS SEEN. *5/3*

*Note: President's handwriting on
reverse side.*

Convention

1) Time - Patent possible
state certification.

2) Site selection.
auditor

THE WHITE HOUSE THE PRESIDENT HAS SEEN *W. J.*
WASHINGTON

February 4, 1975

MEETING WITH R. L. "DICK" HERMAN
12:15 - 12:30 p.m. (15 minutes)
Wednesday, February 5, 1975
The Oval Office

From: Gwen Anderson *GA.*
Via: Robert T. Hartmann *per JC*

I. PURPOSE

Subject of discussion as designated by the President.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

1. Biographical data on Dick Herman is attached.
2. Also attached is copy of full page ad from Tuesday, January 28, 1975 "Washington Post" consisting of an open letter to the President and the Congress from Mr. Herman.
3. On approximately January 22, 1975 Mr. Herman resigned his position as Republican National Committeeman for Nebraska.
4. Meeting has been arranged at the President's request. Per conversation with Nell Yates who called from Atlanta, Georgia, the appointment was confirmed with Dick Herman this morning (2/4/75) by Gwen Anderson.

B. Participants

Dick Herman.

C. Press Plan

White House Photographer

III. TALKING POINTS

None required.

R. L. "DICK" HERMAN

Family: Wife, Peg; four children

Education: Attended University of Washington and University of Nebraska.

Political Career:

General Assistant to Campaign Director, Republican National Committee, 1964.

Regional Director, Nixon for President Campaign, 1968.

Delegate at Large to 1964 Republican National Convention.

Vice Chairman, Committee on Arrangements for 1972 Republican National Convention.

Member of Executive Committee of Republican National Committee, 1972-75.

Republican National Committeeman for Nebraska until resignation in January 1975.

Appointments: Appointed by President Nixon United States Commissioner on the International Boundary Commission, United States and Canada.

Business: President, Herman Bros., Inc., a petroleum transport business.

Post Office Box 189
Omaha, Nebraska 68101

(402) 346-8092

An open letter to President Ford and Members of Congress.

IT'S TIME FOR A REALISTIC SECOND LOOK.

**HERMAN
BROS. inc.**

The nation is suffering from excessive environmental and safety rules that are destroying employment, helping cause inflation and contributing to the recession. Right off, I want to establish that I'm strongly in favor of both a clean environment and safety. But the recent barrage of new rules in these fields is having a dangerously unfavorable economic impact that cries out for moderation in our approach. I THINK IT IS TIME FOR A REALISTIC SECOND LOOK AT WHERE WE ARE.

United States Steel Corp. is closing, under court order, its open hearth furnaces in Gary, Ind., an action expected to cost 2,500 jobs directly and 1,500 indirectly. The Environmental Protection Agency, which forced the move, is urging the company to continue to operate and pay a \$2,300 a day fine. Russell Train, the EPA Administrator, refused an extension to the company to operate and instead is urging them to pay the fine. Is he asking them to break the law? CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

The automotive industry, with increasing safety and environmental rules adding to the cost of autos, is at a near sales standstill with hundreds of thousands of employees out of work. Autos are being priced out of the market. CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

Another colossal example is the unproven, impractical Brake Standard 121 implemented by the National Highway Traffic Safety Administration affecting trailers manufactured after January 1 and trucks manufactured after March 1.

Theory has outstripped practicality. Let's look at it this way. A report of the Bureau of Motor Carrier Safety of the federal Department of Transportation shows that only 1.12 percent of equipment caused accidents involved brakes and brakes are what 121 is all about. Of 1,294 highway deaths involving trucks in the report, only five resulted from brake failures. Out of pocket costs of all accidents, including property damage, public liability and collision insurance are calculated at 450 million dollars for the trucks regulated by the Bureau of Motor Carriers. To say it another way, the cost of insurance for brake accidents is around 5.05 million dollars a year. The cost of the new Brake Standard 121 is going to run an estimated one billion dollars a year and guess who is going to pick up the tab. That's right, the consumer. In plain English, the new rule is going to cost 198 times more than it is worth if it prevents every brake accident from now on. I don't think that passing a rule is going to end all brake accidents to be really frank about it. I wish it were that easy. All costs are passed on, and this will mean a two to four percent general freight increase. CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

But most important is the distinct possibility that the new system, which has not been tested in the field, will actually cause more accidents, especially head-on accidents with greater severity (and with possibly more than five fatalities a year) when trucks are thrown over into on-rushing traffic. This needs more study. CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

The implementation of Brake Standard 121 illustrates an almost fatal flaw in our present administrative system. We appealed for a delay to the same officials who wrote the rule originally. Chances of fair consideration, therefore, were remote because the fox was already in the hen house.

In this case, more than 300 comments were received by the National Highway Traffic Safety Administration after President Ford ordered Secretary of Transportation Brinegar to reevaluate the Standard. More than eighty percent of the comments requested postponement or cancellation.

The Council on Wage and Price Stability requested indefinite implementation, and I quote the last paragraph of their statement:

We therefore request that NHTSA postpone indefinitely the implementation of Standard 121 pending a detailed, formal study of its economic impact. We urge that this study consider the factors we have raised and that when completed, it be made a part of the public record so that interested parties, including CWPS, can critique it. Indeed, we believe that all major standard seeking action proposed by NHTSA should be subject of formal economic analysis and that this analysis should always be a matter of public record.

Several large truck manufacturers are concerned that the Standard will reduce sales. For example, Mack Trucks, Inc., has incurred substantial expense and accumulated a large inventory in preparation to meet the Standard. Yet, in its statement filed with NHTSA, Mack Trucks said it would be cheaper to write off that expense than suffer the adverse economic and employment effects of meeting the requirements of the rule. Ford Motor Truck Company, which has even larger preparatory costs, took a similar position in its filed statements. In spite of all of this strong adverse reaction, the order was put into effect on January 1.



2565 St. Marys Ave. / P. O. Box 189 / Omaha, Nebraska 68105 / Telephone area code 402 346-8092

My last point is broader in nature but gets to the heart of the necessity for the economic review. There is a growing realization by those who pick up the costs (and these costs always reach the consumer and the government) that no one has the responsibility, nor apparently the desire, to look at the cumulative economic effects of what is going on with all the new safety and environmental rule making. CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

Safety and environmental costs have become astronomical in recent years. Additional examples in the environmental field alone are controls for engine noise, emission controls that reduce engine efficiency and increase the use of fuel, and noiseless tires. America may end up as the quietest, safest, cleanest country in the world, but bankrupt with full unemployment unless economic factors are considered in timing these changes. CERTAINLY HERE, A REALISTIC SECOND LOOK IS NEEDED.

I suggest that Brake Standard 121 be suspended so the economic side effects and the actual necessity for the law can have a fair, impartial review by experts outside of the Highway Administration. I suggest that the EPA give the United States Steel Corporation an extension to construct new, less polluting facilities to replace the old open hearth furnaces. I suggest the postponement of environmental and safety actions not presently in effect pending overall cumulative cost impact studies on the economy and whether the actions are practical and necessary. We've had enough interlocking seat belt laws. I suggest the need for an independent arbitration or review board procedure to coordinate and analyze the economic side effects and validity of new rules. It is certainly detrimental to the country if an overabundance of rules, or unnecessary rules, contribute to a permanent slowdown of our economy or add to the woes of the present recession.

MR. PRESIDENT AND MEMBERS OF CONGRESS, CERTAINLY IT IS TIME TO TAKE A REALISTIC SECOND LOOK.

Respectfully yours,

Dick Herman

R. L. "Dick" Herman
President
Herman Bros., Inc.

THE WHITE HOUSE

WASHINGTON

INFORMATION

February 5, 1975

MEMORANDUM FOR: THE PRESIDENT
THROUGH: JIM CAVANAUGH
FROM: MIKE DUVAL
SUBJECT: MEETING WITH DICK HERMAN

During his meeting with you today, Dick may wish to discuss the Department of Transportation truck anti-skid regulations. The following background information may be useful:

- . The regulation (known as Standard No. 121) went into effect on January 1. At your direction, DOT evaluated its economic impact and concluded that:
 - The regulation is cost-effective.
 - Trucks and trailers will cost 5-7% more. There will be minimal impact for about a year because of back orders of vehicles without the new safety features.
 - Postponement or rescission will have severe economic impacts on those manufacturers who have geared up to produce the needed safety equipment. Two hundred and fifty million dollars have been invested by very responsible companies such as Rockwell, Eaton and Kelsey-Hayes. They have hired 3-4,000 people.
- . Dick Herman argues that the regulation is not cost-effective. You reviewed his telegram prior to authorizing (on December 31 from Vail) DOT to go ahead with the final regulation.
- . At your specific direction, DOT continues to assess the actual cost-effectiveness of the regulation. They will also continue to review alternative proposals although they do not believe that these cheaper devices can provide comparable safety benefits.

DE
12:15 pm meeting

No -
Subj is plus -
D.

THE WHITE HOUSE
WASHINGTON

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M