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THE PRESIDENT HAS SEEN... *JG*

THE WHITE HOUSE
WASHINGTON

March 6, 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: DONALD RUMSFELD
FROM: JERRY H. JONES *JHJ*

JR9

Attached at Tab A is a note from you to Frank Zarb requesting information regarding the automobile industry. The answers to those questions are at Tab B.

THE WHITE HOUSE
WASHINGTON

January 27, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: FRANK ZARB

FROM: JERRY H. JONES 

The President has directed the following to you for comment:

-- Impact of Gas Rationing on automobile industry?

Auto industry -- what part of U.S. economy?

Any other facts such as how many states (not just Michigan) are affected by auto production lay-offs and cutbacks?

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

Frank Zorb

Impact of Gas Rationing
on Automobile Industry?

Auto industry - what
part of U.S. economy.

Any other facts such
as how many States (not
just Michigan) are affected
by auto production lay-offs
& cutbacks.

FRZ



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D. C. 20461

FEB 24 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR JERRY H. JONES

FROM : FRANK G. ZARB *z*

SUBJECT : RESPONSE TO PRESIDENTIAL QUESTIONS RELATING
TO THE AUTOMOBILE INDUSTRY

Attached are answers to the President's three questions related to the automobile industry. Most of the data regarding the location and size of motor vehicle facilities was obtained from the 1973-1974 edition of "Automobile Facts and Figures," published by the Motor Vehicle Manufacturers Association. Data on the location of major auto assembly plants and estimates of the total number of persons unemployed by automobile suppliers was obtained by telephoning directly representatives of Chrysler and Ford. General Motors declined to supply similar information.

I hope these answers satisfy the President's need for information regarding potential impacts of energy policy options on the automobile industry. I will furnish any additional information that may be required.

Attachments

Presidential Questions Relating to the Automobile Industry

Question 1: What would be the impact of gasoline rationing on the automobile industry?

Answer 1: A coupon gasoline rationing program designed to decrease gasoline consumption by one million barrels per day would severely impact the sales of new automobiles in the near term. It is estimated that in 1975 such a rationing program would result in a reduction in new car sales of 30% to 40% of the total projected sales. In 1976, the loss of new car sales would be expected to drop to 10% to 15% of projected sales due to the abatement of the psychological impact of the imposition of rationing, and the need to replace worn-out vehicles in the total domestic fleet. In 1977, new car sales would increase by about 3% over currently projected sales volumes due to a need to replenish the existing stock.

Question 2: The auto industry comprises what component of the U.S. economy?

Answer 2: Motor vehicles and associated industries accounted in 1971 for 185 billion dollars of a total GNP of 1.05 trillion dollars, or 18% of the total GNP. Private automobile transportation expenditures amounted to 101 billion dollars; freight movement expenditures consisted of 80 billion dollars; and 4 billion dollars was added from local and intercity passenger transport by buses and taxi cabs.

About 13 million jobs in the United States, one in every six, are dependent on the manufacture, distribution, service and commercial use of motor vehicles. A breakdown of these jobs by affiliated industry and State is attached. Motor vehicles and parts manufacturers accounted for over 800,000 jobs, or 6% of the 13 million jobs dependent on the automobile industry.

More than 800,000 individual businesses are dependent on motor vehicles, as follows:

° Automobile manufacturing	3,526
° Automobile wholesaling	65,698
° Automotive retailing	307,371
° Automotive services and miscellaneous auto enterprises	197,018
° Highway street construction contractors	14,713
° Motor freight trans- portation and related services	234,549
° Total	822,775

However, an estimated 50,000 firms supply materials, parts, components, and services to motor vehicle manufacturers. Automotive manufacturing and repairs accounted for 19.8% of the total domestic of steel, 8.8% of aluminum, 49.2% of malleable iron, over 60% of rubber and about 33% of zinc in 1972.

Also, automotive wholesale, retail and service establishments employ more than three million people and account for payrolls in excess of 12 billion dollars.

Question 3: How many states are affected by auto production layoffs and cutbacks?

Answer 3: The attached chart indicates the state locations of 95 automobile assembly plants, 204 parts plants, 200 parts depots, and 28 proving grounds. At least one of these four types of U.S. motor vehicle facilities is located in 40 of the 50 states. Supplier and distribution facilities are located in every state in the country.

Assembly plants generally incur the immediate impact of production cutbacks. The location of Ford and Chrysler assembly plants is shown below.

Chrysler

Illinois
Michigan
Delaware
Missouri

Ford

Michigan
Ohio
Indiana
Illinois
New York
New Jersey
Virginia
Georgia
Missouri
Minnesota
California
Kentucky
Tennessee
Oklahoma

However, the impact on direct suppliers to automobile manufacturers can also be significant. As of the end of December 1974, Ford reported that approximately 48,000 persons were unemployed by their suppliers as shown below.

Unemployed

Michigan	10,000
Ohio	5,000
Tennessee	4,000
Illinois	1,300
Pennsylvania	4,000
Canada	3,000
Kentucky	2,000
New York	1,500
Georgia	1,100
Indiana	4,000
Other	12,100

Total: 48,000 at end of December 1974

Total: 22 states with more than 200 employees directly involved in producing supplies for automobile manufacturing, laid-off.

MOTOR VEHICLES CREATE MORE THAN 13 MILLION JOBS

Nearly every job in the United States may be said to be dependent to some degree on motor vehicle use, but about 13 million—one in

every six—are dependent on the manufacture, distribution, service and commercial use of motor vehicles.

Vehicle manufacturing itself represents a little less than six percent of such employment. About two-thirds of vehicle-related jobs involve drivers and others who move the nation's goods and materials along the roadways.

The sale and servicing of vehicles provides employment for some 2.7

million people while highway construction and upkeep employs more than a half million. Personal transport by bus and cab provides 200,000 jobs with an additional 100,000 workers involved in fuel production.

The wide range of employment created by motor vehicle use is evident by tracing automotive materials through the industries that process them to the mines, forests and fields that produce them

	Motor Vehicles and Parts Mfrs.	Petroleum Refining	Automotive Sales and Servicing	State County and Local Roads	Truck Drivers and Other Employes	Bus and Taxi Employment	Total Employment
Alabama.....	3,673	*	45,465	14,601	161,200	1,691	226,630
Alaska.....	—	112	2,359	1,842	14,400	598	19,311
Arizona.....	299	—	25,342	5,486	114,000	923	146,050
Arkansas.....	1,418	823	27,947	6,899	134,700	776	172,563
California.....	34,377	13,482	285,562	39,058	1,182,800	15,975	1,571,254
Colorado.....	1,181	379	33,580	7,027	145,600	1,275	189,042
Connecticut.....	3,394	—	37,158	7,823	126,800	4,432	179,607
Delaware.....	*	*	6,504	1,669	29,700	829	38,702
Florida.....	1,353	118	97,437	17,230	269,000	5,149	390,287
Georgia.....	15,274	—	67,154	15,232	215,000	1,460	314,120
Hawaii.....	—	*	9,699	2,049	21,000	567	33,315
Idaho.....	—	—	11,914	2,772	49,000	594	64,280
Illinois.....	25,763	6,184	139,864	20,586	340,200	14,501	547,098
Indiana.....	61,179	5,088	74,525	11,747	321,500	2,617	476,656
Iowa.....	3,988	—	45,722	10,744	164,000	641	225,095
Kansas.....	5,561	3,116	37,392	9,775	148,000	1,111	204,955
Kentucky.....	8,605	806	40,677	10,602	153,100	2,404	216,194
Louisiana.....	483	8,924	46,179	12,723	166,400	2,007	236,716
Maine.....	—	—	14,393	4,907	54,800	680	74,780
Maryland.....	9,924	*	46,541	9,810	121,900	3,339	191,514
Massachusetts.....	5,889	—	66,195	14,714	165,100	9,578	261,476
Michigan.....	301,480	1,414	123,951	17,935	314,900	5,651	765,331
Minnesota.....	3,807	1,091	54,365	12,959	189,700	6,495	268,417
Mississippi.....	*	870	28,355	10,045	105,700	257	145,227
Missouri.....	34,282	*	71,812	11,718	240,600	4,671	363,083
Montana.....	—	682	11,695	3,636	50,400	671	67,084
Nebraska.....	1,918	—	25,106	5,790	91,100	1,141	125,055
Nevada.....	—	—	8,098	2,304	41,900	1,774	54,076
New Hampshire.....	*	—	9,440	2,966	28,100	571	41,077
New Jersey.....	15,867	4,017	60,801	17,785	211,400	9,129	318,999
New Mexico.....	—	*	16,245	3,983	66,200	1,511	87,939
New York.....	42,068	1,011	174,383	44,450	407,700	36,864	706,476
North Carolina.....	4,755	*	72,983	14,165	310,400	2,987	405,290
North Dakota.....	*	*	10,874	2,814	37,000	411	51,099
Ohio.....	121,616	3,035	140,932	25,403	330,200	7,795	628,981
Oklahoma.....	2,900	4,603	41,281	8,694	167,100	935	225,513
Oregon.....	2,052	—	34,614	7,393	119,500	1,624	165,183
Pennsylvania.....	20,482	9,388	151,110	31,346	451,100	16,469	679,895
Rhode Island.....	526	—	10,748	1,943	35,600	693	49,510
South Carolina.....	975	—	32,792	7,112	143,700	830	185,409
South Dakota.....	—	—	11,228	3,499	37,500	481	52,708
Tennessee.....	8,709	*	55,386	12,899	142,200	2,506	221,700
Texas.....	9,517	28,689	178,488	31,385	676,000	7,106	931,185
Utah.....	*	665	15,902	3,587	59,400	227	79,781
Vermont.....	—	—	5,790	2,237	18,500	325	26,852
Virginia.....	2,744	*	60,714	15,123	160,000	5,009	263,590
Washington.....	1,686	1,005	46,132	11,815	192,500	2,010	255,448
West Virginia.....	*	*	21,848	10,485	67,300	1,363	120,996
Wisconsin.....	27,417	*	56,883	14,071	154,700	6,381	259,452
Wyoming.....	—	1,369	6,630	1,944	30,000	163	40,106
Dist. of Columbia.....	—	—	9,905	1,352	15,100	711	27,068
Total.....	797,271	100,586	2,730,650	568,134	9,034,000	202,552	13,433,193

*Withheld to avoid disclosure. — None or not available.

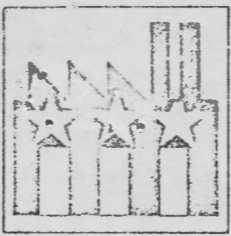
NOTE: Due to varying sources data are not necessarily comparable with that for previous years. Some data are not available for later than the 1967 Census year. The U.S. totals do not always agree with the sum of the individual states.

SOURCE: Motor Vehicles and Parts Manufacturers, Petroleum Refining, Bus and Taxi Employment, U.S. Department of Commerce, Bureau of the Census, 1971 County Business Patterns.

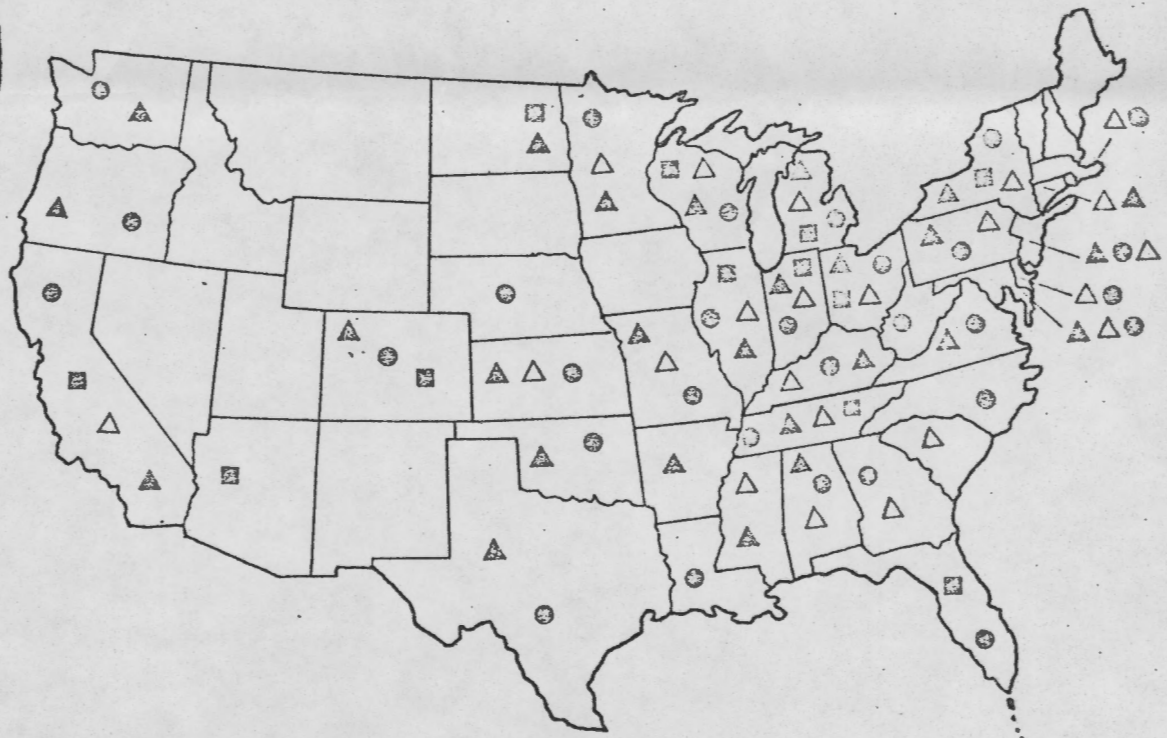
Automotive Sales and Servicing Employment; U.S. Department of Commerce, Bureau of the Census, 1967 Census of Business.

State, County and Local Road Employment; U.S. Department of Commerce, Bureau of the Census, Public Employment in 1972.

Truck Drivers and Other Employees; American Trucking Associations.



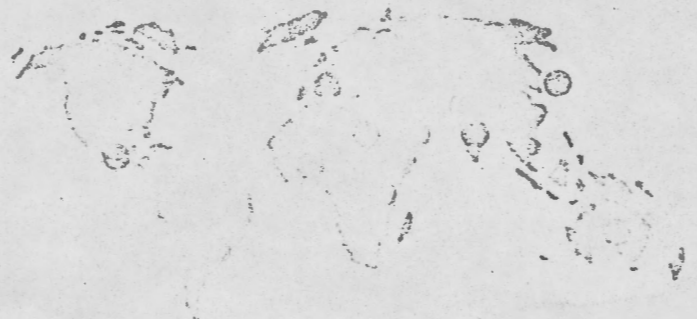
FACILITIES OF U.S. MOTOR VEHICLE MAKERS SPREAD TO ALL REGIONS OF NATION



ASSEMBLY PLANTS.....▲ There are 95 Assembly Plants located in 74 Cities in 28 States.
PARTS PLANTS.....△ There are 204 Parts Plants located in 119 Cities in 19 States.
PARTS DEPOTS.....⊙ There are 200 Parts Depots located in 119 Cities in 30 States.
PROVING GROUNDS.....◻ There are 28 Proving Grounds located at 26 Centers in 12 States.
 Independent Supplier Firms are in hundreds of other Cities.

U.S. MAKERS SUPPORT ECONOMIES IN MANY LANDS

- — AFRICA 20 Manufacturing Plants
- — ASIA 59 Manufacturing Plants
- — EUROPE 66 Manufacturing Plants
- — NORTH & CENTRAL AMERICA 337 Manufacturing Plants
- — OCEANIA 27 Manufacturing Plants
- — SOUTH AMERICA 31 Manufacturing Plants



SOURCE: Motor Vehicle Manufacturers Association of the U.S., Inc.