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THE WHITE HOUSE

WASHINGTON

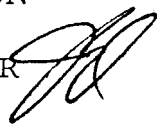
October 27, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES M. CANNON

FROM:

JAMES E. CONNOR 

SUBJECT:

Auto Emission Standards

The President reviewed the memorandum of October 23 on the above subject, submitted by Bill Seidman and yourself, and made the following notation:

"I understand in the Energy Conference
(House and Senate) action is taking place
here --- Check with Frank Zarb "

Please follow-up with appropriate action.

cc: Don Rumsfeld
Bill Seidman

THE WHITE HOUSE
WASHINGTON

I understand in the
Emergency Conference (House &
Senate) action is taking
place here.

Check with Frank Job



THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

October 23, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES M. CANNON
L. WILLIAM SEIDMAN *JWS*

SUBJECT: Auto Emission Standards

Considerable progress has been made since our last report on the Auto Emission Standards suspension.

On the House side, there is general feeling that even though the Subcommittee has adopted a hard line on the two-year program, the full Committee will be willing to accept a more relaxed schedule. They probably will watch the Senate activity very closely and are expected to fall in line with what the Senate Committee finally recommends.

Bill Gorog has been assigned to coordinate the Economic Policy Board and Domestic Council action in this area. He and Pat O'Donnell have spent time with Senators McClure, Domenici, Buckley, Randolph, Baker, and many of their staff members. We are somewhat optimistic about the results of these discussions. The present outlook appears to be as follows:

1. No one, including the toughest staff member (Leon Billings), will insist on the hard line of maintenance of the original 1978 Standards.
2. There is general agreement, somewhat to our surprise, that economic considerations demand an evolutionary approach to introduction of Standards. This, we feel, is a real breakthrough in that staff members and Senators alike, are searching for a method to permit the automotive companies to phase in new models to meet new Standards, rather than requiring the entire fleet to meet new Standards at a given year.
3. Several proposals are now floating to accomplish these objectives. The most interesting one seems to be coming

from Senator Baker who has proposed that the auto companies be permitted to keep in production, at the 1975 Standards, any car model introduced prior to a given target year. New models would be required to meet a new set of Standards after that given model year. Baker feels that this would put market pressure on the companies to meet new Standards, rather than having them set by arbitrary government decision. While the mechanics of this plan and the year phasing need considerable scrutiny, the concept itself seems good, and we feel that we should watch the development of this concept. Industry representatives are making an analysis of the impact of this new approach.

In all, we feel more optimistic about reaching a reasonable solution at this point than we have previously. Our economic message has gotten through, and the Senators are concerned about this aspect of the problem. Jennings Randolph flatly indicated that his primary concern centered on the economics of the issue, and he strongly desired a solution that had minimum impact on the economy.