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THE WHITE HOUSE

PRESS CONFERENCE

OF

ROGERS C. B. MORTON, SECRETARY OF INTERIOR
CLAUDE S. BRINEGAR SECRETARY OF TRANSPORTATION
AND

RUSSELL E. TRAIN, ADMINISTRATOR,
ENVIRONMENTAL PROTECTION AGENCY

4:04 P.M. EST

MR. SPEAKES: A group of Administration officials have just concluded a meeting lasting a little over an hour with representatives of the auto manufacturers.

Secretary Brinegar served as Chairman, and also attending were Secretary Morton, Mr. Russell Train of the Environmental Protection Agency, and other Administration officials.

We will provide you with a complete list of those who attended and in addition, I believe you have a chart which we have made available to you.

With us to describe the meeting are the three gentlemen which I mentioned. I will turn it over to them.

SECRETARY MORTON: I think the Chairman of the meeting should be able to answer all the questions you have.

I would like to say that I felt it was very productive. It was a very concise outline of what the Government's role should be and I think we informed the automobile industry as concisely as possible as to how we intended to monitor and how we intended to pursue the route towards achieving the President's goal, which was outlined in his October 8th message, of a 40 percent mileage efficiency increase between now and 1980.

Claude, you might want to go into detail.

SECRETARY BRINEGAR: Thank you, Rogers. We have handed around a table which has some question marks in it which outlines, as we see it, the process by which we must reach the goal, the goal being the 40 percent increase after a 4-year development period, which puts us in the model year of 1980; the present average miles per gallon is 15.9. The base period that we are using of 1974 was 14.

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(OVER)

The 40 percent increase brings us to 19.6. We endeavored to break them out by major manufacturer and grouping the others into one category show the implications of where they stand now and what seem to us to be realistic goals so in fact when we reach 1980 model year we have the 40 percent gain.

I discussed with the manufacturers the concept, asked their cooperation, first, to the dedication of the importance of saving fuel and fuel-efficient automobiles; I asked their dedication to cooperation on a voluntary monitoring process to work with me and others so we know, yes, their plans are working. Their plans will make the fuel economy goals that will give us the 40 percent increase.

We also discussed in the meeting a recently released report that was submitted to Congress last week on the result of a study done jointly with the EPA and our Department of the potential of fuel economy gains. That report suggested that a 40 percent increase was quite feasible and that the trade-offs were not too serious.

We asked them to prepare their reactions to that report and to come back to us. It was in the nature of an outlining of the process, getting a dedication to our goals and finding a way to go forward.

I think it was a productive meeting. I found, going around the table with the manufacturers, they all endorsed our approach and certainly were all committed to more efficient cars and, hopefully, finding ways to meet the President's goal.

Q Mr. Secretary, aren't you penalizing the imports by requiring a 40 percent reduction for them? In other words, aren't you requiring a loss from the ones that have already won the race?

SECRETARY BRINEGAR: We haven't approached it that way. The imports and the smaller cars, the American Motors, are grouped in this category called "All Other" for purposes just for that table and if you will notice the present level which I believe was around 21 point something miles per gallon, sort of the target number shown at the bottom, is not a 40 percent increase, but lesser amount.

We are trying to find a fair balance between manufacturing design potentiality and realistic achievement in the marketplace.

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Q Did the manufacturers say they could meet the goal?

SECRETARY BRINEGAR: The manufacturers were not asked to commit to the specific goal at the meeting. They were asked to commit themselves to cooperating with us on this process of monitoring. We are going to have to sit down with them, one at a time to review their plans, to try and sort out the technology gains from the sales mix gains and to see, as we fill those question marks in how it comes out.

It may well be that our first time -- 30 days from now when we have some numbers -- it may not come out right, in which case we will have to go back and say to them we need something better here.

Q What are the trade-offs?

SECRETARY BRINEGAR: There are always trade-offs -- the automobile design versus weight versus engine size versus safety equipment versus environmental standards versus energy. All of these are obviously things to consider. But for purposes of this set of calculations, we have specified their assumption on emission standards and the assumptions on safety.

Q What assumptions did you make on nitrogen oxide?

SECRETARY BRINEGAR: I will ask Mr. Train to speak to that.

MR. TRAIN: The assumptions that were given the automobile manufacturers for the purpose of the report, the DOT-EPA report, are the statutory standards for 1978 for hydrocarbons and carbon monoxide. And a 2.0 level, which I had recommended last year starting in 1978 for knocks going through 1981, and then probably dropping to 1.0 at that time and an uncertain .4 by 1990, or what.

But as I pointed out to the manufacturers in the meeting today, this is simply a working assumption for the purpose of making estimates and it is not an effort to pre-judge what Congress may do when it takes a look at this issue this coming year, obviously. That is what is going to determine what the standard is.

Q Do you think the Senate subcommittee will buy this annual report from the National Academy of Sciences in September and after your own agency's report last summer on nitrate?

MR. TRAIN: A 2.0 level, I don't know. I am not going to predict what they are going to do. I am hoping they will have hearings early next year.

Q The report said in the footnote they assumed Congress would support this amendment to the Clean Air Act.

MR. TRAIN: For the purposes of making a working assumption for estimating purposes, but obviously, there is no way to assume what Congress is going to do. Congress is an independent body. Obviously, there is no way to establish for a report in November what Congress may do six months or a year hence.

What I am hopeful of is that Congress will have hearings early in the coming year on this whole issue and get the manufacturers in and have them lay out the state of the technology as they see it, and the various courses, fuel-wise and otherwise, that are involved in making these standards.

Q Basically, what will the manufacturers have to do in general terms to reach this goal? Will they have to reduce the weight? Will they have to improve their emission system? What are the basic things to be done?

SECRETARY BRINEGAR: There are a whole series of ways to make an efficient automobile. A lot of manufacturers are making them right now. There are a number of automobiles out on the road that average over 20 miles per gallon.

Our report that I refer to -- and that is available at the Department of Transportation, and I assume the Environmental Protection Agency -- discusses in over 100 pages the kinds of decisions that could be made, but they are weight, they are transmission design, engineering of the transmission, the gear train, their engine sizing, their aerodynamics, their radial tires. There are a whole series of events that can be strung together to make the automobile efficient.

There are various reasons that cars weigh certain things. There are various engineering design criteria, as you refer to them, now on the statute books. We are always looking at the cost-benefit relations of these requirements. The President himself directed that a careful cost-benefit study be made of all of our regulatory requirements.

But as you look at how to make an automobile efficient, you look at engine design, you look at transmission, you look at weight and aerodynamics design. It is a matter of pushing each of those to see how they come out of the sales mix.

Q Secretary Morton, did you recommend Mr. Sawhill be replaced as Energy Director?

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SECRETARY MORTON: I had some discussions with the other members of the Council and discussions with the President, and I certainly recommended that Mr. Sawhill be retained in the Government.

I didn't recommend directly he be replaced, but I suggested that if he could be placed somewhere else in the Government, that our Council could function perfectly all right. John is a very, very able person and I think it gets down to a matter of style. I think what we are trying to do here is establish a broad base of accountability throughout the Government so the entire Government is impacted against the problem of energy.

Q What does that mean, that he spoke out of turn?

SECRETARY MORTON: No, I don't think that. I think it is more a matter of style. I think we see some examples of it. For example, today, the implication is that I am opposed to conservation of energy and this is not true. I feel conservation and efficiency are perhaps the only real tools we have during the very short-term and we have to do everything we can to develop a new energy ethic on the part of industry and on the part of the public at large.

Q Does that mean you may not favor, however, mandatory conservation, strong mandatory conservation moves at this time which Mr. Sawhill was in favor of?

SECRETARY MORTON: I think we ought to give the people and give industry and commerce an opportunity to do this voluntarily. I think there would be a real resistance to it on the part of the public at this particular time.

I agree with the President, that if the voluntary system does not work, then we ought to come forward with some tougher turkey. But certainly, the opportunity should be given to the American people fully to understand the problem and to respond to it. And I don't think we have reached that. I don't think the problem of energy is understood by the American public. I think we have to get that understanding developed and then I think the public will respond. If we come out with a great many controls and rationing and all the other things, I think there will be tremendous resistance and will have a very depressing effect on the spirit of this country.

Q Mr. Secretary, is your policy trying to direct the American consumer to get cars that will offer the best energy?

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SECRETARY MORTON: The policy is that the American consumer should have a good choice, certainly, in the purchase of cars and anything else, through good labeling and through efficient manufacturing, to be able to get the most efficient use for his fuel dollar and also make the wisest investment for his purchase dollar.

Q Doesn't this leave the American automobile companies way behind, I think, of the Japanese and even some of the German cars that have better fuel consumption?

SECRETARY MORTON: I don't think so at all. I think the energy problem is an entirely new problem for not just the automobile companies, but for the manufacturers of all kinds of machines that consume energy in this country. The energy problem has only been with us for a very short time in our technological history.

I think we ought to give the American industry a chance to respond. It always has responded to the basic economic factors in the marketplace. There is a whole new ball game in terms of the price of energy and we are already seeing some response in this area.

SECRETARY BRINEGAR: Let me add a comment to that. Our manufacturers presently offer a wide range of choice and each of them have in their fleet mix vehicles with the efficiencies that are found in the Japanese cars or the European cars. It is just that we are across the wide base in this country and we are now asking them to raise the average efficiency of that broad base without the artificiality of saying you have these restraints on your total manufacturing ability. We think this is the proper way and we think they will respond.

Q Mr. Secretary, I am wondering if you really want us to leave this room with the impression that given the magnitude of the energy problem and the fact that Mr. Sawhill is an experienced man in the energy field in the Federal Government, do you want us to leave the room with the impression that he was removed from his job because somebody didn't like his style?

Q What do you mean by "style"? We don't understand that.

SECRETARY MORTON: Let me see if I can help you. I think that John Sawhill can make a great contribution. He has made a contribution. I guess if you are going to select a team to put a team together that is most effective, one of the things you have to have is a sense of working together, a sense of executive compatibility, if that is a good word, and I think that if there was something lacking, it was in this area.

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Now, there has to be a very close relationship between the Economic Council and the Energy Council and between various components in this mix. This personnel action was an action that tried to enhance the executive compatibility of this team. Certainly there are, in the course of all of your organizations and in the course of Government, there are any number of personnel transfers that occur over a period of time that are done for good business reasons, for perfectly sound and logical reasons.

This is not an indictment against the personality involved.

Q What about the question of candor, Mr. Morton? One new way to look at it is that Mr. Sawhill saw the problem differently from the rest of you and he spoke out what he thought was the truth about the matter, and here he is being, in effect, punished for speaking out of line.

SECRETARY MORTON: If you regard this as a punishment, I think this has to be evaluated, Bert. In order to solve this energy problem, we have all got to go together against the problem with a good battery of solutions. There may be more solutions than the ones that are actually applied on the ground, but I think it is necessary for this Government to come together in a coordinated fashion to put together a program that is effective and so that we are all moving against the problem with the total impact of the Federal Government and its accountability and responsibility across the board.

I don't make as big an issue out of it, obviously, as you do. I don't think it is that big an issue.

We have seen personnel actions in business and in your own newspaper organisations. You have the same type of actions. They are done for constructive reasons.

Q Mr. Secretary, the Administration has been trying to form an energy policy since 1973. Does that mean there has not been a successful energy policy?

SECRETARY MORTON: It is not related to that.

Q Could you give us some examples of why you do not think Mr. Sawhill has executive compatibility, as you put it?

SECRETARY MORTON: No, I won't give you any examples. John Sawhill is a fine person and I am not going to say anything here to degrade John Sawhill. It may well be I am in the wrong job. If the President chooses to put somebody else in that is part of an overall management decision. It is not that big an issue.

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Q Is it because he went on television to advocate a gas tax?

SECRETARY MORTON: No, I don't think it was that.

Q Why did he resign before the November release of the Project Independence Blueprint?

SECRETARY MORTON: I think he had a conference with the President and the result of that conference was there was a mutual agreement that he should resign.

Q Was the Blueprint connected with that report?

SECRETARY MORTON: I don't think so.

Q Will the Blueprint go ahead as planned?

SECRETARY MORTON: Yes.

Q How does this action square, Mr. Secretary, with your earlier statement that you are not in the personnel business?

SECRETARY MORTON: I am not in the personnel business.

Q You are talking today about executive compatibility --

SECRETARY MORTON: You all are bringing the subject up, now.

Q You do sound like a personnel expert today.

SECRETARY MORTON: Come on. I run an organization over here with some 70,000 people in it. I guess anybody that tries to put a group of people together to make something work in that sense is in the personnel business. But I am not trying in any way, shape or form to suddenly change a lot of faces or names or anything else. This is the thing that just grew out of a series of relationships. There was a lot more input in this problem, if it was a problem, than I put into it.

Q When did you decide that Sawhill had to go?

SECRETARY MORTON: I never did decide he had to go.

Q The President, this morning I believe, indicated that you wanted him to leave.

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SECRETARY MORTON: Well, I decided somebody else with a different style would serve this Council better. There was a lot more input into it than that. I think this whole thing has gotten out of proportion. What you are trying to do is to drive a stake in this guy's heart and you shouldn't do that because that is not accurate.

Q Mr. Secretary, what is it about Mr. Gibson's style that makes him more acceptable?

SECRETARY MORTON: I don't know. We will see. Mr. Gibson has had a fine record. This was a decision that was made on a series of options of a good many candidates, Stanley, that the President made. He had a very fine record in the Maritime Administration and was considered by the personnel people in the White House to be eminently qualified for this job.

Q You are talking about style, not record. We are trying to get at why did John Sawhill have to leave, without derogating anybody in particular, what is it about Sawhill's style that didn't mesh with yours, or what is it about Gibson's that will?

SECRETARY MORTON: Well, I can't answer the second part of it. I am not going to get into it, Stanley, because I have a job to do and I think that John can make a great contribution. I don't see any reason why we have to turn him wrong side out at this point in time. I don't know what the conversation was between the President and John. John decided to resign. I assume it was a mutually agreeable thing. I think that is sufficient comment.

Q Do you know where he is going now?

SECRETARY MORTON: I don't know.

Q Mr. Secretary, Mr. Sawhill says he contacted you many times over the last several weeks, and that there was no hint at any time that you were dissatisfied with the way he was doing things, that you had no complaints to make and so forth, and he seemed a little bit surprised that this came at this time. Can you try to answer that? He said there was no expression on your part that you were dissatisfied with the way things were going.

SECRETARY MORTON: Well, he asked me on the telephone a day or so before he resigned whether I thought he ought to resign, whether the President wanted him to resign, and I told him I thought the President did want him to resign and that I felt he probably should resign. But I also told him, and I think the record will bear me out, I thought he had done a great job when he was in the OMB and I think he can do a great job in the Government. He is an excellent salesman and if he is put in the right niche, he will do a tremendous job.

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Q Mr. Secretary, Mr. Sawhill told us you had offered him a job as the Vice Chairman.

SECRETARY MORTON: No, he is mistaken about that.

Q We were given that impression.

SECRETARY MORTON: We discussed the fact as to whether there should be a Vice Chairman or not. I discussed that with him and I said, "Well, I don't know." He said he thought it would be a good idea if he was the Vice Chairman. I said that that was certainly something we should consider, but I don't know whether a small council like this needs a Vice Chairman. That decision is yet to be made. I didn't turn him down on the idea.

I don't see that a Vice Chairman or a second in command is needed because we have a coordinator -- Frank Zarb has been acting in this capacity -- and the style of this Council is to try and give accountability to the various agencies that are involved -- the EPA, Transportation, Commerce -- all the other Departments that have a piece of this action.

Q Did Mr. Sawhill prefer some other style of Council operation?

SECRETARY MORTON: I am not sure about that, Stanley. Why don't you ask John?

Q Certainly, Mr. Secretary, you can't be saying that the President of the United States fires a man or asks him to resign because of his style?

SECRETARY MORTON: I think he is moving him from one place to another. My understanding is that the President is going to put him in another job. I don't know what the job is.

Q Won't his style be as bad in the other job?

SECRETARY MORTON: I don't know. You don't like the word "style". Do you like the word "compatibility" better?

Q Isn't a better word, Mr. Secretary, philosophy?

SECRETARY MORTON: All right.

Q His philosophy was generally for mandatory measures in the field of energy. Yours, obviously, is for voluntary approach, and that was the basic difference, wasn't it?

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SECRETARY MORTON: Well, philosophy. I will buy that. Change the word "style" to "philosophy" throughout the script. It is simply a question of building an organization that functions smoothly together, as with many of you.

I have been in professional athletics and semi-professional athletics, and college athletics, and I found out that a lot of times a person will move from one team to another and his performance will be entirely different because he happens to coordinate better with the second group than he did with the first group. This could happen to any of us.

Q I have a question about today's meeting that I didn't want to go unasked in the rush of other business. You were sued to open this meeting up to the public and the public action groups. The question arose as to whether sitting down with the automobile industry big-wigs maybe there wouldn't be a trade-off; that the industry would say, "Yes, you want better efficiency and we don't want such tough pollution standards, and we don't want the safety standards that raise our cost."

Now, you kept the meeting closed. You won your court action. How do you dispel the feeling that perhaps a sweetheart deal emerged out of these kinds of meetings.

SECRETARY BRINEGAR: First, there were a lot of people in that room and I would not lie to anybody. There was no sweetheart deal. It is quite clear from the discussion that we talked at them as a group so they would understand the seriousness of the energy problem. They would understand the importance of addressing it from the automobile because, after all, the automobile uses over 5 million barrels a day of liquid fuel and if we are going to save fuel it obviously is going to be in the automobile.

So, we made it clear to the manufacturers that the President was dead serious and that we wanted them to hear this as a group. We also made it clear to them that we planned to monitor and review their progress through a voluntary process such as I have described to you, and that I hope I had their commitment to cooperation.

There was no discussion of "we can only do this if," because we did not ask them to say that they could do it. We asked them to cooperate in the process and as always under a legal docket-type thing where they can bring us comments as they do regularly. I get comments all the time on safety equipment and Mr. Train gets comments all the time on emission equipment.

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Within that framework, we will be exploring down the road some of these questions but they were not discussed today. I think the court properly understood this was not an advisory committee. This was the Government bringing in the people responsible for the manufacturing decisions on an extremely important element in our economy and on this most important question of fuel efficiency.

Q Mr. Secretary, how often are you going to meet with the automobile people on this and how is your monitoring going to work?

SECRETARY BRINEGAR: I have asked them to be available to me within the next two weeks and I am very hopeful that I can assemble the first summary of what I see the direction is within 30 days.

Q Was the horsepower tax discussed at all?

SECRETARY BRINEGAR: It was not.

Q Mr. Secretary, I assume you have industry projections on the number of automobiles that are going to be on the road in 1980 and I am wondering if you have projections of a weighted average of 19.6 miles per gallon whether we are going to be using more or less than 5 million barrels a day?

SECRETARY BRINEGAR: We do not have forecasts of 1980 sales. The ball game has changed. Forecasts that were made in other sets of assumptions I think now need to be re-examined. That is one of the areas that I want to sit down and discuss with them in these other meetings.

What we need to do is get some decent facts as to what the future really holds because we do, as Rogers has said, have to plan energy economy in a very tough 10 years that is ahead of us.

Q Did the manufacturers make any response at all to your proposals today on the 40 percent gain in fuel economy? Did they say anything?

SECRETARY BRINEGAR: They said they would cooperate with the process by which we are going to determine how it is going to be met. The purpose of the meeting was to get their commitment to work with us. We wanted them to hear as a group so they wouldn't say, "What did he say to that one?" We wanted them to hear Rogers' comment and my own of the seriousness of the situation, the seriousness of the President's dedication to the goal and we described to them how we now plan to proceed.

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Q Are you looking toward an agreement with the auto makers where you will trade off automobile safety standards and clean air standards in exchange for their agreement to meet the voluntary standards?

SECRETARY BRINEGAR: No, that is not what we are looking for.

Q Was there any indication from them they had announced they could meet their goal?

SECRETARY BRINEGAR: I did not ask for that today. It was not an appropriate statement for today's meeting.

Q Are they to be asked for a commitment to meet 40 percent?

SECRETARY BRINEGAR: Not 40 percent uniformly. They will in time be asked for a commitment, so when we reach 1980, we will have made the 40 percent gain. We will monitor and study their plans and if in fact it looks like there are some difficulties, then we will have to examine these difficulties. But this is part of an ongoing process.

Q Mr. Secretary, does your department feel it can relax somewhat its bumper standards, specifically that the 5-mile an hour harmless impact requirement doesn't have enough benefits to justify it and you could relax them?

SECRETARY BRINEGAR: That standard was put into place in response to an act of Congress that we address damageability. The standard was put into place when fuel costs were somewhat different than they are now. When some of the basic assumptions were different than they are now. I have asked Dr. Gregory, who heads the National Highway Traffic Safety Administration, to re-examine whether or not the cost-benefit ratios are still favorable, to see if in fact this becomes a candidate to save some weight.

MR. TRAIN: Before you ask another question, let me just volunteer one comment -- some of the good news out of the meeting was that all of those manufacturers who addressed the issue of fuel economy testing spoke very favorably of the EPA dynamometer, urban-suburban highway driving cycle test system. There was no criticism addressed to the EPA testing procedures at all. In fact, just the contrary. They were very highly spoken of by those who addressed the issue.

Q While we have you up there, Mr. Train, and at the risk of getting you out of style, did you hear anything from the manufacturers that would make you think that a rollback in clean air standards is necessary? In other words, have you changed your mind at all on the clean air standards as they now stand?

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MR. TRAIN: I certainly haven't, no. I am sure the manufacturers would find it easier to meet fuel economy goals if standards were lower. I imagine that is an engineering fact of life, but this was not discussed. One manufacturer did mention that from their standpoint it was beneficial to keep the standards at the current level but there was no comment made to that, there was no discussion at all. No one else made the point whatsoever.

Q Was there any suggestion that their currently dismal profit picture might pose problems if it continued towards a mileage gain?

MR. TRAIN: This was discussed. Maybe Secretary Brinegar could more suitably address this. This was discussed particularly by one spokesman for the industry who not necessarily relating the problem to the goal that we were there to discuss, but just simply laying on the table very serious concern over profitability and employment projections within the industry, and urging this be one of the factors that properly must be brought into account in any systematic analysis of a goal of this sort. And I certainly would agree.

Q One last point, Mr. Train. Did you find the replacement of Mr. Sawhill perhaps an inhibiting influence on yourself as one who had spoken differently on land-use planning, on strip mining, than Mr. Morton? Do you think this was a very inhibiting action?

MR. TRAIN: I only heard about it about an hour or two ago, so I haven't had time to be inhibited, George. The style expert is behind me, but I don't foresee any influence on myself as a result of this.

Q Mr. Train, since you say in your report that you think with a 3-year lead time for improvements, you could meet all of the statutory standards on emissions in that three years, why is it that you advocate postponing until 1990 the achievement of the statutory emission on nitrogen oxide?

MR. TRAIN: I may have to ask Eric on that. I don't believe we included the nitrogen oxide standards in that 3-year lead time requirement. That has always been a problem.

THE PRESS: Thank you.

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(AT 4:39 P.M. EST)