

WHITE HOUSE FILES

FIRST TERM

FOLDER TITLE White House - Environment

S&T NUMBER	DATE	FROM/TO	SUBJECT
	11/14/72	Blake/Schaefer	Superport study
	11/13/72	Blake/Schaefer	" "
	10/18/72	Burger/Waldman	PCB's in issue and answer notebook
	8/23/72	David/Ehrlichman	OMB req. for comments on proposed
838	Undated	Fairbanks/Goldmuntz	Page proof of CEQ annual report
735	7/7/72	Goldmuntz/Dodge	Reply to ltr for info from RECAT Cttee
731	7/5/72	Goldmuntz/Fairbanks	Auto exhaust standards - Wargo article
684	6/22/72	Balzhiser/Fairbanks	Views on trans-Alaska pipeline situation
	6/20/72	David/Ehrlichman	Air bag standards
	5/18/72	Goldmuntz/Fairbanks	Lear Rankine Proposal
	5/3/72	Goldmuntz/Clapp	EPA issue paper on costs to clean air
268	3/13/72	Flanigan/Reed	Re solid waste disposal systems
0079	1/31/71	Dean/David	Case: Nader v. Volpe

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

January 31, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN

ED DAVID

FROM:

JOHN DEAN

SUBJECT:

Nader v. Volpe

WHITE HOUSE

On January 28, Judge Waddy of the D. C. District Court held for the Government in the above captioned case and dismissed the complaint. As you know, this case is the second to arise from the issuance of the passive restraint rule by the National Highway Traffic Safety Administration (NHTSA) on March 3, 1971 requiring the installation of air bags in automobiles.

Pursuant to their statutory right of appeal, the automobile manufacturers instigated the first case by filing petitions for review in the Sixth Circuit Court of Appeals while also seeking relief by filing petitions for reconsideration with NHTSA. All of these petitions primarily sought to extend the lead time before the rule would become effective so as to permit the necessary technology to be further developed. After considering these arguments, on September 29, 1971 NHTSA issued Notice 13 which proposed postponement of the deadline for installing air bags as set forth in the March 3, 1971 rule. This notice established November 2, 1971 as the date by which comments must be received.

On October 18, 1971 Ralph Nader and the Center for Auto Safety filed the complaint in the present case seeking an injunction requiring the Department of Transportation to place all communications between the Office of the President and DOT relating to the March 3, 1971 rule in the NHTSA public rule making docket. Nader alleged that plaintiffs could not effectively comment on Notice 13 unless these documents were revealed. He explained to the press that he expected the documents to reveal improper Presidential intervention on behalf of the automobile manufacturers as the cause of the NHTSA delay in the timetable requiring the installation of air bags.

0079

S&T Cont. No. _____

The Nader case subsequently led to the submission to Judge Waddy in camera of a memorandum from John Ehrlichman to Doug Toms, Administrator of NHTSA, and a memorandum from Peter Flanigan to Jim Beggs, Under Secretary of Transportation. Executive privilege was asserted on both these documents. Further orders from the Court also required the production of various working papers of the RECAT committee of OST, which were in the possession of DOT. At the time of this decision, executive privilege had not yet been claimed on these RECAT papers. Judge Waddy examined all these documents on the theory that they might be considered petitions for a rehearing which would be appropriate to be included in the record.

In the decision on Friday, the Court held that none of the documents were petitions for reconsideration. The two White House memoranda were found to be intra-government communications and the RECAT documents were similarly held to be working documents and reports and memoranda relating to the studies, deliberations and considerations of the RECAT committee. Therefore, Judge Waddy denied the plaintiffs' motion for a preliminary injunction requiring these documents to be placed in the docket. He further dismissed the complaint due to the lack of jurisdiction over the subject matter, holding that an adequate remedy at law exists in the procedure provided by statute for judicial review of motor vehicle safety standards by the appropriate Court of Appeals.

Although Nader has announced that he will appeal this decision, it now appears most likely that the amended rule provided by Notice 13 will be permitted to become effective. In this event, Nader will be required to consolidate his objections with those already raised in the Sixth Circuit Court of Appeals. This procedure should prevent or, at least, delay for a very substantial time any possibility of discovery involving depositions of automobile manufacturers in regard to their relationship with the White House on this matter.

cc: George Crawford

MAR 13 1972

WHITE HOUSE

Enver

Dear Mr. Reed:

Thank you for your letter of February 25 with the information regarding solid waste disposal systems.

I appreciate your taking the time to send this and I am sure the material will prove most helpful as we continue to study this important matter.

With best regards,

Sincerely,

/s/

Peter M. Flanigan
Assistant to the President
for International Economic Policy

Mr. C. E. Reed
Senior Vice President
General Electric Company
570 Lexington Avenue
New York, New York 10022

PMFlanigan:ljs

Bcc: Don Rice/with incoming -- PMF has not yet seen this.

Ed Harper/ " " " "

✓ Dr. David/ " " " "

268

50096

**GENERAL ELECTRIC
COMPANY**

870 LEXINGTON AVE., NEW YORK, N. Y. 10022

THE WHITE HOUSE
WASHINGTON

C. E. REED

SENIOR VICE PRESIDENT

1972 FEB 23 AM 9 03

February 25, 1972
SECRETARIAT

Mr. Peter Flanagan
The White House
Washington D. C.

Dear Mr. Flanagan:

This memorandum on solid waste disposal systems is being sent at your request in summary of our telephone conversation on February 23. This conversation was initiated at Mr. Borch's request following your previous conversation with him on this subject.

As I understand the problem, you are requesting advice relative to the advisability of the Government financing a waste disposal complex or system involving the incineration of garbage (and presumably other solid waste) with the concurrent production of electricity and steam. Since two such systems are already in operation in Munich, Germany, the question is why such systems should not be financed by industry in the United States and what justification, if any, would exist for Government financing of such systems.

The importance of an over-all systems approach to the disposal of solid waste at minimum cost with maximum public benefit is an urgent but very complex problem. Each of the two Munich plants incinerates approximately 1,000 tons of refuse per day, and each plant requires supplementary fuel to complete the incineration, one coal and the other gas. From the combination of refuse, plus supplementary fuel, the coal fired incinerator produces 100,000 kilowatts of electricity and the gas fired 250,000 kilowatts plus heating steam amounting to 500 million BTUs per hour. While these two plants are providing important experience, they do not alone provide conclusive evidence that we should immediately proceed with such an approach in the United States, where the economics involved may be quite different. Furthermore, taking the over-all systems approach to the solid waste disposal problem, additional alternates are available and should receive serious consideration.

A number of studies with which we are familiar indicate that much larger systems need to be considered in the United States for optimum over-all economics. There is some indication that such a waste disposal complex at minimum size should be designed to serve a region of one million people disposing of approximately 4,000 tons per day of waste. The options to be considered in the design of such a complete system would include the alternatives of recovering certain materials for re-cycling back into industry, such as fibrous materials, glass, etc., in addition to the possible production of energy in the form of electricity and steam. The design and operation of such a regional disposal/reclamation system or facility depends very much upon the characteristics of the region and the logistics of collecting the waste input. There is certainly no guarantee that any such system would be economically self-sufficient, although it is possible that by-products in the form of re-cycled materials and energy produced as electricity and/or steam might lower over-all operating costs.

We feel that what is needed is:

1. Feasibility studies covering the design and operation of a regional disposal/reclamation facility suitable for a region of one million people (treating approximately 4,000 tons per day of solid waste, followed by
2. The award of possibly two contracts to design and build two different types of facilities to specifications produced by the feasibility studies. These facilities would presumably point the optimum way to additional future complexes or systems.

As far as we can see, the economics of such waste disposal systems are so uncertain at present that it would be quite unlikely for private industry to build such a complex or system financed with private funds and based only on presently available information and present state of the art.

We think there is an excellent opportunity for the Government to expedite solution of this urgent national solid waste disposal problem by moving more expeditiously under the Waste Recovery Act of 1970. Planning Section 207 of this Act provides that the Government will pay up to 75% of the costs of feasibility planning studies for such waste disposal systems. Section 208 provides that the Government will pay 75% of the costs for demonstration plants.

The problem is sufficiently urgent that there are a number of regions in the country which should be willing to take advantage of the Government cost-sharing provisions mentioned above, and the Government can perform a real service by pushing harder for the early initiation of broad-scale study projects and feasibility proposals, followed by demonstration plants.

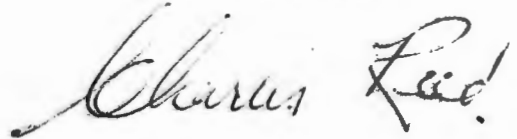
Mr. Peter Flanagan

-3-

February 25, 1972

If the above comments and suggestions have in any way misunderstood the intent of your questions, I would be very pleased to advise further with you at your convenience. We would also be willing to discuss this broad problem with you or any of your associates in much greater depth if it would be helpful.

Yours sincerely,

A handwritten signature in cursive script, reading "Charles Reid". The signature is written in dark ink and is positioned to the right of the typed name "Charles Reid".

CER:bf

3 May 1972

WH Ennis

MEMORANDUM FOR

MR. CHARLES CLAPP
White House Staff

From: Dr. Lawrence A. Goldmuntz

Subject: 3/31/72 EPA Issue Paper on Costs of Cleaning Up Air

As a result of a coordination process between EPA, DOT, OST and OMB, it was my understanding that EPA and DOT, with some reluctance, agreed to the conclusions of the RECAT Report. It was also agreed that there would be no Administration statements on the report other than to acknowledge its existence. The report speaks for itself. The issue statement that EPA prepared does not live up to that agreement. There is a way to place a dollar value on the benefits from clean air. This was done in the RECAT Report. It does leave something to be desired but it does provide some perspective on whether the extent of pollution abatement called for by the amendments to the Clean Air Act are appropriate for the individual consumer who will have to pay for cleaner air. EPA undoubtedly has to enforce the law. Nevertheless, it seems to me that EPA should always have under review the appropriateness of laws that it is called on to enforce.

It is my opinion that this issue statement should be returned to EPA for correction.

Attachment:
subj statement

LAG:las

OST file-chron

LAG file-chron

DISPATCHED
MAY 3 3:09 PM
OFFICE OF SCIENCE
TECHNOLOGY

THE WHITE HOUSE
WASHINGTON

5-1-72

Harry -

Here is the issue paper
I discussed with you last week.

Charlie Woff

Clapp
Whit

11

EPA/OA
Nancy Maloley
755-2603

3-31-72

ENVIRONMENTAL PROTECTION AGENCY

Issue:

The RECAT Report says the costs of cleaning up the air--particularly as it relates to safety devices and pollution control devices on automobiles--outweigh the health benefits.

Answer:

This report was merely an examination of the effects of reducing automobile emissions--carbon monoxide, nitrogen oxides and hydrocarbons--as mandated by amendments to the clean air act of 1970. That act calls for reducing emissions by 90 per cent by 1976. EPA intends to administer and enforce those standards and have put the automobile manufacturers on notice to produce an automobile that will do just that. The report will have no effect on EPA and the administration is not thinking of amending the act. We do not agree with several of the conclusions in the RECAT Report because we feel there is no way to place a dollar value on the effect of cleaner air.

Opponents Arguments:

The Federal Government should relax its restrictions on automobile exhaust emissions because to carry them out would increase the cost of an automobile by as much as \$755 and still will not attain the desired air quality standards.

18 May 1972

MEMORANDUM FOR

DICK FAIRBANKS, White House Staff

From: Dr. Lawrence A. Goldmuntz

Subject: Lear Rankine Proposal
(5/5/72 Lear ltr to Whitaker w/enc. 4/21/72 Proposal
to EPA for a Lear Vapor Turbine System Automobile)

OST supports EPA's reaction to the Lear Rankine proposal. Lear does not seem to have any solutions to the problems associated with this cycle that have been previously identified and that are being pursued under the current AAPS program with other contractors. Supporting the Lear program using AAPS funds would simply disrupt ongoing programs that seem equally or even more qualified than the Lear proposal.

Should the Administration wish to invest additional funds in the AAPS program it would appear more appropriate to first invest funds in high energy density batteries or external combustion engines which would provide both low emissions and low fuel consumption, such as the Stirling cycle, and that additional funding on Rankine engines would only be considered if the components are proven in the current component development phase of the AAPS program.

It is hoped that you recognize the significance of this document, i.e., OST supporting an EPA technical position.

Attached:
subject correspondence

LAG:las
LAG file-chron
OST file-chron

LEAR MOTORS CORPORATION

May 5, 1972

Honorable John C. Whitaker
Deputy Assistant to the President
White House
Washington, D. C.

Dear Mr. Whitaker:

Over the last four years Lear Motors Corporation has been engaged in the development of the low emission engine for automotive use with the purpose of alleviating air pollution. For the last 90 days we have been testing a vapor turbine steam system in a 50 passenger bus and the results has exceeded our expectations.

Since we have proven the feasibility of the system, we have sent a proposal to The Environmental Protection Agency for the development and testing of such a system in a standard automobile.

Knowing your deep interest in the problem of the environment I am enclosing a copy of the proposal. Your recommendations and suggestions would be deeply appreciated. I will be happy to explain the program at your convenience.

Thank you.

Sincerely,



William P. Lear

WPL:lc

Enclosure

*We need govt assistance if we are to be able
to continue our efforts so your help is vital
and will be most appreciated.
Bill*

White House
D.C.

MR. JOHN D. EHRLICHMAN

302
Edward E. David, Jr.
Science Adviser

OST File & Chron
EED File & Chron

Mr. Volpe spoke before Los Angeles Town Hall, following a luncheon on June 5, 1972. During the questioning period there was a question on air bags, the gist of which is covered in the following:

Q. Would you please comment on the automobile safety program, and in particular, on the recent failure of air bags.

A. The questioner is probably referring to the recent test which involved crashing a car at 50 mph into a fixed barrier. During this test the air bag failed to be deployed. I do not find this particularly disturbing because there is ample time between now and 1975, when the air bag standard becomes effective, to work out the engineering bugs.

*not sound
technically*

Although this test is often cited as a failure, in many respects it was a success because the car was not significantly damaged. The bumper system protected the car from all but a few small dents. I was able to go over and lift the hood without any difficulty. Even the headlights were not broken.

It is important to recall that this was a test at 50 mph against a fixed barrier which is equivalent to two cars striking each other at 100 mph.

Prior to this test there had been many tests in which air bags had worked completely satisfactorily. Perhaps a measure of the degree of confidence which can be placed in them is indicated by the fact that we have never had a volunteer who was willing to test seat belts at a crash speed of greater than 16 mph whereas we have had volunteers willing to test air bags up to 32 mph.

(Mr. Volpe then discussed the problem of drunken drivers to some extent, including the description of a personal experience he had with a drunken driver moving the wrong way on a freeway, and so drunk that he fell out of his car when the door was opened.

(Mr. Volpe then summarized by quoting the annual traffic death toll and stating that he hoped that the effect of all of the safety programs under way would reduce this toll by more than a factor of two.)

June 22, 1972

NOTE TO

Dick Fairbanks
The White House

WH

Ennis

Subject: Letter from F. L. Greaves to Whitaker

In view of continuing court action do we want to respond specifically to his questions?

Does the White House want to get involved or should we refer it to Interior?

I suggest we ask Interior to draft a response for someone over there to be reviewed by us before sending.

Richard E. Balzhiser
Assistant Director

OFFICE OF SCIENCE
& TECHNOLOGY

'72 JUN 23 AM 9:52

DISPATCHED

REBalzhiser:lmh
S&T chron, subject
REB chron

S&T 0684

Alting L. Groaves

8 E. Broadway Lane, Tempe, Arizona 85281-85282

freelance photojournalist

(602) 966-5216

13 June 1972

Mr. William H. Magruder
Staff Aide for New Technology
White House Staff
The White House
Washington, DC

J. Whitaker

Dear Mr. Magruder:

Reference is made to the proposed trans-Alaska oil pipeline from Prudhoe Bay to Valdez; to the Department of Interior hearings on the subject in Washington (16-17 Feb 71) and Anchorage (24-26 Feb 71); to the Alyeska consortium's proposal for construction of a single-purpose pipeline, with short stretch of accompanying surface road; to the Bud Brown Enterprises proposal for a multi-purpose combined pipeline-&-tramway transportation system, incorporating all-weather aerial tramway immediately adjacent to the pipeline its entire length; and to the Department of Interior Impact Statement required by the National Environmental Policy Act.

Since you are charged with the evaluation of or the investigation of new technology, I am seeking your views on certain aspects of the Trans-Alaska pipeline situation for possible use in an article which I am preparing. With that in mind, I wonder if you can tell me what conclusions you may have reached concerning the relative merits of the two proposals, Alyeska's and Bud Brown's.

Because the Bud Brown proposal incorporates already proven technology in both construction and materials techniques; because it includes a full length transportation system supported by the same towers carrying the pipeline, thus providing quick all-weather access for maintenance, plus an integral communications and power line; because its manner of construction will create less disturbance to the terrain and the ecology; and because its transportation system can be used by non-oil-related interests (tourists, sportsmen, medics, others) to cross a vast and difficult of access wilderness -- because, in short, the Bud Brown proposal seems to have many advantages, both oil-related and side effects, can you suggest why it has apparently received no consideration and why Alyeska has, in effect, been regarded as the only applicant for this oil pipeline project?

This is doubly puzzling in view of the initial strongly favorable comments made in a 6 Nov 1970 evaluation memo by Dr. William Pecora, then Director of the US Geological Survey, reporting on a review of the Bud Brown proposal by qualified engineers of the Geological Survey.

While the separate elements of the pipeline-tramway transportation proposal represent proven technology, their linking in the trans-Alaska pipeline proposal is a new concept, and it is for that reason that I have directed this letter to your office. Your comments on the foregoing will be appreciated.

5 July 1972

*White House
Encls*

MEMORANDUM FOR

MR. RICHARD FAIRBANKS
White House Staff

From: Dr. Lawrence A. Goldmuntz

Subject: "Auto-Exhaust Standards vs. Supply of Gasoline"
6/21/72 Christian Science Monitor article by
James Wargo.

You referred Wargo's article to Dick Balzhiser who referred it to me. The article is essentially correct. It is not news. There are some measures within the Clean Air Act that the Administration could take that might help this situation.

Sansom sent me eight volumes of testimony relating to the suspension hearings. You and McAdams are next on the circulation list. I've been reading them. Let me know if you need them,

LAG:las
OST file-chron
LAG file-chron

S&T CONTROL NO 0731

DISPATCHED

JUL - PM 3:28
OFFICE OF
& TECHNICAL

THE WHITE HOUSE
WASHINGTON

6/28

TO: *Dick Balzhiser*

FROM: Richard M. Fairbanks

FYI

Ser. Cont. No. 0731

Wednesday, June 21, 1972

Carmakers seek easing of U.S. deadline

Auto-exhaust standards vs. supply of gasoline

By James Wargo

Special to The Christian Science Monitor

Detroit

Allowing certain qualifications, it is possible that there may not exist enough fossil fuel to permit the federal government to enforce its 1975-76 automotive emission-control standards.

There are two qualifications. One is the assumption that the automotive industry will be compelled to meet these standards with existing technology. The other is that the government will not modify these standards. To date there is no sign of change for either condition.

It is true that each of the progressively more stringent emission-control standards imposed over the last five years has lessened the impurities from the exhaust of each new car. At the same time, however, each new standard has marginally increased that car's rate of fuel consumption.

Moreover, none of the standards imposed so far has had the effect on fuel consumption that will result from the 1975 limits on hydrocarbons and carbon monoxide or, most important, the 1976 limits to be imposed on emissions of oxides of nitrogen.

Predictions made

Emission experts in Detroit say that in order to meet the relatively moderate 1973 federal emission standards most 1973 model cars will burn on the average of 1 to 6 percent more fuel than did 1971 models.

This increase in consumption comes on top of slight increases resulting from the imposition of 1972 and 1971 standards, as well as from the adoption of all car engines to the low, 91 research octane fuel and the simultaneous reduction in compression ratios needed to make this possible.

Each step has increased fuel consumption slightly.

This increase is nothing compared to what is to come if the industry is to meet the 1975-76 standards. Chrysler, Ford, and General Motors experts differ but slightly in their estimates of fuel consumption increases up to 1976. Their experts all guess that the increase will be between 10 and 15 percent. Few are willing to guess what the increase will be for 1976 and after.

However, Charles Heinen of Chrysler states categorically that if 1976 emission standards are to be met with existing technologies, the fuel-consumption increase will range from 30 to 35 percent in excess of the

consumption for a 1971 model car.

Ford and General experts give no projections of their own, but do not challenge Mr. Heinen's estimates.

Compounding the problem is the estimated growth of car and truck sales in the United States. In 1971 some 10.5 million cars and more than 2 million trucks were sold. Projections for 1980 allow for the sale of in excess of 16 million vehicles.

With each vehicle burning 30 to 35 percent more fuel, and with that many more vehicles on the road, is it possible, it is being asked by some in Detroit, that there might not be enough fuel to go around?

More than a few automotive officials think not, but they are reluctant to so state lest they be accused of crying wolf. One of those stating his concern is Ernest S. Starkman, vice-president of environmental activities staff at GM.

Nationwide impact?

In a recent Washington address Mr. Starkman expressed concern that increases in per-car fuel consumption might even be felt nationwide with the 1975 standards alone. Said Mr. Starkman:

"Over the period from 1967 to 1975 it is estimated that fuel economy may be reduced as much as 15-20 percent due to emission controls."

Meeting the new fuel requirements, Mr. Starkman concluded, "may be the most formidable and costly challenge the auto industry has ever faced. The best description of current efforts to meet the 1975 and 1976 standards can be described as more or less orderly panic."

Others in the auto industry cite the pending availability of alternatives to the internal combustion engine and say this will relieve the demand for fuel. The next two engines to power automobiles, however, are the Wankel, or rotary engine, and the turbine, in that order. And both of these burn more fuel per mile than does the conventional internal-combustion engine.

Some auto executives dismiss the likelihood of a fuel crisis. They believe that emergence of the nuclear power plant will soon release to the transportation industry vast quantities of oil currently used for power generation.

Unfortunately, much nuclear-power-plant construction is presently arrested by the same environmentalist faction that pressed for the 1975-76 auto emission standards. Moreover, most of those nuclear plants that might yet be built are designed to supplement present power generation, not replace it.

It is also interesting to note that in the last eight years some 73 coal-burning power plants on the East Coast of the United States alone have switched to oil burning, also primarily the result of environmentalist pressures. So that source of petroleum is also to be denied the transportation industry.

The auto industry feels, therefore, that the only resolution to the problem is either a softening or a postponing of the pending standards.

7 July 1972

W. R. House
Envi

Dear Mr. Dodge:

Pursuant to your recent request for information from the Ad Hoc Committee on Cumulative Regulatory Effects on the Cost of Automotive Transportation (RECAT Committee), we have assembled all the files pertaining to the Committee and have now completed our review of these voluminous materials. The great bulk of the documentation which is responsive to your inquiry is available for your inspection at the Naval Research Laboratory, Bldg. 72, 4555 Overlook Ave., S.W., Washington, D.C. 20390. You may obtain access by calling Mrs. Kathleen Murdock on 767-2794.

Two types of materials in the RECAT files, however, will not be available for public inspection. First, all internal working papers of the Committee and interagency communications, insofar as these contain opinions and recommendations, will not be released in order to protect the frank and candid exchange of opinion expressed therein. Secondly, a certain amount of material in our files obtained from the automobile manufacturers is in the nature of confidential business information. We are in the process of clarifying the extent to which the automobile manufacturers consider their submissions to the RECAT Committee to be privileged. As soon as final responses to our inquiries have been received, this category of information will be reviewed in light of whatever concerns the manufacturers may express. After that final determination, we shall inform you of what additional material, if any, can be released.

Sincerely yours,

Original signed by
Lawrence A. Goldmuntz
Lawrence A. Goldmuntz
Assistant Director
(Civilian Technology)

Mr. Lowell Dodge
Director, Center for Auto Safety
800 National Press Building
Washington, D. C. 20004

cc: Dr. Alan Berman, NRL

IDENTICAL LETTER SENT TO:
Mr. Sumner Meiselman, Director
of Engineering and Technology
American Automobile Association
1712 "G" St., N.W.
Washington, D. C. 20006

bc:

Mr. Herbert Misch
Ford Motor Company
The American Road
Dearborn, Michigan 48121

Mr. G. E. Meyers
Vice President, Product Development Group
American Motors Corporation
Detroit, Michigan 48232

Mr. Sidney L. Terry
Vice President, Environmental and Safety Relations
Chrysler Corporation
P. O. Box 1919
Detroit, Michigan 48231

Mr. E. S. Starkman
Vice President, Environmental Activities Staff
General Motors Corporation
12 Mile Road and Mound Road
Warren, Michigan 48092

LAG:las
OST ~~file~~-chron

LAG file-chron

Dr. E. E. David

Mr. David Z. Beckler

Mr. Frank R. Pagnotta

Mr. John Lannan

S&T CONTROL NOS. 0728/0735

Mr. John Dean, White House Staff

THE WHITE HOUSE

WASHINGTON

June 28, 1972

MEMORANDUM FOR:

LARRY GOLDMUNTZ

FROM:

JOHN DEAN 

SUBJECT:

Response to letter from
Lowell Dodge

In accordance with your request, attached is the draft of a proposed response to the letter from Lowell Dodge asking for information from the RECAT Committee. You should note that we still owe Dodge a final response on the information provided by the automobile manufacturers and should attempt to obtain this as quickly as possible.

cc: Frank Pagnotta

YND TECHNOLOGICAL
OFFICE OF SCIENCE
JUN 30 15 40 PM '72
RECEIVED

Ext. Cont. No. 0735



THE WHITE HOUSE
WASHINGTON

TO: Larry Goldmonte

FROM: Richard M. Fairbanks

This is page proof
from the 1972 CEA Ann.
Rep. Could you review this
section quickly and let me
have your suggestions by 6:00
Thursday?

OF let OST - Sold want 2 review -
I want to give you something to
do when I'm
gone!
give.

automobiles—The study of the automobile industry differed from the studies of all other industry activities. In all other cases the studies focused on the impact of air and water pollution control costs required in the production process itself, while the auto study focused solely on the impact on the industry of air pollution control equipment to be installed on vehicles.

The installation of required pollution control equipment on automobiles and small trucks was estimated to add approximately \$350 to the cost of manufacturing a vehicle by 1976-77. This is the same estimate as reported in EPA's "Economics of Clean Air." Since approximately \$35 of the \$350 was already in place by the 1972 model year, only \$315 remained to be added. The contractor rounded this figure to \$300, but included a range of ± 30 percent in estimating the impact of the cost increase on the industry. The range which he used for cost increase after the 1972 model year is therefore \$210 to \$390. The cumulative cost increase over the uncontrolled car is \$35 higher or \$245 to \$425.

The contractor was also given an estimate of increased operating and maintenance costs of \$65 annually or \$325 over a 5-year period (approximately 50,000 miles). However, these costs were not employed in the analysis because the contractor was unable "to reject on either statistical or theoretical grounds the hypothesis that for this range of additions to operating costs the response of new car purchases is negligible." The high estimate (i.e., \$425) may or may not capture any impact which these costs might have on auto sales.

It is important to note that the purpose of this study was to assess the impact on the automobile industry of the requirements of the Clean Air Act. It does not include cost increases which can be expected from new safety regulations, costs which some studies suggest are of a magnitude equivalent to those for control of pollution. The increased costs from the two sources, control of pollution and new safety features, could have impacts on the industry which are more than proportional to the sum of these costs.

The contractor's study of demand relationships for all automobiles and among the different classes of automobiles indicated that from 84 percent to 98 percent of the cost increases associated with air pollution control equipment will be passed on to consumers in the form of higher automobile prices. Thus the price of subcompact cars was expected to rise approximately \$294 by 1976-77 because of required installation of pollution control equipment. The price of luxury cars was expected to rise approximately \$343.

This increase in automobile prices was expected to have two effects upon automobile sales. First, some change was expected in the class of car purchased. In comparison with baseline projections, subcompact automobiles were expected to lose 0.25 percent of the market, and standard sized automobiles 1.6 percent, by 1980 because of the cost of pollution control equipment. This market share would be absorbed to some extent by compacts, intermediate, and luxury cars

287

OFFICE OF SCIENCE

JUL 22 4 10 PM '77

RECEIVED

S&T Cont. No. 0838

(0.26 percent to 0.4 percent) ; and to a greater extent (0.8 percent) by a new class of cars, the sub-subcompacts, which was expected to be a factor in the market by that time.

It was also expected that because of increased automobile prices, the total sales of new automobiles will be decreased. Projections indicate that, in comparison with baseline estimates, the total number of new passenger car registrations in 1976 would be reduced by 420,000 or 3 percent from 13.31 million to 12.89 million; in 1980 a reduction of 180,000 or 1.2 percent from 14.53 million to 14.35 million was expected.

The reduced sales of automobiles through 1980 are expected to lead to some reduction in employment from the baseline projections, especially in the period 1973 through 1977. Although total employment in the automobile industry is not expected to be reduced below current employment at any time, the growth in employment will be slower than the baseline projections and in some years employment will be reduced from the previous year's level.

The maximum reduction in jobs from baseline projections was 1.8 percent or 18,000 jobs in 1976, from 1,025,000 to 1,007,000. Only in 1 year, 1975, is the total number of jobs in the industry reduced below the previous year's level. In that year jobs are expected to decline by 13,000 or 1.3 percent from 979,000 to 966,000. By 1980, it is expected that industry employment will be 0.9 percent or 9,000 jobs below the baseline projection of 1,014,000.

In 11 other industries significantly affected by these changes, total employment in 1976 is expected to be 0.25 percent or 35,000 jobs below the baseline projection of 13,119,000.

By 1980, however, total employment in these industries is expected to be 53,000 or 0.35 percent above the baseline projection 15,273,000.

Because the contractor assumed a substantial increase in imports of sub-subcompact cars, the U.S. balance of payments is expected to be adversely affected by the increased automobile costs associated with pollution control equipment. The annual net exports of goods and services of the United States are expected to be reduced by a maximum of \$700 million in 1980.

baking—Total investment required to meet water pollution control standards associated with the baking process from 1972 through 1976 was estimated to be \$11.8 million to \$21.3 million. Annual costs were estimated to increase from \$400,000 in 1972 to \$2 million in 1976. Average costs per pound of products were estimated to range from 0.011 cent to 0.02 cent for bread and related products, and from 0.05 cent to 0.09 cent for biscuits and crackers.

Because costs of pollution abatement in the baking process are so low—0.2 percent of sales—no impact was expected in the bakery products industry.

cement—Capital expenditures required from 1972 through 1976 to meet air and water pollution control requirements associated with the

August 23, 1972

MEMORANDUM FOR

JOHN EHRLICHMAN

*White House
Encls*

**SUBJECT: OMB's Request for Comments on Proposed Standards
for Aircraft and Aircraft Engines**

Enclosed for your information is a copy of my memorandum to OMB on EPA's Proposed Standards for Aircraft and Aircraft Engines. We have looked into the matter of aircraft and aircraft engines standards and we see it as being an example of over-kill to the detriment of the consuming public, particularly that part of the public which travels on airlines. We really need to prevent this kind of perversion in the standard-making process.

Edward E. David, Jr.
Science Adviser

OFFICE OF SCIENCE
& TECHNOLOGY

'72 AUG 24 PM 12:51

DISPATCHED

encl.

EED/eac

EED file & chron., S&T file & chron., Dr. Goldmuntz file & chron
Mr. Hope file

(attachment is EED letter to Crabill of 9/23/72 - all above have copies)
eac

October 18, 1972

MEMORANDUM FOR

WHITE HOUSE *Conrad*

Mr. Raymond J. Waldmann

SUBJECT: PCB's in the Issue and Answer Notebook

The PCB question was handled, I think, successfully in May through the combination of an advisory group to OST, the efforts of NIH and the public issuance of a report from an interagency task force. Only peripheral issues remain. For example, in the face of agreements within the U. S. to restrict the usage of PCB's, there is some evidence that foreign manufacturers are dumping their inventories through imports.

I would vote for deleting the item.

Edward J. Burger, Jr., M. D.

EJB:dhf
S&T FILE AND CHRON
EJB FILE AND CHRON

November 13, 1972

MEMORANDUM FOR

JOHN SCHAEFER
WHITE HOUSE

WHITE HOUSE

Enr

SUBJECT: Comments on Draft Reports for Superport Study.

I have one major objection to CEA's draft report on the economics of U.S. deepwater ports and a few minor objections or comments on this and the others.

Before making these comments, however, I should perhaps explain why I, a scientist in OST and not an economist, feel qualified to make such comments. Prior to joining OST a little over a year ago, I spent 21 years as a senior technical staff member of the Standard Oil Company of California. Standard of California is the major company associated with the local company both in the Irving complex in New Brunswick and the BORCO complex in the Bahamas, and it is also a member of the consortium studying the possible LOOP terminal off the Mississippi delta. It also operates a significant fraction of the world's tanker tonnage. I was not directly involved in these operations (my job was in exploration and production research), but I had frequent contacts with those who did, and have at least a rudimentary knowledge of the ways in which a major oil company approaches the problems involved in making high-risk investment decisions.

One of the key parameters in any such decision is the discount rate (read "expected rate of return" or "payout"). To oversimplify, this figure is the overall average rate of return for all investments made by the company, multiplied by an appropriate factor based on the estimated risk for the particular investment under consideration. To cite a typical example (wildcat well), if on the average only one in every 5 wildcats comes in as well as the geologists hope it will, then the company will not make the investment in the well (and subsequent development costs) unless the anticipated rate of return is sufficient to cover costs of the failures as well. The actual calculations are rather complex (the depletion allowance is only a part of the picture), and each company considers its precise methods and

acceptable rate of return highly proprietary, but typically the result is a required minimum anticipated payout of three or four years for a wildcat - if all goes well.

Clearly estimation of the risk factor is a crucial part of any high-risk investment decision. It often makes the difference between success and failure in the oil business, even for a very large company. Objective estimates based upon the best technology and economic analyses and forecasts available are used, but in the end much of basis for any decision is subjective. It must be based on political considerations (especially in some foreign countries), and recently in the U.S., upon estimates of the costs (including delays) involved in environmental impact considerations, which to a large extent can only be guessed at. It has been conservatively estimated (as of February, 1971) that delays in the construction of the Alyeska Pipeline are adding 10 cents per barrel per year of delay to the cost of North Slope oil. It is no wonder at all to me that the oil industry has been waiting to see which way the cat jumps and is hedging its bets by placing its Western Hemisphere supertanker terminals outside the U.S., where there aren't so many unknowns.

To return to the specific problem at hand, in my opinion CEA's assumption of a 10 percent discount rate is grossly inadequate. That figure might be acceptable if the risk were very low, but it is not. The discount factor assumption is a very important one, and I am astonished that CEA did not do a sensitivity analysis on it, as they did for the throughput assumption. I have not done the arithmetic, and don't intend to, but I expect that the analysis is as sensitive to this assumption as any other, including throughput. The analysis should be repeated for discount rates of, say, 15, 20, 25, and 30 per cent, to accommodate a variety of risk estimates.

The overall risk is not easy to estimate. Certainly it is higher than the risk involved in building a new refinery of standard design. It might be as high as the risk involved in drilling a wildcat well (I know that that is the opinion of some top oil industry people; my personal opinion is that it may be somewhat lower). My best guess, and it is a guess, is that the best discount rate to use in the analysis-if it is expected that private industry will build and operate the terminal under the conditions discussed, without any subsidy-should be in the neighborhood of 25 percent. This might be lowered to 20 percent if the terminal is to be built and operated by a consortium of majors (to spread the risk), in an area where the natives are relatively friendly (such as Louisiana),

and where the technological problems and the physical environment are relatively well known (again such as Louisiana).

I need hardly point out that changing the discount rate from 10 to 20 percent will likely change the results of the economic analysis drastically, unless some of the estimated net costs (which includes risk) are also changed drastically-whether by simplification of port and tanker construction and operation requirements or by subsidy.

Minor objections follow: My friends in Puerto Rico (and the Virgin Islands) would object strenuously to being referred to as "foreign" (page 18, CEA report) or "Non-U.S." (page 24, MARAD report). "Non-conterminous" or "non-mainland" would be more acceptable.

The discussion of the costs and benefits of double-bottom tankers, and the attribution of the costs, is not entirely consistent, as between the Agencies. I did not recognize, if it was there, a discussion of the reduced expectation of benefits from a requirement for double bottoms if the terminal is far offshore, where groundings are less likely. (Double bottoms are a useful protection against spills in the event of grounding, but not in the event of collision. Wing tanks for ballast provide little protection against grounding, but might afford a small measure of protection against collisions.) More importantly, there was not adequate discussion of the already very large investment in single-bottom tankers.

F. Gilman Blake

CC: E.E. David
D. Z. Beckler
R.E. Balshiser

FGB Chron, Subj
S&T Chron, Subj FGB:hk

November 14, 1972

WHITE HOUSE

E. J. [unclear]

MEMORANDUM FOR

JOHN SCHAEFER
WHITE HOUSE

Subject: Comments on Draft Reports for Superport Study.

My principal objection to the CEA report concerns the unrealistically low assumed discount rate of 10 per cent for a high-risk investment. This may well not alter the main conclusions of this study with respect to the need for licensing legislation and the need for U. S. superports in the national interest. Nevertheless it may have a significant effect on such important issues as the credibility of this study, to the Congress, to the oil industry, and to the "environmentalists". It will also bear heavily on the question of the need for some form of subsidy or other guarantee.

It hardly seems necessary to belabor the point that the oil industry would consider a discount rate of 10 per cent wholly inadequate for a high-risk investment, or to discuss why a superport would be considered to be such, in view of both the technological and economic risks, and the harrassment and delays imposed on the industry by environmental groups in recent years. Incidentally, I would not be surprised to see the environmentalists seize upon the assumption of too low a discount rate to "prove" that U. S. superports would be uneconomic and therefore should not be permitted. A more appropriate assumption for the economic study would be a discount rate in the neighborhood of 20 to 30 per cent for the superport itself, unless there were to be some form of subsidy or other guarantee to assure a rate of return of 10 per cent or more. If you feel a need for support of this opinion, I would be happy to provide it on the basis of having spent 21 of the past 22 years as an employee of the Standard Oil Company of California. SOCAL, as Mr. Pipkin pointed out, is the major involved in both the Irving complex in New Brunswick and the BORCO complex in the Bahamas, and it is also a member of the LOOP consortium.

The CEA's conclusion that the supertankers themselves constitute the major investment in the overall transportation system is not in question. However, I do question whether it is appropriate to lump everything all together ab initio in an attempt to predict whether supertankers will bring oil to U. S. or foreign transfer points. Clearly I am assuming that the essentially same sort of supertankers will be used, whether double-bottomed or not, and whether all foreign flag or fifty per cent U. S. flag subsidized to equalize costs. This assumption is not unreasonable if the trend toward a universal requirement for double bottoms continues. On the other hand, the existing large investment in conventional VLCC's should not be ignored. There may well be considerable pressure to allow such ships to unload at far offshore superports, where the probability of grounding would be relatively small. Such ships may become more readily available, if Western Europe and Japan become less dependent on oil from the Persian Gulf area - a distinct possibility, in view of North Sea and Indonesian prospects.

It would be more realistic, though admittedly more complex, to treat the supertankers and the superports separately, because the industry will treat them separately in deciding whether to bring its supertankers to U. S. or foreign superports. It is likely that different risk estimates will be used for the two components - say 15 or 20% for the ships and 25 or 30% for the ports. This would make the economics of U. S. superports less favorable, unless subsidized or unless the same rates were used for foreign or at least Canadian ports. It is perhaps more likely that the industry will assign different risks to different U. S. locations, higher on the Atlantic Coast than on the Gulf, for example. Probably the industry will assign risks similarly for choosing refinery sites as well, but the estimates will vary widely, depending upon each company's marketing situation and its highly subjective estimates of political risks. The point I am trying to make is not that the problem is hopelessly complex - it isn't - but that ranges of risk estimates should be applied to each major segment of the overall system. Each major company does this in making its investment decisions. The difference between success and failure lies not just in minimizing the risks, but also in estimating them accurately.

A couple of minor editorial points: Puerto Rico (and the Virgin Islands) should not be referred to as "foreign" (page 18, CEA report) or "Non-U. S." (page 24, MARAD report). "Non-conterminous" or "non-mainland" would be more appropriate.

F. Gilman Blake

cc: Dr. E. E. David, Jr.
Dr. R. E. Balzhiser
Mr. D. Z. Beckler

FGB Chron, Subj
S&T Chron, Subj

FGB:hk

THE WHITE HOUSE

WASHINGTON

January 14, 1972

W H Ennis

MEMORANDUM FOR: DR. EDWARD DAVID

FROM: GEORGE CRAWFORD *gc*

Dr. Goldmuntz made the suggestion at your RECAT briefing that the government establish a capability for making similar cost benefit analyses of regulatory proposals. Mr. Pagnotta indicated that this could be done without additional legislation, although it will cost some money. I have discussed this idea with Peter Flanigan, and he agrees that it is a very interesting one. If you have any background material on the proposal, and how it could be carried out, I would like to see that and then to meet with you to see how we can formulate a program to carry this out. If possible, we are interested in moving on this quite promptly.

cc: Dr. Lawrence Goldmuntz

1023

Set Cont. NO. _____

OST DOCUMENT CHARGE-OUT

CHARGED TO:

20 amest

DATE:

1/3/72

S&T DOCUMENT NUMBER

SUBJECT:

S4T 729

6-24-71

To Whitaker

6-18-71

To Freeman

6-12-71

S4T 866

7-27-71

PLACE IN FOLDER

THE WHITE HOUSE
WASHINGTON

February 24, 1972

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 12356, Section 1.1
By EP NARS, Date 6-24-85

CONFIDENTIAL

MEMORANDUM FOR ED DAVID

FROM: John C. Whitaker *JCW*

SUBJECT: Radioactive Waste Disposal Program

Jim Schlessinger tells me he has a radioactive waste management study under way and will look at the Lyons problem when the study is finished in about 6 weeks.

Seems to me the Lyons issue has toned down. If we rule Lyons out as an option as a waste disposal site, then:

1. New Mexico will push harder (they want the site for jobs);
2. Governor Docking can say, "See, I told you so -- I'm a hero and the Feds folded." Seems to me that approach just puts us behind the 8 ball again.

At any rate, Jim will call me after the waste management study is completed.

cc: James Schlessinger

S&P Cont. No. 206

THE WHITE HOUSE
WASHINGTON

February 29, 1972

MEMORANDUM FOR DR. E. DAVID

FROM: W. M. MAGRUDER

RE: Population Control

General William Draper and General Andrew O'Meara will probably be calling you for an appointment in the near future.

They are on the Executive Committee of the Coalition for a National Population Policy, and are interested in stimulating R&D for population control. I have heard their presentation and suggested that you and Len Laster hear them.

Perhaps an analysis will show that adequate R&D is already being funded; these people feel it is not. It would be advisable to be briefed on our present emphasis before you meet with them. Then, if it appears more emphasis is required, perhaps we could discuss it.



cc: Ed Harper

0217

THE WHITE HOUSE
WASHINGTON

5/19

TO: LARRY GOLDMUNTZ

FROM: Richard M. Fairbanks

Could you find out if the "Boston
car" system is for real? Thanks

WH Exec



INTERNATIONAL
MATERIALS
northwest industrial park
second avenue
burlington, mass. 01803
telephone 617-273-1460

May 9, 1972

The Honorable Egil Krogh, Jr.
Domestic Council
The White House
Washington, D. C.

Dear Mr. Krogh:

Jim Morand visited our new facility recently and suggested that I bring you briefly up to date on our progress. We have been primarily concerned these last months with packaging the Boston Car into a deliverable and testable unit. In so doing, we have taken a modular approach to the construction. That is, a gasification unit capable of processing a fraction of the total fuel requirement has been designed and refined extensively, and a final version has been selected. This version has been operated extensively with extremely promising results.

The car itself has been extensively tested on the dynamometer, and both power and emissions levels monitored and recorded. Power output has been developed to a level anticipated to be fully acceptable while yielding low emissions levels. Due to the nature of the system -- combustion of carbon dioxide and hydrogen -- only oxides of nitrogen are a potential problem, not such other by-products of gasoline combustion as carbon monoxide. Nonetheless, carbon monoxide has been found to be at the extremely low levels consistent with normal oil consumption. The most favorable comparison, however, is with regard to nitrogen oxides (NO_x). These tests were run on a control 1971 Torino fueled with gasoline, and on the Boston Car, at equivalent data points. Under cruise conditions the control vehicle emitted over 15 times the NO_x of the Boston Car. And under crucial acceleration conditions, the standard vehicle was almost eleven times as polluting as the Boston Car. When weighted to give credit to the amount of average driving done under each condition, the Boston Car outperformed the control vehicle by a factor of more than eleven. That is, the Boston Car consistently met the 1976 Federal NO_x standards.

THE WHITE HOUSE

WASHINGTON

May 16, 1972

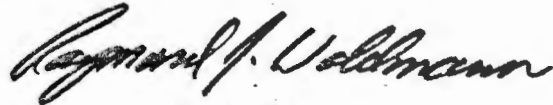
WH - Enr

Dear Dr. Luckey:

Mr. Ehrlichman has asked me to thank you for your letter of May 11 offering the views of your membership on the issues raised by the Commission on Population Growth and the American Future. I trust that the Population Commission has taken your views into account in reaching its own recommendations.

I am sure that you are also aware of the President's own views on some of the Commission's recommendations. By copy of this letter, I am passing your letter on to those most directly concerned with the Commission's work so that they may call upon your Council for any assistance required.

Sincerely,



Raymond J. Waldmann
Staff Assistant to the President

Dr. Eleanore B. Luckey
President
National Council on Family Relations
1219 University Avenue Southeast
Minneapolis, Minnesota 55414

bc: Tod Hullin
✓ Ed David

0551



D.F.
Does Jan have
to read

June 13, 1972

W.H. Ennis

MEMORANDUM FOR HONORABLE JOHN C. WHITAKER
DEPUTY ASSISTANT TO THE PRESIDENT

TECHNOLOGICAL, ECONOMIC, AND
OTHER ISSUES RELATED TO
STACK GAS CLEANING

The Commerce Department representative on the interagency task force on SIPs and its subgroup investigating stack gas cleaning has prepared a memorandum summarizing the highlights of discussions with Southern Services and TVA. Also involved in these discussions were representatives of OST, OMB, EPA, and FPC.

The information coming out of these discussions is important not only with respect to implementation of the Clean Air Act but also with respect to the proposed sulfur emissions tax.

For your information, a copy of this memorandum is attached.

William N. Letson *WNL*
General Counsel

THE WHITE HOUSE
WASHINGTON

Attachment

6/19
TO: *Dick Balzhiser*
FROM: Richard M. Fairbanks

*Do you Concur
With Commerce
World View?*

ST # 0686

Do Not Detach This Slip

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY

To: Dr. David

Date: 1/24/72

Balzhiser

For:

☒ Appropriate Action

☐ Information

☐ Direct Reply

☐ Note and Return

☐ Comment

☐ Concurrence

☐ Recommendation

☒ Official Files

☐ Prepare Reply for _____

Remarks: Memo fr. Magruder/VH 1/20/72-~~encl~~ requesting
comments on encl'd ltr serveral phases of noise
pollution

DUE 1/31/72

☒

From: Pagnotta

THE WHITE HOUSE
WASHINGTON

January 20, 1972

WH Enne

MEMORANDUM FOR

Dr. L. Brandscomb, NBS
Mr. R. Cannon
✓ Dr. E. David, OST
Mr. D. Rice, OMB
Mr. J. Shaffer

FROM: W. M. Magruder

I think Leo is the outstanding U. S. acoustic expert. His advice is worth careful examination.

Could I have your comments on his letter, please.

Bier

Att.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 28, 1972

MEMORANDUM TO DICK FAIRBANKS

FROM: CONSTANCE STUART

W.H. S.

I have had some correspondence with the attached writer who suddenly sprung on me his plan for a cure for cancer. Could you give me some guidance as to how to respond to his letter? Is there any merit in his 39 page program?

THE WHITE HOUSE
WASHINGTON

6/28

TO:

Ed David

FROM: Richard M. Fairbanks

Will you please
draft responses to
Connie Stuart's questions?

S&T Cont. No.

0729

THE WHITE HOUSE
WASHINGTON

June 28, 1972

WH Encl

MEMORANDUM FOR:

LARRY GOLDMUNTZ

FROM:

JOHN DEAN *[Signature]*

SUBJECT:

Response to letter from
Lowell Dodge

In accordance with your request, attached is the draft of a proposed response to the letter from Lowell Dodge asking for information from the RECAT Committee. You should note that we still owe Dodge a final response on the information provided by the automobile manufacturers and should attempt to obtain this as quickly as possible.

cc: Frank Pagnotta

S&T Cont. No. 0735

0734

THE WHITE HOUSE
WASHINGTON

June 28, 1972

W H Ennis

MEMORANDUM FOR:

LARRY GOLDMUNTZ

FROM:

JOHN DEAN 

SUBJECT:

Response to letter from
Lowell Dodge

In accordance with your request, attached is the draft of a proposed response to the letter from Lowell Dodge asking for information from the RECAT Committee. You should note that we still owe Dodge a final response on the information provided by the automobile manufacturers and should attempt to obtain this as quickly as possible.

cc: Frank Pagnotta

0728

S&T Cont. No. _____

TO: Larry Goldmont

FROM: Richard M. Fairbanks

This is page proof
from the 1972 CEA Ann.
Rep. Could you review this
section quickly and let me
have your suggestions by COB
Thursday?

OCT - Goldmont & review -
I want to give you something to
do when you
have!
give.

Automobile industry differed from
cities. In all other cases the studies
water pollution control costs re-
flect, while the auto study focused
on air pollution control equipment

pollution control equipment on auto-
mated to add approximately \$350
per car by 1976-77. This is the same
economics of Clean Air." Since
it is already in place by the 1972
model year. The contractor rounded
the range of ± 30 percent in estimat-
ing the industry. The range which
1972 model year is therefore \$210
per car over the uncontrolled car is

estimate of increased operating
costs of \$325 over a 5-year period.
However, these costs were not
borne by the contractor was unable "to reject
the hypothesis that for
costs the response of new car
sales (i.e., \$425) may or may
not be affected by auto sales.

It is important to note that the purpose of this study was to assess
the impact on the automobile industry of the requirements of the
Clean Air Act. It does not include cost increases which can be ex-
pected from new safety regulations, costs which some studies suggest
are of a magnitude equivalent to those for control of pollution. The
increased costs from the two sources, control of pollution and new
safety features, could have impacts on the industry which are more
than proportional to the sum of these costs.

The contractor's study of demand relationships for all automobiles
and among the different classes of automobiles indicated that from
84 percent to 98 percent of the cost increases associated with air
pollution control equipment will be passed on to consumers in the
form of higher automobile prices. Thus the price of subcompact cars
was expected to rise approximately \$294 by 1976-77 because of
required installation of pollution control equipment. The price of
luxury cars was expected to rise approximately \$343.

This increase in automobile prices was expected to have two effects
upon automobile sales. First, some change was expected in the class
of car purchased. In comparison with baseline projections, subcom-
pact automobiles were expected to lose 0.25 percent of the market,
and standard sized automobiles 1.6 percent by 1980 because of the
cost of pollution control equipment. This market share would be
absorbed to some extent by compacts, intermediate, and luxury cars

THE WHITE HOUSE

WASHINGTON

August 9, 1972

W H Enver
EPA

Dear Mr. Wood:

John Ehrlichman has asked me to respond to your thoughtful letter of last month concerning the impact of environmental regulations on energy supplies. I do want to assure you that the Executive Branch is well aware that actions taken in one area can lead to strong secondary effects in other areas.

In this regard, we are studying intensively the impact of environmental regulations on energy supplies. I have taken the liberty of circulating within the Executive Office of the President to the concerned members of the Council of Economic Advisers, the Office of Science and Technology, and the Council on Environmental Quality.

While a great deal of work has gone into the proposed regulation on lead in gasoline, the evaluative process continues. As you undoubtedly know, the Environmental Protection Agency recently extended the deadline for comments because of the EPA's continuing concern to explore fully this complex issue. It does impact the energy area, the oil industry, the automotive industry, and consumers in all walks of life, and we must be right when we finally issue the regulation. Let me assure you that your point of view, together with those of the many others who are concerned with this matter, will be taken into account before EPA releases a final regulation.

Thank you for sharing your analysis with us.

Sincerely,

John C. Whitaker
Deputy Assistant to the President

Mr. Frank Wood, Jr.
President
PRIDE
P.O. Box 3237
Abilene, Texas 79604

bcc: Dick Balgower

0902
S&T Cont. No.

THE WHITE HOUSE
WASHINGTON

May 16, 1972

W. H. - Ennen

MEMORANDUM FOR ED DAVID

FROM: JOHN EHRLICHMAN *K.R. Ehrlichman*

SUBJECT: Follow-up on the Recommendations of the
Population Commission

As you know, the President's Message on Population Growth in 1969 called for the creation of the Population Commission. Its report has been published and contains a number of recommendations dealing with population growth, family planning services, the use of resources and our environment, and similar subjects. Not all of the recommendations are appropriate for Federal Government action, however, so we must focus our attention on those recommendations on which the President may be expected to have to take a position.

In order to carry out this Presidential mandate, I would like you to chair an interagency group to analyze and recommend Presidential positions on the recommendations of the Population Commission. This group should include representatives of CEA, CEQ, OMB, HEW and Interior, as a minimum. CEQ in particular has already performed considerable staff work in this area.

You should plan to have the results of this review available by December 1, i. e. in time for possible consideration for the FY 74 budget. As a first step, would you please discuss scope of work and agency participation with Chairman Train, whose staff has already done some preliminary work in response to the report of the Population Commission.

I will ask you to work with Ray Waldmann and John Whitaker in the preparation of this review.

cc: Russell Train

0590