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UNITED STATES OF AMERICA

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DEPARTMENT OF TRANSPORTATION

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PRESS CONFERENCE

January 28, 1981

SECRETARY DREW LEWIS

SUBJECT: U.S. AUTO INDUSTRY

[Transcription made from tape furnished
by the Agency.]

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1 SECRETARY LEWIS:

2 The President has asked me to
3 form an Automotive Task Force, charged with the responsi-
4 bility of addressing the problems confronting the domestic
5 automotive industry.

6 We recognize both the importance and the urgency
7 of finding solutions to the industry's difficulties. It's
8 a problem linked with other aspects of our economy. We're
9 challenged by burdensome tax rates, bloated federal spend-
10 ing, high interest rates and overbearing federal regula-
11 tions that are causing havoc, not only in the automotive
12 industry but in other industries as well.

13 I plan to travel to Detroit next week to meet
14 with the leaders of the auto industry, both management
15 and labor, as well as leaders of that community. We
16 expect to make good use of the analytical data on the
17 industry gathered by this department just approximately
18 a month ago.

19 I believe it is important in addressing the
20 auto industry's needs that we
21 pursue the course consistent with the President's goals
22 of his Administration.

23 The task before us is enormous. The industry
24 is heavily involved with investments expected to total
25 more than \$70 billion by 1985. The Government's job is

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1 to foster industry's recovery efforts and its return to
2 competitiveness. Among other things we'll consider
3 where federal regulations can be eased without sacrificing
4 the necessary safety and emission standards.

5 Our Task Force will be examining problem areas
6 and making specific recommendations. From these recommenda-
7 tions we will assemble the package of government actions
8 that should be taken and submit them to the President.
9 with the determined effort of everyone involved--the
10 Administration, Congress, management and the public--we
11 will work to keep the American automobile first in sales
12 in our country and competitive in world markets.

13 Ready for questions.

14 QUESTION: Mr. Secretary, would you identify
15 some of these overbearing federal regulations that are
16 causing havoc in the automobile industry?

17 SECRETARY LEWIS: We are now making a review
18 in the Department and it would be impossible for me
19 to be specific at the present time. We're having a
20 task force within this Department and, as a matter of
21 fact, with all departments, agencies in the Federal
22 Government, making a thorough review of regulations. I
23 will be back with these very shortly.

24 I have had this assignment and been on the job
25 I think four days now, and I'm really not prepared to give

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1 you specifics; but I will be coming back with those
2 shortly.

3 QUESTION: It is reported in a number of papers
4 today that Raymond Peck is being considered or will be nominated
5 as head of NHTSA. A member of the Reagan Administration is being
6 quoted that Mr. Peck knows nothing about auto safety. Why are you
7 picking someone who knows nothing about auto safety?

8
9 SECRETARY LEWIS: Two things. First of all,
10 we are considering several candidates for that job. Ray
11 Peck happens to be one of them. We are not trying to
12 select anyone who knows nothing about auto safety. Funda-
13 mentally, in this Department, as you know, we have a
14 series of modes. I'm trying to get people who I think
15 are administratively strong to head those modes. I par-
16 ticularly think in this area, because of the regulatory
17 nature, that it is good if someone has a legal background
18 and Ray Peck happens to be an attorney.

19 We have no intention whatsoever to eliminate
20 NHTSA, which I assume is part of the implication of your
21 question. We plan to continue it as an important part
22 of this Department. We're going to continue our efforts
23 in auto safety and there is no effort whatsoever to try
24 to put someone in there knowing nothing about it.

25 I mean, for any department of this Government,

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1 none of us are totally qualified, regardless of what the
2 assignment may be.

3 QUESTION: You talk about the problems of the
4 tax rate, federal spending, interest rates and the regula-
5 tions. Are you going to do anything new and specific for
6 the auto industry or are you just counting on the overall
7 economic package?

8 SECRETARY LEWIS: At the present time, we don't
9 know. That is the purpose of the Task Force. Funda-
10 mentally, we hope that the economic package of President
11 Regan will do a great deal towards revitalizing the
12 economy and obviously, the auto industry with it; but we
13 will be looking at all these areas and, hopefully, come
14 up with a package that makes sense. Again, that's the
15 purpose of the Task Force and if I could answer that
16 question now, we wouldn't need the Task Force.

17 QUESTION: Mr. Secretary Do you think the actions
18 of NHTSA over the last four years have contributed to the
19 problems of the auto industry?

20 SECRETARY LEWIS: I think basically, the
21 contributions of NHTSA have been constructive.

22 SECRETARY LEWIS: I would like to see it continue
23 with a concern for auto safety. I would like to be able
24 to look at items, on a line-by-line basis, as to whether
25 or not we determine they really make sense.

QUESTION: You think passive restraints be imple-
mented?

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SECRETARY LEWIS: We think the passive restraints are an important factor in NHTSA's program. There is some concern as to the timing whether it should be small automobiles, first, rather than the large; the proposal that went before Congress and we're reviewing that at the present time.

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So, the only problem we might have, the question we may have in the area is going to be the timing of it.

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QUESTION: Dave Stockman said he wanted to stop Standard 208. Are you going to challenge him on that?

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SECRETARY LEWIS: I am going to be meeting with Dave Stockman tomorrow and I will be discussing it with him at that time.

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QUESTION: Are you willing to go the mat with him?

SECRETARY LEWIS: I say I'm going to have a discussion with Dave Stockman tomorrow. I'm not trying to get on the mat with anybody. I think we have to work together as Cabinet officers, and I am going to be working with him.

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QUESTION: What is relative position of authority between OMB and the Department when it comes to devising regulations?

SECRETARY LEWIS: Basically, we will have the full responsibility within our department. There is someone coordinating the regulatory aspects and administration

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1 from OMB. But you should be aware that most of the
2 regulations within our Department are not effective in terms
3 of saving the Government money. There are regulations
4 that affect various industries.

5 Therefore, in terms of the immediate savings
6 they're looking for in terms of budget cuts, there are
7 really not a great deal of dollars to be found in this
8 Department in that area.

9 As you probably in the ICC, as an example,
10 there are literally thousands of regulations and it really
11 cannot be done by anyone outside the Department. We are
12 going to be looking at all these regulations.

13 QUESTION: Mr. Secretary, you talked about bloated
14 federal spending. Where would such bloated federal spend-
15 ing be found in DOT?

16 SECRETARY LEWIS: Well, obviously, I would like
17 to say there's no bloated federal spending here. I think
18 there are programs--we're reviewing them now to see if
19 they can be deferred. As an example, we are looking at
20 the supplementary funds going to Amtrak to make certain
21 that those funds, \$25 million supplementary appropriation,
22 is, in fact, needed; whether that-- As you know, a lot
23 of that is going to maintenance. I have been in that
24 business and it's important you maintain the railroads;
25 but is that the kind of think that can be extended six

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1 I may come back and find that is impossible. But we have
2 to move very promptly in this area; otherwise, we are
3 going to miss the construction season for 1981.

4 QUESTION: Are you reviewing all those segments?

5 SECRETARY LEWIS: I am reviewing them to the
degree I can. The problem, again, is just the time factor with --
7 this is really a conglomerate; and as an administrator,
8 I find if you get too much involved in the details of every
9 department, you inhibit the person operating the depart-
10 ment from being effective. But I plan to be on top of the
11 situation to the extent possible.

12 QUESTION: Have you looked at the question of
people movers?

13 SECRETARY LEWIS: No, we have not and we're
14 looking at that and I've gotten several questions on it
15 but I can't give you an answer, because I don't know.

16 QUESTION: How about the \$8 million promised to
Miami for the people movers?

17 SECRETARY LEWIS: Again, I don't know. Because
I got a call from, I guess it was the Mayor of Miami, and also
19 the Mayor of Los Angeles and that is one item that is on
20 my desk now to review, as we are reviewing the budgets.

21 QUESTION: Mr. Secretary Are you
22 in favor of cutting back on the auto emission standards?

23 SECRETARY LEWIS: No, I am not.

24 QUESTION: (Inaudible)

25 SECRETARY LEWIS: Because I think they have been

1 months.

2 It's that type of thing we are looking at across
3 the Board. For example in the Federal Highway Administra-
4 tion, it is our intention to define the Interstate System
5 and to complete it; but it is also our intention to take
6 those parts that are either for economic or environmental
7 reasons not feasible and withdraw from those areas so
8 these are just some examples of the kinds of things that
9 we are looking at.

10 Mass transit is an area that it is fairly obvious
11 that we would gradually like to shift the burden from
12 operational subsidies and into more capital expenditures
13 where the Federal Government has more control; whether or
14 not there's a shift in dollars there is a question at the
15 present time. This is just an example of the things we're
16 reviewing and I would like to be more specific but, again,
17 I'm a four-day Secretary of Transportation, or something
18 like that.

19 QUESTION: Mr. Secretary, when are you going
20 to have recommendations on the specific segments of the
21 Interstate Highway that are not completed?

22 SECRETARY LEWIS: We presently don't have our
23 Highway Administrator aboard. When he is confirmed, I
24 would hope we could get that done in six weeks to two
25 months; but that is strictly off the top of my head and

1 effective standards and to the extent they are practical,
2 I think they are, for environmental reasons, things that
3 should be continued.

QUESTION: Is this in compliance with the
President's position?

5 SECRETARY LEWIS: It is in concurrence with the
6 President's position.

7 Again, I think, so I don't mislead you, if we
8 get into areas where it's just totally impossible from
9 an economic standpoint, we may either extend time periods
10 or back off; but, basically, our position is to continue
11 the safety and environmental programs that have been
12 developed through NHTSA and in the automotive industry.

13 Yes, sir?

14 QUESTION: Would you get rid of any safety or
15 emission standards or modify rather than just defer?

16 SECRETARY LEWIS: Well, here's a problem I have
17 in answering that question. There are two or three regula-
18 tions that were, I guess put out just prior to my coming
19 here. There are a number that are pending, and I would
20 have to go over those item by item. I've been informed
21 there are some that we may want to back away from, but I
22 can't give you specifics until I've had a chance to review
23 it.

QUESTION: Mr. Secretary, have you or has anyone
in the administration taken any position as ³ what if anything

to do about the high level of Japanese imports?

SECRETARY LEWIS: No, but that is going to be an important part of this Task Force and that's why on the Task Force we will have representation, of course, from the Secretary of State's office and also Bill Brock, the U.S. Trade Representative will be part of our committee.

It should be very clear that this Administration believes in free trade and only would we be looking for restraints of imports if we felt that it was vital to this economy and vital to this industry, in terms of the economic well-being of the United States. You are probably aware that we have about 200,000 people presently unemployed in the automotive business, so it's a very serious problem and the likelihood as we revamp into the smaller cars and upgrade productivity standards, that this unemployment is even going to increase as the economy improves. So it is something we have to look at in realistic terms, but the basic policy of the Administration is not to try to restrain foreign trade.

QUESTION: Yes, I was going to ask about imports, too. You say the basic policy is not to restrain foreign trade, but you left the way open for a temporary--

SECRETARY LEWIS: We have left the door open in case as the final recommendation of this Task Force this should be part of it. So the door is open, but it is not the intention of the President to go to Congress

1 but, again, as I say, in my own state I would recommend to
2 the Governor and to the legislative body in Pennsylvania
3 that they maintain the 55-mile-an-hour speed limit. So,
4 I guess I'm somewhat inconsistent on that, in terms of my
5 own personal preference; but I do believe that the other states
6 in the union should have the right to make their own determi-
7 nation.

QUESTION:

8 Before she left, the former NHTSA Administrator issued a list
9 of low cost items which would improve safety in cars. You talk about
10 easing regulations, are there areas you think the federal government has
11 to look further in insuring auto safety in the next few years?

12 SECRETARY LEWIS: In reviewing that list, if these things
13 are practical and are low cost, then we would certainly
14 encourage them to be installed. But we

15 want to have in this Administration the safest possible
16 automobiles we can have, the safest highways. We are
17 concerned about aviation safety and our control system.
18 We are not going to walk away from safety with the idea
19 that that's the way you eliminate the regulations. We're
20 trying to eliminate regulations that just tie people up
21 in red tape and cost them productive moneys without
22 accomplishing anything.

23 QUESTION: Did you approve of subsidies for automakers
24 like Chrysler or what is the policy on subsidies to industries?

25 SECRETARY LEWIS: Basically, the philosophy of
this Administration will not be to subsidize industries.

We will, obviously, look at the situations one at a time.

I can't tell you definitively there won't be another
Chrysler in the next four years; but the philosophy

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1 at the present time and ask for any restraints on Japanese
2 imports.

3 QUESTION: Mr. Secretary, ~~what~~ are you going
4 to do about the Republican platform plank to eliminate the
5 55-mile-an-hour speed limit?

6 SECRETARY LEWIS: Well, as I said in my
7 confirmation hearings, I would support the concept of
8 this being turned back to the states. When I ran for
9 Governor in Pennsylvania in '74, I supported the 55-mile-
10 an-hour speed limit for our state. I think there is a
11 great deal of difference between some of the congested
12 northeastern, midwestern states and
13 other states of the union. I'd be satisfied to have
14 other states have the option and make their own determina-
15 tion. It's not something I consider top priority,

16 QUESTION: Is it something you could do some-
17 thing about?

18 SECRETARY LEWIS: Well, again, if you look at
19 all of the problems we have in the Department of
20 Transportation and things we're going to be working on,
21 it's the kind of thing unless there is an Administration
22 determination, this should be a top priority in this
23 Department, I'll be satisfied to leave that to the
24 Congress, if they determine they would like to eliminate
25 the 55-mile-an-hour speed limit, I would be supportive;

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1 of both the Administration and me, as Secretary of
2 Transportation, within the modes in which I have any
3 operating responsibility, will be to try to work within
4 the private sector and to the extent possible.

5 QUESTION: If Chrysler comes back, in other
6 words, and asks for another loan or loan guarantee, you
7 would be less inclined to give it to them?

8 SECRETARY LEWIS: Well, in looking at the
9 Chrysler loan, as you know, it's tentatively approved
10 subject to the various constraints within the loan docu-
11 ments being fulfilled. If that's fulfilled, it's our
12 intention to honor that commitment. Again, I would like
13 to look at the facts at the time. If, in point of fact
14 with Chrysler's slight improvement in sales now and appar-
15 ently improved cash flow in March, if the bottom line of
16 these things indicates Chrysler is a viable corporation,
17 and we can see ourselves coming out of the other side of
18 the tunnel, we're going to be for it.

19 I have spent a lot of my life working in
20 difficult industrial situations and bankruptcy; and it is
21 certainly preferable, I believe, to try to reorganize a company
22 voluntarily, which really is what is happening in Chrysler's
23 situation now, voluntarily out of the Bankruptcy Courts
24 and get another layer involved and trustees and all the
25 other interests that come with the court being involved.

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1 So the answer is, if we can see Chrysler sur-
2 viving, we will be supportive; if we can't, we're going
3 to be looking for other solutions.

4 QUESTION: With regard to the study that
5 Secretary Goldschmidt put out last month, he said what
6 we needed was a social compact and indicated that sacrifices
7 needed to be made by labor, management and Government regulators. Do you
8 think that the sacrifices — this is the kind of thing that you are
9 looking to build and if this is what you are trying
10 to build, a compact of sacrifices, is it going to be
11 short term; if it is going to be short term, how do you
12 ask for sacrifices from labor, management and government
13 regulators if you don't control the Japanese auto imports?

14 SECRETARY LEWIS: I think if I could answer
15 that question now, I would give it to the President and
16 skip the Task Force, but we are going to be looking at
17 the various areas. It is clear with the differential
18 in wage rates between Japanese and ours and the relative
19 productivity they're going to have to be sacrifices on
20 labor's part.

21 It is also clear that some of the management's
22 decision in the automotive industry may not have been
23 as sound as they may have appeared three years ago and
24 as they prove to be today. We are going to be looking
25 at the whole area and, obviously, regulations. The extent
 to which we're going to follow the pattern laid out by

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1 Neil Goldschmidt, I cannot answer. I do have the report
2 which is basically the Department of Transportation report,
3 which gives you the data from which you can draw conclu-
4 sions, perhaps his and perhaps some others; and, again,
5 until we have had a chance to review this--the reason
6 we move so quickly on this is that I guess this is the
7 eighth day of the President's Administration, is that
8 recognize the seriousness of the problem in terms of
9 unemployment and, therefore, want to very promptly move
10 on the data provided by this department.

QUESTION: Have you ever witnessed an air bag
first hand in operation?

SECRETARY LEWIS: No, I have not. I understand
there is a vehicle in the basement of this building. I
plan to look at that very promptly.

QUESTION: Do you have any specific unnecessary
safety standards in mind that could be gotten rid of?

SECRETARY LEWIS: No.

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