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# SAFETY STANDARDS FOR CERTAIN MOTOR VEHICLES

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## HEARING BEFORE THE COMMITTEE ON COMMERCE UNITED STATES SENATE NINETIETH CONGRESS

FIRST SESSION

ON

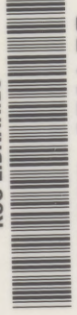
### S. 2029

TO AMEND THE NATIONAL TRAFFIC MOTOR VEHICLE  
SAFETY ACT OF 1966 RELATING TO THE APPLICATION OF  
CERTAIN STANDARDS TO MOTOR VEHICLES PRODUCED  
IN QUANTITIES OF LESS THAN FIVE HUNDRED

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AUGUST 16, 1967  
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Serial No. 90-29  
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SAFETY STANDARDS FOR CERTAIN  
MOTOR VEHICLES

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HEARING

BEFORE THE

COMMITTEE ON COMMERCE

UNITED STATES SENATE

COMMITTEE ON COMMERCE

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GOVERNMENT

Department of State  
Washington, D.C.

Office of the Secretary of State  
Department of State  
Washington, D.C.

GOVERNMENT

Department of State  
Washington, D.C.

APPLICATION OF CERTAIN STANDARDS TO MOTOR  
VEHICLES PRODUCED IN QUANTITIES OF LESS  
THAN 500

WEDNESDAY, AUGUST 16, 1967

U.S. SENATE,  
COMMITTEE ON COMMERCE,  
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room 5110, New Senate Office Building, the Honorable Vance Hartke presiding.

OPENING STATEMENT OF THE CHAIRMAN

Senator HARTKE. The meeting will come to order.

The purpose of today's hearing is to consider S. 2029, an amendment to the National Traffic Safety Act of 1966, sponsored by Senator Birch Bayh. Shortly after the issuance of the Initial Motor Vehicle Safety Standards by the National Motor Vehicle Safety Agency, many small manufacturers wrote to this committee and stated that they cannot comply with all the automobile safety standards which take effect on January 1, 1968.

Today the Committee on Commerce will probe into the problems of these companies and consider the provisions of S. 2029.

We are pleased to have two of the companies represented here today—the Avanti Motor Corp., of South Bend, Ind., and SS Automobiles, Inc., of Milwaukee, Wis. We are also pleased to have Dr. William Haddon, Administrator of the National Traffic Safety Agency, and the author of the amendment, Senator Birch Bayh of Indiana. The committee will also receive testimony from Westinghouse Corp. A copy of the bill and appropriate agency comments will be placed in the record at this point.

(The information referred to follows:)

[S. 2029, 90th Cong., first sess.]

A BILL To amend the National Traffic Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than five hundred

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title I of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following new section:

"SEC. 123. (a) Upon application made by a manufacturer at such time, in such manner, and containing such information as the Secretary shall prescribe, he may exempt limited-production motor vehicles from such motor vehicle safety standards established under this title as he determines are not accident-prevention standards.

"(b) The Secretary may delay the effective date for any such standard as applied to limited production motor vehicles for a period not to exceed three years upon a showing that compliance would cause a manufacturer of such vehicles substantial

(Staff member assigned to this hearing: Norman K. Maleng.)

economic hardship. Such manufacturer shall, during any such delay, affix to the window of any motor vehicle which does not comply with an applicable otherwise effective standard, a label containing a statement that the motor vehicle does not comply with the appropriate standard, and the manner in which such vehicle does not comply. The Secretary shall prescribe the form and content of such label.

“(c) The Secretary shall require in such manner as he deems appropriate, the notification of the first purchaser of a limited production motor vehicle (not including the dealer of such manufacturer) that such vehicle has not been tested for compliance with such standards and that the vehicle is hereby exempted.

“(d) for the purposes of this section—

“(1) ‘limited production motor vehicle’ means a distinctive type or model of motor vehicle, as determined by the Secretary, of which not more than 500 are produced annually by a manufacturer of motor vehicles, and

“(2) ‘accident prevention standard’ means any motor vehicle safety standard established to reduce the probability of mechanical, electrical, or visual failure which may result in the loss of control of a motor vehicle by the operator thereof, or any motor vehicle safety standard established to reduce the probability or extent of injuries to pedestrians.”

DEPARTMENT OF STATE,  
Washington, D.C.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request of June 28, 1967 for the comments of the Department of State on S. 2029, a bill “to amend the National Traffic and Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than five hundred.

The proposed bill would authorize the Secretary of Transportation to exempt, for not more than three years, limited production motor vehicles from the application of safety standards which are not accident-prevention standards. Purchasers of motor vehicles so exempted would be informed that their vehicles did not conform to specified standards, so that in effect they would assume any risk involved by deciding to make the purchase.

The Department of State interprets the proposed bill to allow exemption of foreign as well as domestic motor vehicles of a distinctive type of model manufactured in quantities of not more than 500 a year, even though the manufacturer's total output of vehicles may exceed 500 a year. In any case exemption would depend on a showing of “substantial economic hardship” by the manufacturer. In this connection it should be noted that foreign producers of a distinctive type of model manufactured in quantities of more than 500 a year would not qualify for any relief, even though their exports to the United States might be less than 500 a year. Yet foreign companies with relatively few exports to the United States are those being hurt most by the safety standards. They must either go to great expense in order to make their relatively few exports conform to our standards, or be forced out of the United States market. Their problem is similar to that faced by small domestic manufacturers.

If exceptions are to be allowed from standards which are not accident-prevention standards in order to alleviate economic hardship faced by a small domestic manufacturer, the Department of State believes that consideration should be given to making small exporters to the United States eligible to apply for the same exemptions for the same reason.

We defer to the judgement of the Department of Transportation as to the desirability and practicability of authorizing exceptions to Federal motor vehicle safety standards.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, JR.,  
Assistant Secretary for Congressional Relations.

GENERAL SERVICES ADMINISTRATION,  
Washington, D.C., August 21, 1967.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate,  
Washington, D.C.

DEAR MR. CHAIRMAN: Your letter of June 28, 1967, requested any comments the General Services Administration might care to make on S. 2029, 90th Congress, a bill "To amend the National Traffic Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than five hundred."

The purpose of the bill is to authorize the Secretary of Transportation to exempt limited-production motor vehicles from such motor vehicle safety standards established under the National Traffic and Motor Vehicle Safety Act of 1966 as he determines are not accident-prevention standards.

The proposed legislation would not sufficiently affect the responsibilities and functions of GSA to warrant our comments as to the desirability of its enactment. It is suggested, however, that consideration be given to including injury prevention standards with accident prevention standards, and to including a clause in the bill to prevent rebuilders who modify standard vehicles from removing safety features installed by the original manufacturers.

The Bureau of the Budget has advised that from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

LAWSON B. KNOTT, Jr., *Administrator.*

AUGUST 31, 1967.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
United States Senate,  
Washington, D.C.

DEAR SENATOR MAGNUSON: The Commissioners of the District of Columbia have for report S. 2029, 90th Congress, a bill "To amend the National Traffic Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than five hundred."

The bill amends title I of the National Traffic and Motor Vehicle Safety Act of 1966, approved September 9, 1966 (Public Law 89-563; 80 Stat. 718), to provide that the Secretary of Commerce may exempt "limited-production motor vehicles" from such safety standards established under the title as he may determine are not "accident-prevention standards". A "limited production motor vehicle" is defined by the bill to mean a distinctive type or model of motor vehicle, as determined by the Secretary, of which not more than 500 are produced annually by a manufacturer of motor vehicles, and "accident prevention standard" is defined to mean any motor vehicle safety standard established to reduce the probability of mechanical, electrical, or visual failure which may result in the loss of control of a motor vehicle by the operator thereof, or any motor vehicle safety standard established to reduce the probability or extent of injuries to pedestrians.

The Commissioners are of the opinion that only safe vehicles should be permitted to operate on the streets and highways of the District of Columbia, without regard to whether they are limited-production motor vehicles or mass-production motor vehicles.

Accordingly, the Commissioners recommend against the enactment of S. 2029.

Sincerely yours,

WALTER N. TOBRINER,  
*President, Board of Commissioners, District of Columbia.*

Senator HARTKE. The first witness will be Senator Bayh.

#### STATEMENT OF THE HONORABLE BIRCH BAYH, U.S. SENATOR FROM THE STATE OF INDIANA

Senator BAYH. Thank you very much, Mr. Chairman.  
My distinguished senior colleague, Senator Hart.

With your permission, I would like to ask that a statement which is en route may be entered into the record.

Senator HARTKE. Without objection, the entire statement will appear in the record as if read in full.

(The statement follows:)

PREPARED STATEMENT BY HON. BIRCH BAYH, U.S. SENATOR FROM THE STATE OF INDIANA

Mr. Chairman, S. 2029, a bill that I have introduced in the Senate, with co-sponsorship of Hartke, Proxmire, Nelson, concerns a critical situation that threatens to eliminate small manufacturers of automobiles from the industry.

As I stated in a recent speech on the Senate floor, these small businesses will cease to exist when the Initial Motor Vehicle Safety Standards take full effect. It is not wholly a question of being able to equip their products with safety devices, but one involving such factors as being able to meet the economic cost of the requirements specified in the standards, and associated problems of lead time, and the characteristics inherent to being the small companies in an industry of giants.

My office became involved in this study when two of these small businesses were asked if they had replied to the proposed standards that had been issued for comment from the National Traffic Safety Agency. Learning that there had been no communication from either party, an effort was begun in late January to completely explore the problem, the circumstances of the companies, and all possible solutions.

I introduced S. 2029 on June 27; this amendment represents a very thorough study of all matters pertaining to the problems of these companies. We explored the views of many parties connected not only with these companies, but also the views of those who have been concerned with improving safety on our highways. It was after this very careful and well considered study that the amendment was drafted.

For the benefit of the Hearing Record, let me dwell briefly on the companies, their problems and the possible solutions.

There are presently ten small companies in the United States that are in various stages of growth. I believe that the Committee has letters from each of these companies.

They all share the characteristic of being a small business, intent on producing a quality product. Hard work and meticulous care are exerted in the production of their product. In an effort to make it the best possible automobile for their respective markets, each employee operates in several concurrent capacities. Their resources of manpower are adequate to meet only the demands of their present individual operations. They are unautomated and the cost per vehicle is high.

Like most small businesses their resources of working capital are extremely limited. They cannot operate in the realm of chance but depend upon the relative certain sale of a specified number of vehicles in a highly selective market.

Dr. William Haddon, Administrator of the National Traffic Safety Agency, and his staff, have taken a significant step in fulfilling the charge of the responsibility given to them by Public Law 89-563.

I supported this legislation and strongly endorse the need for a national effort to make our highways safe. While the Agency has followed the intent of Congress by promulgating the Initial Standards, the equal application of these standards to the small producer have created an unbearable burden upon the small manufacturer—a burden that each has stated without qualification will drive them out of business.

From the viewpoint of the companies, complete exemption is the only relief that will guarantee that they can remain in the industry. Their exemption from all standards and the associated requirements would afford them a firm operating foundation from which to enter the competitive marketplace.

I do not agree with this solution. In my judgment such a solution is not in the interest of the public.

S. 2029 requires that the cars of small producers must meet every standard that concerns accident prevention. By compliance with these standards, we are insuring that the limited-production vehicle is as safe as the mass produced vehicle in those factors designed to inhibit or avoid contributing to or causing traffic accidents. The exemptions provided in S. 2029 would apply only to standards which do not apply to accident prevention. For example, all producers—small as well as large—would be required to meet standards related to brakes, lighting and

vision to name a few. These standards protect the lives of those driving vehicles on the highway.

The exemptions provided in S. 2029 would apply only to standards relating to the interior of the vehicle. The purchaser of any of these automobiles would be notified of the absence of these standards and if he purchased the vehicle could reasonably be presumed to have assumed the personal risk involved.

Small business has long been, and I hope will long be, the backbone of the free market place. It has its right to compete in this our largest industry, and I believe that we must afford it a solution that will allow it to operate in and continue to contribute to our system of free competition.

It is a certain fact these companies cannot continue to operate without an amendment to the law and I believe that S. 2029 is the best step in that direction. In this manner Congress can provide legislation to make our highways safer without driving independent small businesses into bankruptcy. I would like to insert my statement from the Congressional Record of June 27, 1967, at this point.

#### AMENDMENT OF NATIONAL TRAFFIC MOTOR VEHICLE SAFETY ACT OF 1966

Mr. BAYH. Mr. President, I rise to introduce a bill as an amendment to the National Traffic Safety Act of 1966. This amendment is of critical importance to manufacturers of limited-production automobiles.

Seven motor vehicle manufacturers in the United States face extinction because of the testing procedures and other requirements of the 20 motor vehicle standards issued on February 3, 1967.

These seven companies are small businesses. Two of the companies are located in Indiana. The others are in California, Connecticut, Florida, New York, and Wisconsin.

Each company employs skilled craftsmen to produce a few hundred cars per year. The administration staff of each is at a minimum with each administrator having a variety of responsibilities. Each car model is carefully designed by one or two engineers.

Besides having a limited number of employees, each of these companies operates on a low cash reserve, as do most small businesses. Further, their resources of working capital are extremely limited.

The initial standards, as adopted by the National Traffic Safety Agency, have been generally well received by the major manufacturers in the industry. Dr. William Haddon, administrator of the agency, and his staff, are to be commended for promulgating significant initial standards, the small companies have found themselves in the difficult position of contesting nearly all of the standards because of certain requirements they cannot meet due to their limited operation.

Many of the standards require highly sophisticated and expensive testing equipment and procedures to determine compliance with the standards. This is the root problem for these small businesses.

First of all, none of these companies owns the testing equipment necessary to determine compliance with the standards. Only the major automobile manufacturers can afford this equipment. The small companies must contract with one of the major companies for testing services.

Second, the cost of these tests is of significant consequence to these companies. I have been given various estimates of the cost of testing by industry sources, and these estimates generally fall in the neighborhood of \$200,000. In addition, it should be pointed out that five or more vehicles likely will be required for these tests—at least two of which will be destroyed. Destroying vehicles in tests is, of course, costly to any company; however, it is a very significant loss to a company which manufactures only a few hundred units per year.

In other words, Mr. President, a company with limited facilities and an expected operating income of less than \$1 million cannot reasonably be expected to absorb the burden of an additional 20 to 30 percent in operating overhead that the testing would require under the standards.

I asked the National Traffic Safety Agency if an administrative remedy to this problem was possible. In a letter to me dated March 23, 1967, Dr. Haddon stated:

"Although the law does permit differences in standards, the report of the Senate Commerce Committee (S. Report 1301, p. 7) states that 'such differences . . . would be based on the type of vehicle rather than its place of origin or any special circumstances of its manufacturer.'"

Thus, if these small companies are to be permitted to exist, Congress must provide the remedy.

The most ideal solution, from the point of view of the companies, would be complete exemption from the standards. Another solution would be to grant the companies a delay in complying with the standards. Still another could grant the Administrator the power to delay the effective date of each standard as they apply to each company. There is a fourth alternative that I wish to discuss later.

However, complete exemption, in my view, is not within the public interest nor within the spirit of the law that Congress enacted last year. While this solution would certainly guarantee that the companies could continue to produce their cars, it would not insure that all vehicles on our highways meet these critical and necessary safety standards. Whatever we do, we want to insure that every car on the road is as safe as any other.

A 1- or 2-year delay in enforcement has similar pitfalls. It would do nothing to insure that these companies would be able to produce an automobile that poses no unnecessary threat to any other car. Further, Congress would only be postponing the date for compliance, and the critical problem to the small firms of the testing costs would not be alleviated. Rather, the problem would be compounded by additional refinements of the standards that probably would be issued in the interim.

A delay in compliance for each standard individually would not inspire confidence on the part of the public in the product of each company, nor in the companies for their own future. It would place in each of these businesses the burden of petitioning the Administrator of the program for a delay of each standard that it cannot meet. Each petition would have to state the reasons for the request—reasons that would create severe hardship if enforced.

An adverse ruling by the Administrator could well mean the end of the company.

Mr. President, after exploring and rejecting the foregoing proposed solutions, I sought a way to harmonize the diverse interests of this small segment of the automobile industry with those of the general public regarding safety.

In my view, my bill protects the safety of the public and would still preserve in our Nation the opportunity for a small businessman to manufacture a limited number of distinctive automobiles.

The bill would do the following:

First. Establish a new type of motor vehicle similar to the definitions of the act to be known as the limited-production vehicle. The applicability of this section would be determined at the discretion of the Secretary of Transportation upon petition of a manufacturer. The provisions of this section would not be applicable to any vehicle manufactured in quantities of more than 500 units annually.

Second. Require these vehicles to comply with all standards that affect the probability of that vehicle causing or being involved in an accident with other cars, objects, or pedestrians; in legal terms of the amendment, these vehicles must comply to all "accident-prevention standards". They would be exempted from those standards that the Secretary of Transportation determines are not accident-prevention standards.

Third. Require the notification of the first purchaser of each such vehicle that the vehicle has not been tested for standards other than accident-prevention standards.

Fourth. If the effective standard could cause extreme hardship if compliance was to be enforced, the Secretary of Transportation at his discretion could order a delay in enforcement.

Mr. President, I believe this to be a reasonable solution to a perplexing problem. I have arrived at these conclusions after the most careful and thorough consideration. Every conceivable alternative, in my opinion, has been examined. Only after this effort did I conclude that this is the best solution.

This bill contains every possible safeguard to insure that only truly limited-production vehicles are allowed this special certification. The amendment, while limiting the applicability to the vehicle manufactured in 500 units or less annually, gives the Secretary of Transportation complete discretion to insure that only a distinctive type or model of a vehicle is granted this certification. Further, the Secretary has the prerogative to establish all other criteria for this certification, and I have every confidence that his determinations will be based upon a careful valuation of each vehicle and the capabilities of each company.

Further, Mr. President, I believe that this bill protects the motoring public while insuring that these companies have the opportunity to remain in operation. As I stated earlier, careful consideration of the problems of the companies involved can lead only to the conclusion that they can never comply with the requirements

of the standards. I firmly believe that it is in the interests of Congress to take steps to protect these small businesses, just as we have enacted laws in the past to improve the operating posture of small businesses and protect their position in the market place.

Because we must also protect the motoring public, my bill requires limited-production vehicles to comply with all standards of the "accident prevention" type. These are the standards that directly affect the probability of the vehicle being involved in or causing an accident. Further, this amendment requires that these vehicles comply with all standards concerning pedestrian safety. By complying with these standards, the limited-production vehicle is as safe as any other car in the probability of not causing an accident. This amendment in no way compromises the safety of the "other driver" or "the other car."

The bill further requires the notification of the first purchaser that the vehicle has not been tested for any standard that is not applicable to the vehicle. This section is in the law to insure that the purchaser is completely aware that he is buying a vehicle that may not meet all of the Federal standards.

The fourth provision of the bill is of importance to these small businesses. It is a safeguard to insure adequate leadtime to these companies to meet future standards. If, in the opinion of the Secretary of Transportation, the enforcement of a standard will cause severe hardship to the companies, he may delay the effective date of that standard for the company. This section further requires the company to notify the purchaser of the noncompliance of the vehicle with any standard.

Mr. President, let me reiterate my belief that this bill represents the best alternative to a critical problem that can only be solved by legislation. As a strong supporter of the National Traffic Safety Act of 1966, I firmly believe that this bill does not compromise the overall program nor the safety to other drivers, vehicles, or pedestrians. This bill would cover approximately 2,000 of the 9 million cars to be sold in the United States next year.

By passing this bill, we will be insuring the right of these small businesses to remain in the marketplace, a place that they cannot maintain if they must comply with all of the requirements of the standards.

These companies do not wish to market an unsafe product. This is far from their objective. They share the objective of everyone concerned with safety to place the safest possible vehicles in interstate commerce.

Their only interest is to be permitted to survive without compromising the safety of any driver. I think it well to help them in this effort.

**THE PRESIDING OFFICER.** The bill will be received and appropriately referred.

The bill (S. 2029) to amend the National Traffic Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than 500 introduced by Mr. BAYH (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Commerce.

Senator BAYH. Very frankly, even if it had been here, I much prefer to have talked extemporaneously on this matter of S. 2029, and if it is the committee's will, I would like to do that at this time.

I was an enthusiastic supporter of the National Motor Vehicle Safety measure which was passed, the National Traffic and Highway Safety Act of 1966, and which I believe was long overdue. At that time when the matter of highway safety had become a national crisis—and I know the distinguished chairman of this committee at this time has spoken most eloquently on this particular matter—I was happy to join him and other members of this committee in enthusiastic support of this measure. I would like to compliment Dr. Haddon and his staff for the manner in which they have pursued the intent of Congress with great vigor.

However, as I look back at the record compiled, the best I have been able to interpret from the committee hearings and the discussion on the floor, it seems to me that there was one matter, one area that was not considered by the Congress, probably not anticipated in its entirety by the committee; this is not in any way a criticism, but

as a fact of considering complex legislation. It is almost impossible to consider all the ramifications of a measure as comprehensive as this. This was the impact of the proposed legislation on small automobile manufacturers. There are in this country today approximately 10 manufacturers who produce a relatively small number of vehicles, less than 500. It is estimated that there may be as many as 10 foreign producers who will fit into this same category. So a total of 10 plus 10, 20 manufacturers producing a total of about 1,500 motor vehicles, out of the total of about 9 million which will be purchased next year.

The manufacturers to whom I refer are those who produce a high quality handmade, subsequently high cost vehicle, which is designed for a very limited market. These are very small businesses. They are staffed by enthusiastic automobile lovers who take great pride in tailormaking an automobile almost for a specific owner.

Because of the limited size of the manufacturer, they are hard put to provide the administrative staff necessary to deal with intricate Federal regulations, and they operate on an extremely small margin. The financing mechanism, and the financial structure of many of these companies, I suppose it would be unfair to say tenuous, but they certainly are not based on the strong financial foundation of our large motor vehicle manufacturers.

The establishment of the standards promulgated by the National Traffic Safety Agency represents hardships to these small manufacturers.

The chairman mentioned you will hear testimony from two or three of these manufacturers, so I won't try to go into detail as to what the hardships are. I am sure they can speak eloquently. They cover two basic areas. One is the area of testing.

If I am not mistaken, testing of these automobiles to these small corporations will run as high as \$200,000, and when you take a corporation that has a total gross sales of about \$500,000, and you consider a cost of \$200,000 merely for testing, which will be required if these manufacturers are to be able to protect themselves from future lawsuits, I think you can see the financial hardship that this would impose upon them.

The second area, which is an even greater area of hardship is the area of what these standards will do to their financial status. The uncertainty which will be created because of these standards will, in my judgment, and in the companies' judgment, create great concern and erosion in their financial backing, ultimately causing them to go into bankruptcy. We have studied this, Mr. Chairman, for a period of months, talking to not only those manufacturers involved, but also those who are very much interested in the total picture of traffic safety. Mr. Cummings, of my staff, with whom you are familiar, has stayed awake many nights, has journeyed to Detroit, talking to various members of the industry. He had a lengthy discussion over 4 hours in duration with the National Motor Vehicle Safety Advisory Council Subcommittee on Small Manufacturers. They endorsed this provision in S. 2029 which you are a cosponsor along with Senator Nelson and Senator Proxmire.

When the matter was considered later on the west coast, and about a 10 minute presentation, the suggestion of Mr. Haddon was substituted and recommended by the council over the recommendation of the subcommittee which endorsed our proposal.

Now I would deal very quickly with what we propose here, and then you may ask any questions or I will be glad to leave for future witnesses.

I suppose that the manufacturers would say that if they had their preference, they would like to be totally removed. They would argue we are only talking about 1,500 vehicles out of 9 million, and the economic hardship is so great, and the danger of this small number of vehicles is so small that they would like to be excluded.

I certainly do not support this position, and I should not speak for members of the industry, the small manufacturers, because they have not presented this position. They have gone along with the provision of S. 2029, recognizing that this is going to represent significant cost to them. The reason I would not like to see them totally removed is that I feel that a driver of a unique hand-manufactured car still has a responsibility for others on the road, and that if it has imperfections in it that are going to precipitate a crash, killing innocent pedestrians, or occupants of another vehicle, that these must be taken into consideration and prohibited.

Consequently, S. 2029 would require these small manufacturers to meet the same standards in the area of accident prevention as the large manufacturer. What we do in S. 2029 is try to provide a distinction. When you are dealing with a safety device which can prevent damage being done to another vehicle or pedestrian, you have to meet the same standard, but we provide an exception in the area of nonaccident prevention standards. Those standards which concern the safety provided for occupants of a specific vehicle, we provide for a label to clearly warn and advise the owner of the vehicle. That it is exempted from the other standards. I think it can be reasonable assumed then he or any occupant thereof assumes a risk which might be incorporated in that vehicle because the safety standards are not there.

Dr. Haddon has been very cooperative. I had a lengthy conversation with him yesterday. He recognizes the problem of economic hardship, which I don't believe the Members of Congress intended, and which I don't think he intended certainly I don't. He realizes that he is powerless now to deal with the problem, and invites this committee of the Congress to provide legislative relief.

The question that the committee has to decide, and the Congress has to decide, is what alternative are we going to adopt? His proposal, I believe, will suggest that the Congress adopt a temporary exemption for each specific standard.

I think it is important for us to recognize that one of the basic hardships of the Department's substitute is one that I mentioned a moment ago, the financial hardship. The only question I pose as far as a temporary exemption is that this will not deal with the financial hardship, because a small business operating on a very small margin is tenuous enough in itself. But when you add to that the temporary or indefinite future of that company because of the indefinite nature of safety standards on that vehicle, then I think you will see that bankers and suppliers of component parts are going to be very reluctant to give the credit that is necessary to keep those small manufacturers operating.

Mr. Chairman, if you were a banker and had to look at the realities of life, you would recognize that 1968 is an election year, and we don't know what the people are going to do, but there is a possibility, I hope

not a probability, Mr. Chairman, but there is a possibility that we will have a change in the administration, and although I would hope if there was a change—which I hope there isn't, but if there was a change, I would hope the new administration would have the foresight to keep Dr. Haddon in office. We might have a new Administrator with an entirely new philosophy. When you look at these small manufacturers, who machine for 3 to 10 years, and if I were a banker recognizing this hard, cold cruel fact of life, and saw that I was lending money to tool up an operation that was supposed to last for 10 years, and when the temporary standards might be changed within a matter of less than 24 months, I think I would probably say that that risk is too great.

Mr. Chairman, I think that 2029 lets us do two things that are extremely important. It lets us provide the continuation of the edict enacted by Congress in 1966, long overdue to make highway safety an issue of significant national importance for the Federal Government to be involved, and at the same time it lets us ease the financial burden that previous act imposes upon a number of small businesses.

I don't need to tell the chairman of this committee or his distinguished colleague, because they have been strong proponents of assistance to small business, that they have been for a long time and I hope they will be for the future, the backbone of this country. Here we have a measure which helps small business relieve a hardship which Congress inadvertently imposed upon them.

I thank both my colleagues for their patience, and if they have any questions I would be glad to try to deal with them.

Senator HARTKE. Senator Hart, do you have any questions?

Senator HART. Mr. Chairman, I will have to leave for another meeting, and I came to try and do a little self-help education here. Maybe this oversimplifies it, but your proposal, which the chairman cosponsors, is to authorize Dr. Haddon to make inapplicable to these limited production cars certain standards, all of which are aimed at safety; isn't that right? The only thing we authorized Dr. Haddon to produce were standards intended to increase safety on the road?

Senator BAYH. That is correct. What we try to do, Senator Hart, is distinguish between those standards which insure the safety of those who are outside the vehicle from those who are within the vehicle, figuring that if a person is driving a car, because of some reason or other, an interest in the style, in the speed or the size, and there is a sticker on the windshield that says the armrest does not conform to a specific standard, he assumes this risk.

Senator HART. Well, then this is the explanation of the purpose of the bill, namely, to attempt to continue to protect the person on foot, the pedestrian, and drivers and occupants of other cars, but to permit the Administrator to make inapplicable such rules as are intended to protect the owner and passenger in this special type car; is that it?

Senator BAYH. That is correct. I will say, and I think it should be said in the event that the manufacturers that follow are too modest to do so, this does not mean that these standards will not be met, because one of the vehicles which will be discussed here already has met many, if not all of these standards, and they are one of the leaders in the field.

I just take a little pride in this, because the Avanti is manufactured in South Bend, and they were the first ones to come along with the

extra rigid and solid frame, the roll bar, the padding inside, so this doesn't mean that some if not all these standards will not be met. The problems that concerns us are two: the requirement from the legal standpoint, if you are going to be sued by someone who is injured in a car, you have to provide evidence that you had tested the vehicle, remembering the test cost is prohibitive for small manufacturers, and the uncertainty of the financial arrangements, because they don't know how and when these safety standards are going to be made applicable.

Senator HART. It was my impression in the committee when we were developing what turned out to be the National Traffic Motor Vehicle Safety Act last year, we did discuss the possibility of permitting the Administrator to consider the limited capital of certain producers, and if we—I think in our report, the knowledge that we had considered, but had rejected as a basis on which to permit exemption. I could be wrong.

Senator BAYH. May I submit for the record a letter by Dr. Haddon, and I will read it very quickly, if I may.

Thank you for your letter, a detailed memorandum on the problems likely to be posed to small manufacturers by the implementation. My legal staff has carefully considered the precise wording of the National Traffic Motor Vehicle Safety Act of 1966, and has concluded that the law contains no provision under which the agency can grant relief to the companies you describe. Although the law does permit differences in standards, the report of the Senate Commerce Committee, Senate Report 1301, page 7, states that "such differences would be based on the type of vehicle, rather than its place or type of origin, or any special circumstances of its manufacturer."

So I think Dr. Haddon will point out that he feels that we do need legislative relief, he wants legislative relief. Where he and I differ is to the type of relief. If we are going to provide relief, I think we have to recognize the financial problem. The financial institutions are just not going to lend money with an uncertain future with companies that tool up, not annually as do some of our major manufacturers, but when they go through all the mechanism of tooling up, this is amortized over a period of sometimes as long as 10 years. So we have to provide certainty during that period of time.

I expressed concern to Dr. Haddon yesterday that his proposal does not do this. Now I think you, my colleagues, know that I am enough of a realist to know, to have specific language, and I hope the committee will work its will on this legislation, but I want to stress the importance of taking into consideration this problem when we have a temporary standard, that does not relieve it.

Senator HART. Mr. CHAIRMAN, I wish I didn't have to say this, but I probably should. It might be assumed that because I am permitted to represent part of Michigan that some major manufacturer has called me and said for God's sake don't let them have an exemption. I haven't had word boo from anybody, and I am sure that their attitude ought not to be interpreted through any questions that I have asked.

Too bad you have to say that, but—

Senator BAYH. I certainly—I would not have any doubt about my respect for you, Senator Hart. Frankly, when you are talking about 1,500 vehicles, compared to 9 million, I think you could see that it is not a matter of interindustry competition, because this is such a high cost vehicle that the average car producer wouldn't buy one.

Senator HART. Thank you.

Senator HARTKE. Thank you, Senator Hart.

Let me ask you, Senator Bayh, what about the effect on foreign imports? We have a list of about seven or eight corporations. As I understand it, we have Avanti, Duesenberg, John Fitz & Co., SS Automobiles, Shelby American Corp., and Suspensions International Corp., which as far as I know—

Senator BAYH. I think there are two other ones, Senator Hartke, a maximum of 10.

Senator HARTKE. Would the bill as it is drafted, or the one suggested by Dr. Haddon, apply to a foreign manufacturer?

Senator BAYH. Yes, it would. We don't know how many foreign manufacturers will be involved. It is estimated by the industry probably a maximum of 10 have small producers.

Senator HARTKE. What if a foreign manufacturer establishes a series of small corporations and comes in. Is there any possibility that they can use this as a dodge to bring in a lot of small, cheap foreign imports, or do you think that the Administrator under the act has enough authority to not give blanket—

Senator BAYH. I think the Administrator does have that authority under the act, and certainly he will look at the production of the parent company—this industry is such a selective industry because these vehicles are put together almost bolt by bolt, by hand, by skilled craftsmen. The Avanti Co. is an excellent example, which you are aware, because of the tremendous joint effort we made to try to keep the parent corporation in business. These people will live with those cars, and because of this the cost per unit is prohibitive to the average person.

Senator HARTKE. The committee did recognize this. We recognized this problem at the time, and I personally am a cosponsor of this bill, and I find it difficult to avoid the language of the report and I read now from page 6 of the Traffic Safety Act of 1966, dated June 23, 1966.

The General Counsel of the Commerce Department stated in a letter to the committee: The test of reasonableness of cost, feasibility, adequate leadtime should be included in those factors which the Secretary should consider in making his total judgment.

The committee feels that the safety should be the overriding issues in this bill. The committee recognizes as the Commerce Department letter indicates, that the Secretary will necessarily consider reasonableness of cost, feasibility, and adequate leadtime. In determining whether any proposed standard is appropriate for the particular type of motor vehicle equipment, or item of motor vehicle equipment for which it is prescribed, the committee contends that the committee shall consider the desirability of affording consumers wide ranges of choices in selection of motor vehicles. Thus, it is not intended that standards will be met which will eliminate, or necessarily be the same for small cars, or such widely accepted models as convertibles and sports cars, so long as all vehicles meet basic minimum standards. This will be based on the type of vehicle.

But there was a recognition of economic factors in that, and I just place that in the committee record at this time. I understand the Administrators take the position that it is not an exemption. I think it was intended to cover this type of situation, personally.

Senator BAYH. I appreciate the fact that you would quote from the report, which I too have read. I just note once again the letter we received on the 23d of March from the Administrator who was our expert witness as far as the impact that this is going to have on the industry. He feels—

Senator HARTKE. Let me ask you about a legal matter. Do you have any opinion of what would be the legal effect of prescribing such an exemption? Wouldn't it be an exemption of legal liability, where the failure to have such a compliance with the standards, of course, could probably be utilized by a court of law for imposition of legal responsibilities in case of an accident?

Senator BAYH. Well, I think that is an item to be discussed, and I think the legislative record can be made to show that this is not the case in any way, shape, or form. Certainly that is not the intention.

Senator HARTKE. Senator Griffin, you came in late, I know.

Senator GRIFFIN. No, I don't have any questions.

Senator HARTKE. I just want you to know that Indiana is delighted to see Michigan appear. We are doing the best we can to hold our own against you two people.

Thank you for your testimony, and your entire statement will appear in the record.

Senator GRIFFIN. I might throw in this one thought. You were discussing the possibility that it might provide an exemption from liability. I wondered whether an argument could be made that it would be an arbitrary exemption as far as the person who is on the other end of the accident is concerned. Arbitrary, because a manufacturer happened to produce less than so many automobiles.

Senator BAYH. Well, we had—

Senator GRIFFIN. Equal protection of the law.

Senator BAYH. Well, Congress, of course, created the standards in the enactment of the act. The standards as they are now, are not the same.

If you are riding in a pickup truck, you are not as safe as if you are riding in a certain type of passenger vehicle, so we already have this disparity in standards. So, I don't think this presents a significant problem, although I think it is wise that you and the chairman brought this matter up.

But certainly, we don't want to, by dealing with this one economic hardship, to evolve our selves in the courtroom struggle of common law accident liability.

Senator HARTKE. Thank you, Senator.

Senator BAYH. Thank you, gentlemen.

Senator HARTKE. Our next witness will be Dr. William Haddon, Jr., Director of the National Highway Safety Bureau, from Washington, D.C.

**STATEMENT OF DR. WILLIAM HADDON, JR., DIRECTOR, NATIONAL HIGHWAY SAFETY BUREAU, FEDERAL HIGHWAY ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION, WASHINGTON, D.C.; ACCOMPANIED BY ROBERT M. O'MAHONEY**

Senator HARTKE. Dr. Haddon, we are real glad to see you present today, and you may continue in any fashion you consider would be appropriate.

Dr. Haddon. Mr. Chairman, and members of the committee, before proceeding with my statement I would like to note that I have with me Mr. Robert M. O'Mahoney, who is the Assistant Chief Counsel of the Federal Highway Administration of the Department of Transportation.

S. 2029, as introduced, would amend the National Traffic and Motor Vehicle Safety Act of 1966 by adding a new section, section 123.

Subsection (a) would provide that on application by a manufacturer, the Secretary of Transportation may exempt limited-production motor vehicles from compliance with such motor vehicle safety standards as he determines are not accident prevention standards. That phrase "accident prevention standards" is one I will mention in a moment as defined in the bill.

Subsection (b) would provide that the Secretary may delay the effective date of an accident prevention standard as applied to such vehicles for a period not to exceed 3 years on a showing that compliance would cause a manufacturer substantial economic hardship. It would require a manufacturer during any period of delay to affix to the window of any motor vehicle which does not comply with an applicable otherwise effective standard a label containing a statement that the vehicle does not comply and the manner in which it does not comply.

Subsection (c) would require notification of the first purchaser of a limited-production motor vehicle that such vehicle has not been tested for compliance with standards designed to reduce the likelihood of occupant injury and death if the vehicle is involved in a crash and that the vehicle is exempted from compliance with the standards.

The bill defines a "limited-production motor vehicle" as "a distinctive type or model of motor vehicle, as determined by the Secretary, of which not more than 500 are produced annually by a manufacturer of motor vehicles."

The bill also defines an "accident prevention standard" as "any motor vehicle safety standard established to reduce the probability of mechanical, electrical, or visual failure which may result in the loss of control of a motor vehicle by the operator thereof, or any motor vehicle safety standard established to reduce the probability or extent of injuries to pedestrians."

The Department supports the general objectives of S. 2029, and, as Senator Bayh, I believe, very thoughtfully put it, the issue here is not, at least insofar as our position and his are concerned, one of objectives, but how to accomplish those objectives in the public interest.

A problem clearly exists, and a mechanism should be provided under which the Secretary is given the discretion to grant administrative relief to small-volume manufacturers, both domestic and foreign. The Department believes that the clear legislative history and the wording of the law now prevent the granting of exemptions

to such manufacturers despite the fact that they may be unable, because of their economic position in the marketplace and their limited resources, to meet some of the individual Federal motor vehicle safety standards which the Secretary is required by law to issue. Under the present wording of the statute, all manufacturers must comply with the initial motor vehicle safety standards by their effective date, which in most cases is January 1, 1968.

The Department believes the safety of the public must be considered in evaluating the merits of a request for exemption if the law is changed to permit the Secretary to grant exemptions, and that the issue should not be decided exclusively on economic grounds as provided in S. 2029. With your permission, Mr. Chairman, I would like to submit for the consideration of the committee and for the record a proposed revision of S. 2029 incorporating changes the Department believes to be consistent with the purposes of the National Traffic and Motor Vehicle Safety Act of 1966.

A BILL To amend the National Traffic and Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than five hundred

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title I of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following new section:

"SEC. 123 (a) Upon application made by a manufacturer at such time, in such manner, and containing such information as the Secretary shall prescribe, he may temporarily exempt a limited production motor vehicle from such any motor vehicle safety standards standard established under this title as he determines are not accident prevention standards.

"(b) The Secretary may delay the effective date for any such standard as applied to limited production motor vehicles for a period not to exceed three years upon a showing if he finds that compliance would cause a such manufacturer of such vehicles substantial economic hardship and that such temporary exemption would not result in undue hazard to the public.

"(b) Such A manufacturer granted a temporary exemption shall, during any such delay affix to the window of any motor vehicle for which does not comply with an applicable otherwise effective standard temporary exemption has been granted a label containing a statement that the motor vehicle does not comply with the appropriate standard, and the manner in which such vehicle does not comply. The Secretary shall prescribe the form and content of such label. The provisions of section 114 of this title shall otherwise apply as to those standards for which no temporary exemption has been granted.

"(c) The Secretary shall require in such manner as he deems appropriate, the notification of the dealer and of the first purchaser of a limited production motor vehicle (not including the dealer of such manufacturer) that such vehicle has not been tested for compliance with such the standards and that the vehicle is hereby exempted from which it has been exempted.

"(d) For the purposes of this section—

"(1) 'limited production motor vehicle' means a distinctive type of model of motor vehicle, as determined by the Secretary of which not more than produced by a manufacturer whose total motor vehicle production, as determined by the Secretary, does not exceed 500 are produced annually. by a manufacturer of motor vehicles; and

"(2) 'accident prevention standard' means any motor vehicle safety standard established to reduce the probability of mechanical, electrical, or visual failure which may result in the loss of control of a motor vehicle by the operator thereof; or any motor vehicle safety standard established to reduce the probability or extent of injuries to pedestrians;"

I think there is a very important difference between this proposal and the bill as introduced. The Department believes that the Secretary should have the discretion on a showing of good cause by a manufacturer of limited-production motor vehicles to grant a temporary exemption from the requirement of any standard or standards.

In holding that permanent exemptions for an entire group of standards designed to reduce injuries and deaths would not be in the public interest, the Department has considered that individual manufacturers would frequently have little or no difficulty in meeting some of the standards from which the bill would make possible statutory exemptions. Clear examples are the standards for energy-absorbing sun visors and for seat belt hardware, neither of which is an accident prevention standard, but both of which, nonetheless, can make a substantial difference in the likelihood of crash survival.

Senator HARTKE. Dr. Haddon, I am going to interrupt you here.

Is it your intention here, either under your modification or otherwise, that the exemptions would only be temporary in nature; is that correct?

Dr. HADDON. They would be temporary, I believe, but if this wording were to be used, the Secretary would legally have the right of renewal.

Senator HARTKE. Yes. Would this be a permanent type of renewal? Let me come to the question that bothers me. One of the items that has been specified here is a question of testing, and the economic hardship that would be involved in testing. The economic hardship of testing is certainly not going to be alleviated by the mere granting of additional time. Do you follow me? So I present to you a technical point which I do not see covered in either bill. That is, how do you ultimately take care of the question of testing?

Dr. HADDON. Mr. Chairman, since I am not familiar with the economic situation of any individual company that might be involved—

Senator HARTKE. Let me come back a moment. Have you had discussions with any of these manufacturers who are going to testify today concerning these elements? I am not critical if you have. I personally hope you have been, or somebody on your staff. I am not trying to say that you shouldn't have talked to them. In fact, I am saying I hope you have talked to them, so we can try to meet some of these problems.

Dr. HADDON. We have been as receptive as possible to anyone that has come to us and asked us concerning their problems, and what the exact meaning of the standards was for the exact kind of situation as they described it to us. I think the best single example of this was the approach made to us by Glassic Industries in Florida, which makes a partial reproduction of a 1927 Ford phaeton. We met them through the courtesy of Senator Holland of Florida.

We followed this up at our suggestion and his with a technical meeting in which we went line by line through the requirements of the standards as they existed. This, incidentally, was in early or mid-May. We pointed out to the gentleman from Glassic Industries, Mr. Faircloth, that his understanding of the problems that the standards might pose his company was not completely correct. We explained the exact facts, and as a result of this, he decided that he did not have the problem that he had originally anticipated. In fact, we talked to him subsequently, then my staff talked to him, and he subsequently wrote Senator Holland, which letter, with the kind permission of Senator Holland, I would like to read partially for the record, and also introduce for the record. See p. 43.

Senator HARTKE. Without objection, it will be made part of the record, and you may cover whatever parts you deem necessary.

Dr. HADDON. He says:

Dear Senator: I received a telephone call today from Dr. Haddon explaining to me the things that are necessary in order for me to continue building cars.

And, again—

This was after other technical discussions, and it is not essential that I have a crash test program at this time.

And, to go on, later in the letter he says—

I found Dr. Haddon and Mr. Bridwell most cooperative in dealing with my problem. It is hard for me to express my appreciation to you for our conferences with Dr. Haddon and Mr. Bridwell.

Senator HARTKE. Dr. Haddon, let me come on back to the problem as I see it. There are two problems here. One of them is a question of testing, and the other is compliance with the standards. Now, what I am directing my attention to at this moment is the question of testing. You follow me?

Dr. HADDON. Yes, sir.

Senator HARTKE. Now, how does either one of these acts serve any useful purpose in regard to this question of testing?

Dr. HADDON. Well, again, since these companies, with the exception—the principal exception of Glassic Industries and Avanti, have not come to us. I have no basis for assessing what their economic situation is.

Senator HARTKE. Let me do a quick pass-through for you. Is crash testing one of the elements of testing that might be involved, that you have to run through a test and crash them? What do they call that?

Dr. HADDON. Some of the companies might, under the present standards, have to, in demonstrating compliance to their own satisfaction under the requirements of the law for self-certification, crash a small number of vehicles as a means of determining the safety performance of those vehicles once crashes have taken place.

Senator HARTKE. Let me say this. You know, with some of these people, if you crash test their automobiles and they have a limited production, you may crash out 10 percent of their total production, maybe even 20 percent. Do you follow what I am driving at?

Dr. HADDON. Yes.

Senator HARTKE. I think one manufacturer has 80 cars. Well, if they take one out of 80, it might make the difference of staying in business and going out of business. What I am asking you, does either one of these bills provide for any type of relief in testing, in your opinion?

Dr. HADDON. In the sense that I believe you mean it, Senator, I believe not. But again, as you have appropriately pointed out, with your reference to, for example, one out of 80, the issue must be considered on the basis of the economic situation of a particular individual company. I don't think that it would be possible to reach any blanket conclusions without a good deal more information as to exactly what that economic situation is for any one of these companies.

Senator HARTKE. Let me be argumentative with you for the sake of clarifying the situation. What is there in either one of these new bills that you do not have authority to do now? I am somewhat of the opinion that you have authority to do what both of these bills say, and this is under section 103 with which we are dealing. I deal now

with subsection (c), which states that in prescribing the standards under this section, the Secretary shall, and I read No. 3, "consider whether any proposed standard is reasonable, practical, and appropriate for the particular type of motor vehicle, or item of motor vehicle equipment, for which it is prescribed."

Now, why do you not, under that authority, have with the additional language which I previously read when Senator Bayh was testifying, about the legislative intent, have authority to really make an exemption of the type which this legislation prescribes? In other words, I would prefer not to write new law if the old law covers it. If I think there is one thing we have, we have enough laws. If you have the authority to do this, I prefer not to write a new law.

Dr. HADDON. Mr. Chairman, I can only, as a nonattorney, defer to your own extensive legal background and to the advice of our own counsel, and in addition recollect, if I remember correctly, Senator Bayh's statement of a short time ago, that we do not have sufficient authority at present to accomplish this.

Senator HARTKE. I understand that is your position.

Let me nail this one point down, this question of testing. Is there anything in this bill that would provide really for an elimination of the need for testing?

Dr. HADDON. As I understand the bill, it would not.

Senator HARTKE. Your bill or Senator Bayh's bill?

Dr. HADDON. I would point out that there are a number of the standards in the group which would be, as I understand it, eligible for blanket exemption under the bill as introduced which do not require testing, or if testing is required, without substantial activity on the part of the vehicle manufacturer, as opposed to the supplier. This is the case, for example, for seat belt hardware, where it is customary for a supplier to provide belts which meet an acceptable standard.

Senator HARTKE. All right. Let me anticipate again. We have here the statement, for example, of President Nathan D. Altman who is going to testify. I read now from his testimony, in which he says:

The reason for my presence before the committee today is to tell you that we cannot comply with the testing provisions of the motor vehicle safety standards.

Now, this is the point. As I said before, you have two elements which you are concerned with. One of them is the question of compliance with standards, and the other is the testing. Here he says in absolute frankness that "we cannot comply with the testing provisions."

What I am saying to you is that no matter how long you go, he just says he cannot comply with that. Are you going to have a national testing facility for these vehicles, or are you going to give them a permanent exemption from testing?

Dr. HADDON. We would not advocate, as a department, the latter alternative, that is, if I understand your statement, Mr. Chairman, correctly, that the Federal Government be given the mandate to test for safety purposes the production of limited volume manufacturers, domestic and foreign.

However, the Congress could decide to authorize and support the cost in personnel and dollars and resources, of such a requirement. I would point out, however, that this would be a decision on the part

of the Congress to subsidize such small businessmen, both domestic and foreign.

Senator HARTKE. Let me come on back, though.

Let's assume that we passed either the bill which was introduced by Senator Bayh, or the bill suggested by you. Do we meet the problem which the president of Avanti Corp. is directing his attention to this morning?

Let me go further and show you how far this goes. Our problem is that the act of 1966 requires each manufacturer, whether he produces one car a year or a million cars, to go through a certain testing procedure for each model car produced; is that correct or not?

Is he wrong in that interpretation?

Dr. HADDON. As I understand the present statute, it requires him to certify that his product meets the safety standards which I believe literally is not quite the same thing.

Senator HARTKE. I think he interprets it in this fashion.

Mr. O'MAHONEY. Senator, I think Dr. Haddon has answered the question correctly. Neither the standards nor the act require testing per se. The standards, however, do set up testing procedures, which, if the manufacturer is to satisfy himself that his car complies with the standards, in some cases he really would have to go through these procedures, but in others he would not, and I think Avanti is the case in point here. We know through petitions that Avanti has filed with us that they have a problem with the steering column. We have a standard on steering columns.

If Avanti purchased its steering columns from a manufacturer who manufacturers these columns off the shelf in such a fashion that they comply, Avanti could probably—I am not saying categorically—but probably, if they had that collapsible steering column, satisfy themselves without a barrier crash test, that their steering column would meet the standards.

Now, there are other standards, such as the deceleration forces and the head impact area under 201, which they might or might not be able to comply with. They might or might not be able to satisfy themselves that they comply without actually going through a crash destruction test of a vehicle.

Senator HARTKE. What concerns me is Mr. Altman's statement that his company is in no position to make these tests, because they do not have the testing facilities or the equipment which these tests require.

What I am asking you now is whether they will be in any better shape if we pass either one of these bills that is before the committee at the present time? Unless you grant a permanent exemption from this testing requirement, are you in any better shape than you were in the beginning?

Dr. HADDON. Again, Mr. Chairman, I believe that is a question which can't be answered on a blanket basis for all companies in this category, but would rather have to be evaluated the circumstances on of each individual company.

Senator HARTKE. All right. You may proceed.

I want you to know that I don't feel satisfied on that. What I am trying to find out, if we pass either one of these laws, is whether we would meet the problem. I hope somebody from your organization can stay and listen during the testimony of these other witnesses.

Dr. HADDON. We would be happy to have someone here.

Senator HARTKE. Thank you.

Now, let me take the reverse of that, for a moment. Are you familiar with Avanti at all?

Dr. HADDON. I read their promotional literature.

Senator HARTKE. Now, they claim to have certain safety features that other automobiles do not have; such as the roll bar, and the special type of brakes that they have which are supposed to be far superior.

In other words, do you evaluate the automobile as a total? Are you just coming back to the specifics of the individual? You understand what I am saying?

Dr. HADDON. Yes, I understand exactly, Senator, and it seems to me that implicit in your point is the fact that no one in highway safety today yet has sufficient information, because research has been so scanty, on which one could rate a particular automobile and say, "All right, this one is so many percentage points better than that one."

And, as a result, it is an absolute necessity at present, and will be for the foreseeable future, that we talk about specific aspects of each vehicle as desirable or undesirable, rather than try to put a sort of consumer rating on each total vehicle.

Senator GRIFFIN. If you were to try to do that, I question whether you would be carrying out the purposes of the act, as administrator of the act. You don't have any authority to make a total evaluation as I read the statute. You are supposed to set standards; aren't you?

Dr. HADDON. That is completely correct, in our opinion.

Senator HARTKE. Now, wait a minute. I am not so sure that is right or not. Come on back to that section 103. This is the section that we are dealing with. I found that language in subsection B, but I want to come back to 103, the provision whereby you can provide for certain exemptions and extensions of hearings at certain periods of time and where you have to publish your reasons for any extensions.

Now, subsection 4 has these words. Now, if they have any meaning whatsoever, they must have the question of evaluation. Either they have meaning or they don't have, and if it doesn't go to the problem of evaluation of the vehicle, then it is useless language.

Consider the extent to which such standards will contribute to carrying out the purposes of this act.

Dr. HADDON. Mr. Chairman, it is precisely because——

Senator HARTKE. That is an evaluation, isn't it?

Dr. HADDON. That is an evaluation as we understand it, of the relationship between a need for a particular standard and highway safety.

As I understand it, that is not a mandate to look at a particular motor vehicle and say this motor vehicle is or is not good or bad, granted that it does meet the standards that all vehicles are to meet.

Senator HARTKE. Let me come right back to that. And this goes to the very heart of the argument that we had, and I believe I sat longer hours on those hearings than any member of the committee.

Dr. HADDON. I am aware that you and other members of the committee put in very long hours.

Senator HARTKE. Well, let me say that I sat here quite a length of time by myself, and I have gone through this. But, the purpose of

the act was not to prescribe a certain set of amendments and standards. That was repeated time after time.

What we were trying to do was to reduce the death toll and injuries occurring from automobiles, and the purpose of the act was brought out several times during the hearings. We did not want to create an instrument whereby we would lower the safety standards of some vehicle manufacturers, who had gone beyond the minimum standards, and it appears now that we have walked straight back into that trap. That what we are saying in substance, is that the authority under this act does not go toward the total safety of the vehicle, but goes back to a technical compliance with certain minimum prescribed standards.

Dr. HADDON. It is precisely our concern that the purposes of the act of 1966, that we would be very reluctant to see standards which, on the best available evidence from the research community, from the actual crashes that do take place, have an excellent justification in the public interest in reducing injuries in crashes that do take place, as well as the other group of standards, given or placed in effect in the position in which the Secretary could, or by legislative history perhaps, should, grant blanket exemptions which would continue indefinitely.

It is because we feel that he should be in a position to use the secretarial discretion and be in a situation in which the situation was reviewed from time to time as new evidence became available, that the Department, including the Secretary, supports the position that is represented in my testimony.

Senator HARTKE. You may proceed.

Senator GRIFFIN. Mr. Chairman. I don't want to keep this going, but I want to focus and read into the record from page 6 of the report, which seems to me to be on point.

Thus, it is not intended that standards will be set which will necessarily be the same for small cars, or such widely accepted models as convertibles and sports cars, so long as all motor vehicles meet basic minimum standards.

Such differences, of course, would be based on the type of vehicle rather than its place of origin, or any special circumstances of its manufacture.

This says very clearly to me that the administrator does have the job of setting a certain basic standard but that manufacturers are not to be discouraged from having additional safety standards, or safety features exceeding these. But he has no authority to make an evaluation of a particular vehicle and give it a certain rating which exempts it from the uniform minimum standards. The very next line makes it clear that the differences are to be based on the type of vehicle rather than its place of origin or any special circumstances of its manufacturer. I can't see how the administrator can come up with any different conclusions than he has.

The problem is before the committee. It does seem to me to take legislation.

Senator HARTKE. We are at that stage of the game. We have the suggestion before us. Go right ahead, sir.

Dr. HADDON. Again, to repeat the last few remarks that I made previously, an additional proposed change in subsection B makes clear the relationship of the proposed amendment to section 114 of title I of the act, which requires the manufacturer to certify that his

vehicle conforms to the standards. Without this addition, an ambiguity is left as to the extent to which the provisions of this section are to be met when a vehicle is granted a temporary exemption from some but not all of the standards which would otherwise apply.

The Department does not agree with the definition contained in S. 2029 of a "limited production motor vehicle" as a "distinctive type or model of motor vehicle." This definition would permit situations in which production in excess of the 500 specified could be undertaken by a manufacturer manufacturing several clearly distinctive types. Such a manufacturer might also have sufficient resources to adequately develop and test means by which he could meet the safety standards. The Department believes that the criterion should be the total volume of production of the manufacturer and not his choice to split that production among types of vehicles numbering less than 500 each.

In reaching its position that the Secretary be granted the authority to exercise his discretion in each instance of request for temporary exemption on the basis of considerations of public safety and not merely on economic ground, the Department has been mindful of the statement in the June 23, 1966, report of this committee on the Traffic Safety Act of 1966 that:

It is the committee's judgment that enactment of this legislation can further industry efforts to produce motor vehicles which are, in the first instance, not unduly accident prone; and perhaps, even more significantly, vehicles which, when involved in accidents, will prove crash-worthy enough to enable their occupants to survive with minimal injuries.

There is of course, that second group that is primarily at issue here, although the bill as introduced would also affect the timing of compliance with the first group. The Department believes that the bill modified with the changes proposed, would meet the objectives of S. 2029, while at the same time providing that a continuing administrative mechanism would function to insure that the public safety be carefully considered before exemptions of any length would be granted.

The National Motor Vehicle Safety Advisory Council, established by Public Law 89-563, has recently made recommendations to the Secretary of Transportation with respect to their consideration of the problems facing the small-volume manufacturers.

I might interject at this time, Mr. Chairman, that since Senator Bayh has referred to a set of recommendations of that statutory group established under the act, and especially to the circumstances under which it reached a decision as a council, which may or may not have been consistent with the recommendations of one of its subcommittees dealing with the same subject, I would suggest that the Chair might entertain or solicit a comment from the Chairman of the Council, Dr. Thomas Malone, as to the basis for the subcommittee's action—or the Council's action.

Senator HARTKE. The staff will contact Dr. Malone to see if he cares to make any comments.

Dr. HADDON. I particularly endorse that move on the part of your committee, because from the original establishment of the Council we have taken the position that it was the clear intent of Congress that that be an independent advisory group, and not one which served, as we all know, some committees do, as a rubberstamp for our own preferences or positions. I emphasize this particularly, because of my understanding of the earlier testimony which suggested that an action

of the Council was made through some mandate from us, which, as I understand the issue, was clearly not the case.

With your permission, then, Mr. Chairman, and the prior agreement of the Chairman of the Council, Dr. Thomas Malone, I would like to submit the recommendations of the Council's committee on small volume manufacturers for the record. The recommendations emphasize especially the importance of relief for small companies, but, as I read them, would do this on a temporary basis, a position that we endorse.

Finally, we have been advised by the Bureau of the Budget that there is no objection to the submission of this statement or of the attached proposed revision of the bill as introduced from the standpoint of the administration's program.

That concludes my prepared statement. I would be happy to answer any specific questions you might have.

Senator HARTKE. Senator Griffin?

Senator GRIFFIN. Dr. Haddon, I think your suggestions, as far as the bill is concerned, improve it. There is no question that the affect of this legislation will be to discriminate against larger manufacturers of automobiles and, I might add, also discriminate against the victim of an accident—if the vehicle happens to be one of those exempted.

Obviously, we have the interest of safety on the one hand, and the economic considerations of small automobile manufacturers on the other. But when we allow economic considerations to take precedence over safety considerations, we get into the question of how long—how long is it reasonable to do this? For what period of time?

I notice you used the word temporary. What does temporary mean?

Dr. HADDON. Senator, we are dealing with a very tough question, as we all know. And, I think the answer to that would have to be evaluated—which is one of the many reasons why we are against a permanent exemption, because it makes a prejudgment on our opinion—evaluated against the specific circumstances of a particular company again judged in the light of the best information that we have as to whether or not there was a substantial safety issue involved.

If I may, I might comment also on one of your earlier points. I think it is important, and I agree with Senator Bayh on this, that we protect pedestrians, and I might add, bicyclists, motorcyclists, and those using other vehicles.

I think also, however, that although one can argue, and it is a fundamental philosophical point in this field, that a man should be allowed to take his own risks, he is not the only person at risk in a vehicle which, from a crash safety standpoint, might be insufficient. He, undoubtedly, unless it was a one-passenger vehicle; that is a vehicle which only could accommodate the driver, he would undoubtedly from time to time, have others riding with him, others in effect who would not have the option of making that decision. Children, family, perhaps others.

I think also, there is the issue in this respect of subsequent purchasers, and for these reasons as well, we would be very chary of a solution which in effect reversed what we think was the clear intent of the Congress in the last session to insure that all vehicles on the highway at any one time were in conformance with the standards which were applicable to them at that time. We think permanent

exemption would reverse the intent represented by that act, and would open the door for subsequent actions which might extend the area of exemptions to much more significant and large numbers of vehicles.

Senator GRIFFIN. Well, I don't know that I understand what you mean by the word temporary yet.

Dr. HADDON. Senator, could I make an additional comment on this?

Senator GRIFFIN. Yes.

Dr. HADDON. We—and I notice that Senator Bayh made the same point when he said that he was not wedded to specific language, if I recall his phrasing exactly—we, too, do not have any particular brief or strong feeling that the exact language that we have proposed is the only way in which some of these issues can be resolved. In fact, on this particular issue of "temporary," I think from a practical standpoint, the same effect would be achieved by not using the word "temporary," but rather, as one portion of the bill as introduced has it, delayed effective dates.

And I suppose, basically, the same objection of vagueness, and I believe deliberate vagueness, to provide the Secretary with flexibility, could be made with respect to that alternate wording. But, I think the object here is that there could be flexibility for the companies, and that this flexibility should be under secretarial discretion, rather than being prejudged in effect by the statute.

Senator GRIFFIN. No further questions.

Senator HARTKE. Let me ask you a question on an unrelated subject.

A number of advertisements on radio, television, and newspapers today urge customers to buy cars now to avoid price increases on new models due to the new safety requirements.

Do you think that such advertisements are justified?

Dr. HADDON. Mr. Chairman, as you know, two Members of the Senate have exchanged correspondence with major companies with respect to such public statements, and I believe have not concluded from the response that at the present time, at least, they have been provided with evidence in support of that position.

Senator HARTKE. What is the position of the Director on such advertisements? I am not worried about—I don't have the presidents of the major manufacturers in front of me. What I have is the administrator of the act in front of me.

What is his opinion?

Dr. HADDON. His opinion, sir, is that until he sees better evidence as to the pros and cons of those statements, he is unwilling to prejudge the issue.

Senator HARTKE. I missed that one.

All right, then, that is all the questions I have.

Senator Prouty?

Senator PROUTY. No questions.

Senator HARTKE. Thank you.

The next witness will be Mr. N. D. Altman, president of the Avanti Motor Corp., South Bend, Ind.

**STATEMENT OF N. D. ALTMAN, PRESIDENT, AVANTI MOTOR CORP., SOUTH BEND, IND.**

Mr. ALTMAN. Senator Hartke and gentlemen, before I start my statement, I would like to introduce my very dear friend and counsel, Mr. Fred Baer from South Bend, who flew up especially, I guess, to give me a little moral support.

Senator HARTKE. We are delighted to have you both here.

Mr. ALTMAN. Gentlemen, my name is Nathan D. Altman and I am appearing before you today as president of the Avanti Motor Corp. I am a graduate of the University of Notre Dame where I received my engineering degree. I have spent practically all of my adult life in the sales and service of automobiles and now in manufacturing of automobiles.

Specifically, the reason for my appearance before you today is to advocate the passage of Senate bill 2029 which proposes to amend the National Traffic Motor Vehicle Safety Act of 1966. As a very small business dealing in the manufacture of automobiles, we live in a world surrounded by giant corporations. While the enactment of Senate bill 2029 may be of little or no consequence to the major automobile manufacturers, it is, in its simplest form, a matter of life and death to our corporation.

For the benefit of the committee, let me briefly detail the birth of the Avanti II. In 1962, the Studebaker Corp. made a last-ditch effort to remain in the automobile business, developed a new concept in motor cars—the last word in advancement and engineering—the Studebaker Avanti. This unique automobile was the first American-built automobile to have what is now accepted by the industry—caliper disk brakes, complete interior padding, recessed controls, a built-in steel roll bar. Just as important as these new innovations were the strongest and heaviest frame and heavy-duty, expensive front-end suspension, giving this automobile the rigidity and stability unknown to the industry at that time.

Mr. Leo Newman, my business partner the last 32 years, and I felt that the production of the Avanti automobile should be continued. We felt that there was a market for such a unique American-made automobile, particularly if it could be hand assembled by the highly skilled craftsmen which we have had and still have in South Bend. To this end, we purchased a portion of the plant formerly utilized by the Studebaker Corp., having a floor area in excess of 400,000 square feet. We also purchased the sophisticated tooling, dies, jigs, and fixtures and determined to put this car together by hand.

In this day and age of mass production and computers this program seemed somewhat out of place, except for the desire of a dedicated group to accept this challenge. A challenge that only in these great United States was a small group to have such an opportunity; a challenge that would encourage a gentleman of the stature of Mr. Eugene Hardig, who as vice president of engineering for the Studebaker Corp., resigned and at great personal sacrifice, dedicated his ingenuity—automotive engineering ability to further this already fine automobile into the Avanti II.

The Avanti II was then an engineer's dream, and even more so today, because it offers the opportunity to design from "quality" rather than the usual cry to save money on every vehicle built. Every

engineer and visitor who has seen our method of production has been very impressed. This method of production enables us to build this car by hand, carefully, patiently, and skillfully, without regard to time schedules. For an example, in mass production a man may be allowed 2 or 3 minutes to hang a door—our employees will hang that door properly even if it takes an hour or all day.

We at present employ 50 people—many are the older Studebaker employees—whose average age is 62. These men, although skilled with many years of experience, were too old to secure employment elsewhere, and we welcomed the opportunity to utilize their skills. Even though three of these men recently reached the age of 65 and retired, they soon returned to their jobs. They love their work. In the nearly 3 years we have been in business, we have not lost a day of operation. We have the unusual situation of a group of men of advanced years who take great pride in workmanship, and whose standards are not governed by speed or automation, but only by perfection.

The reason for my presence before the committee today is to tell you in absolute frankness that we cannot comply with the testing provisions of the initial motor vehicle safety standards. I want to make myself absolutely clear to this committee—we are not seeking to eliminate incorporating more safety features in our car. That is far from the challenge that we accepted in 1965.

However, as I have told you a moment ago, the Avanti had most of the safety features long before they were accepted by the industry and certainly before there were any such Federal requirements. Our problem is that the act of 1966 requires each manufacturer, whether he produces one car a year or a million cars, to go through a certain testing procedure for each model car produced. This takes us out of the race. Our company is in no position to make these tests because we do not have the testing grounds or the laboratory facilities or the expensive equipment which they require. In the absence of these facilities, we cannot certify any testing reports. We have even made diligent inquiries to find out whether others could do this testing for us. The best information we can obtain at this time is, that even if it is possible to get it done by others, the cost of these tests is so high as to be unquestionably prohibitive to our company. We understand that this cost would amount to as much as \$200,000 or more per model, a cost that we can never afford. While this presents no problem to the major manufacturers who can amortize such costs among hundreds of thousands of vehicles produced, but with our limited production which we anticipate will not exceed 300 vehicles in any year, we cannot do this.

In order to further emphasize this point, our anticipated car sales this year will be slightly less than \$500,000. To spend \$200,000 or any related amount of money for these tests would be economically fatal. You can well realize what the reaction of our bankers, who are excellent businessmen, would be if we attempted to borrow moneys for these tests.

If this money were available—which it isn't—sound business practice would still prevent this type of expenditure.

I would like to call your attention to another major matter which seriously compounds the situation of the Avanti Motor Corp., and does not affect the large auto builders. We cannot, like the large

concerns, afford to go into major model changes. Nor can we have our vendors and suppliers produce small quantities of parts at a time. You can understand that this would be uneconomical for our vendors, who would not even wish to fill such orders. Consequently, we are required to base our purchases on projections of our requirements for at least 2 to 3 years in advance, which creates a large investment in inventory. We are not in this situation. We have sufficient parts and supplies on hand to produce the Avanti II for the next 2 and possibly 3 years. We want to be in a position to continue to manufacture the Avanti. We feel there is a demand for a handcrafted automobile such as the Avanti in the American market.

If only the major manufacturers with all their resources can be expected to effect changes in 1 year, then it is economically and technically unreasonable to expect a small company to do the same.

It would also be equally unrealistic to demand that the major manufacturers hand torque each bolt and nut—water test, break in and road test each car to effect the greatest safety which we find time to do.

Gentlemen, the timing of relief to small manufacturers is of utmost importance today. The days between today and January 1 are numbered. Therefore, we urge immediate passage of this amendment in order that small manufacturers can exist in this dynamic industry. The decision of whether we can continue to manufacture automobiles in 1968 must be made shortly due to the ramifications of leadtime for scheduling.

I assure you that every effort at the Avanti Motor Corp. is concentrated in building a better and safer vehicle.

We, at no time in our original planning, felt that Government regulations and poor public relations as the result of regulations would ever be a factor in our business. We always were in mortal fear of competition from the huge manufacturers—but felt that our simple desire of offering the public an exceptional product, built with meticulous care and hard work, would permit us to survive—whereas much larger automotive firms had perished. We felt that the large companies did not have a monopoly on the desires or the brainpower which has always been an American freedom.

I realize as a very small producer I should probably remain quiet, but I love this industry and I am proud of what the industry has done for the growth and welfare of this great country. We accepted the challenge of becoming a part of that industry, but now we find that we have been legislated out of business through an oversight that we believe and hope Congress will want to correct.

In conclusion, the Studebaker Corp. expended great sums of money to test and produce this advanced automobile. It was then, and still continues to be recognized as a car that is far advanced in safety—and we have greatly improved those characteristics through increased care and craftsmanship. We only wish that we could afford to reprove the recognized qualities of our car.

The incontestable facts are that we can't comply with the testing and other requirements of the standards. To put it simply, the decision of whether a small manufacture can continue to exist in this industry is up to the Congress, and we respectfully urge your most favorable consideration of S. 2029 as it is presently written.

Senator HARTKE. Thank you, sir.

Senator Griffin?

Senator GRIFFIN. Mr. Altman, you make a very appealing statement, and a statement with which it would be very difficult to argue.

I can say, however, that in your second paragraph you say that the enactment of this bill may be of little or no consequence to major manufacturers. I think that would be true, but certainly the enactment of the safety law was of major concern to major companies and still is today. I would just make the comment that your arguments in my humble judgment go to the very philosophy of the legislation itself.

Perhaps to some lesser degree the same arguments are applicable to a company that makes 1,501 automobiles after this particular bill is passed, or to a company that makes 1,000 automobiles, or to American Motors Corp. that makes a few more thousand. To a lesser degree the same arguments are there, and must be and should be of great concern to the Congress as we look at the whole philosophy of this legislation.

I would like to hear your comments on the amendments suggested by Dr. Haddon.

Mr. ALTMAN. Senator Griffin I might say that, No. 1, we are positive that the major manufacturers, the Congress, everybody concerned is not anxious to or wants to in any way put small business out of business. In our dealings with major manufacturers they have been cooperative in every respect and helpful as much as they possibly can.

I think the question here is not only the particular relief, whether we are entitled to relief from testing certain standards other than accident prevention standards, and the question of whether that be temporary or permanent. I think it goes further in this regard. You must realize that a limited manufacturer has other problems to consider. It isn't easy for a prospect to buy a limited manufacturer's car. He can't go downtown and see one. Or he can't go to one of 35,000 dealers. He has to pursue the event of purchasing this car. He has to check it through mail or other resources, and it is not an easy task.

Now the reason, and possibly one of the greatest reasons, that any person would want to buy this type of car is because he has confidence. He is not going to have a representative in every town, or possibly in every State. He has to at least feel that he is going to have the manufacturer in business in a year from now or 2 years from now. Otherwise we destroy the possibility of any small manufacturer being able to instill the confidence into the prospect, the buyer, into bankers, and into his employees.

The employees also would feel very unsettled. Now the point I would like to make in addition is that if I understand the act, the accident prevention standards are a necessity. Every manufacturer, limited or otherwise, will have to prove his acceptance and certificate for accident prevention standards. There is nothing to prevent, and certainly in our case to meet all of the standards. The fact that we talk about say seat belts or padded visors, and we have had them all this time, the only thing that the relief would offer if that happens not to come under accident prevention is we might not have to spend \$5,000 or \$10,000 to determine that our seat belts or brackets have passed this particular sophisticated test, which I hasten to remind you back in 1962 this particular car, all of these tests had been made.

Now I feel that it is very important to the welfare of any small manufacturer to exist that he not be kept on the fence, because there are too many areas where he will be picked to pieces.

As far as building a safe car, I feel that everybody in the industry is sincerely trying to build a safe car. If the problems only concerned the small manufacturer who substitutes hand craftsmanship and carefulness for many of the more general use type safety preventive things, that really wouldn't be any great problem. I want to make one comment. I have got a note here about the collapsible steering column. It is true we, in our petition, certified that we had a large stock of fixed steering columns which, if I remember correctly, were made up in Saginaw, Mich. It would be too bad to go to a collapsible steering post, we would have to scrap all these steering columns. But you see we are not convinced that at this point as yet that we would be doing the right thing going to a collapsible steering post because our steering gear sets right at the bottom of the fire wall, so feasibly if a person drove into a wall, the steering post couldn't be hit until the engine was thrown into the back seat.

So we are not quite at the point where we would concede that our steering post wouldn't pass all of the requirements, and I mention that because Dr. Haddon indicated that he would hesitate putting on collapsible wheels. We may hesitate, but only to the point where we feel it will be safer steering posts than we presently have.

Senator HARTKE. Thank you.

Mr. Altman, do you get parts from other automobile manufacturers?

Mr. ALTMAN. Oh, yes. Of course we pretty well build a great percentage of our car in the respect that we build our own body, and everything is completely assembled without any speedup equipment, or electric wrenches or timing devices, but we obviously have to buy components.

Now we would buy engines from General Motors, we buy transmissions from Borg Warner Corp.

Senator HARTKE. Do they cooperate with you in trying to avoid some of these problems in regard to compliance with standards?

Mr. ALTMAN. Well, the only item right at the moment I can think of that comes into the standard would probably be the seat belts, and of course the seat belt company has already taken steps to upgrade to the standard that goes into effect January 1.

Of course they had already met all the standards that were existing at that time. The vendors—there is no doubt in my mind that any limited manufacturer will automatically be upgrading to the current standards, because the vendors will only supply material and components that will meet the Federal regulations.

Senator HARTKE. Well, what about data and information on safety? Is that readily available to you?

Mr. ALTMAN. Data?

Senator HARTKE. Data of testing that is being done by major corporations.

Mr. ALTMAN. No; I would say that is a little difficult. I would say it takes a staff of scientists, engineers, and probably some medical men. No layman can possibly analyze these tests. They talk about all sorts of very technical information. And particularly in the test that involves the inside, not accident prevention, but as to what the effect would be if it had so many decelerations and so forth.

Senator HARTKE. Have you been able to get the results of the impact tests made by the major concerns?

Mr. ALTMAN. We have not been able to get any results in regard to tests. The only thing that I was able to find out in writing to one of the major concerns on the possibility of their taking over all of our tests, they very carefully pointed out that even in their case, with 26 tests at the time we were discussing, certain tests come under the radiator company, certain tests of body companies, they are spread all around, and there is no concentrated one place, and the other was to assure me that they couldn't help me in regard to setting a set figure; that however they could assure me it would be substantial—and I would say "substantial"—when they say "substantial," I think they are talking about a lot of money.

Senator HARTKE. My own opinion is that something more is going to have to be done than provided in the bill that is before us, or in the suggestions of Dr. Haddon, to cover this question of testing, and I do not think that this present legislation in either form provides for any real solution to this testing problem.

I fail to see how the bill is of any help whatsoever in that regard except as a temporary relief, which would mean that within a relatively short period of time, for example in the case of Avanti, you would have to comply with this testing.

Now I grant you to be relieved of meeting these testing requirements up to January 1 of this year would mean that you would be in a better position, but I see nothing in the bill to provide any real relief.

Mr. ALTMAN. Well, perhaps, Senator, I didn't understand the bill, but as I understand the amendment, we were obligated for the accident prevention standards and tests, and I feel that we can live with those. It is the tests on the other than present accident prevention standards which are all above the 100 series that I feel are the problem of the sophisticated testing. It requires proving grounds, and all that sort of thing.

Senator HARTKE. Where is that covered in the bill? How is that dealt with in the proposed legislation?

Mr. ALTMAN. It says here as the Secretary shall prescribe he may exempt limited production motor vehicles from such motor vehicle safety standards established under this title as he determines are not accident prevention standards. It goes on to explain accident prevention.

Now to put it on the basis of the actual standards as they came out in the Federal Register, I take that to mean that the standards that started with 101 and went through 111 pertained to accident prevention standards. This is the brakes and the control locations, windshield, wipers, hydraulic service brake, hydraulic hoses, reflective surfaces, lamps, rearview mirrors.

Now these require certification, and as one of the other speakers pointed out, a great many of these components are vendor components for instance the Bendix Corp. who can certify because they have conducted these tests and also of course give us the guarantee that we need for our certification.

The area that I felt the amendment was going to relieve was from the 200 series on, and any other that they probably will put into effect.

Senator HARTKE. But that would not be a temporary relief, that would be a permanent relief in your viewpoint? This would not be temporary, but would be permanent.

Mr. ALTMAN. I feel it should be permanent. Otherwise they are placing too great an obstacle on the small manufacturer, not in putting the safety features into effect, in building them in other areas.

Senator HARTKE. We are going to have to proceed rather hurriedly, so thank you, Mr. Altman, and we will proceed now with Mr. Brooks Stevens from SS Automobiles, Inc., Milwaukee.

**STATEMENT OF BROOKS STEVENS, SS AUTOMOBILES, INC.,  
MILWAUKEE, WIS.; ACCOMPANIED BY WILLIAM C. STEVENS,  
SS AUTOMOBILES, INC.**

Mr. STEVENS. May I introduce myself? I am Brooks Stevens, chairman of the board, SS Automobiles, Inc., Milwaukee, Wis., and my son, who has joined me today, William C. Stevens, vice president of SS Automobiles, who will be helpful on technical questions.

Senator HARTKE. We are delighted to have you both here.

Mr. STEVENS. We are pleased to be here, and most honored to have been invited.

I might say, Mr. Chairman, that in opening my remarks that in our public relations climate for this particular automobile in the past I have referred to us as the 8th largest automobile company in America. We felt that this was quite an interesting line. Today I feel rather small. Therefore the contrast is something we are going to discuss.

For over 35 years as an industrial designer, I have had a dream—to build a truly fine automobile in the classic tradition and to have a business to give my sons.

The Excalibur is a limited production automobile, a replica model of the famous Mercedes Benz—a car that is safer today than most of the automobiles currently being manufactured by the largest firms. It is a fine handling machine purchased by people who want a truly fine automobile.

The real problem for us is not meeting the new safety standards, indeed we already meet many of them. The problem is that our firm—a small company, a family business, will go bankrupt because it is impossible for us and firms like us to meet the requirements of the standards.

For many years I have been retained as an industrial design consultant to the automotive industry—Kaiser-Frazer, Willys, Studebaker, and now, for the American Motors Corp.

In working with them, and knowing what we are confronted with by the safety standards, I have seen the tremendous amount of time, work, and expense that American Motors has gone into to try and meet these standards. It would be impossible for us at SS Automobiles, with our limited staff and funds, to try and follow the same methods that I have seen American Motors and the other large manufacturers do.

We have been in business for a period of 3 years. In our first year of 1965, we produced and delivered 36 automobiles with a total sales of \$210,000. In 1966, we manufactured 57 automobiles with a total sales of \$350,000. In 1967, we manufactured 83 automobiles with a total

sales of approximately \$525,000. In 1968, we expect to build 130 automobiles with total sales of approximately \$780,000.

As you can see, we have been progressing at a fairly good pace. It is only after 3 years that we have finally financially turned the tide and are making a small profit. We feel that at this rate of expansion we will finally break even and repay our investment in about 3 more years, barring any additional developments or design change costs.

Even a temporary delay in adhering to the safety standards will not solve these problems for us. We do not have enough money to spend at the rate of approximately \$150,000 to \$200,000 per year toward the proof of the safety standards. Also the addition of future safety standards and the development and test costs will only add to our burden.

SS automobiles employs a total staff of 20 people. The corporation is run and managed by my two sons, David B. Stevens, the president, who is 28 years old, and William C. Stevens, vice president, who is 24 years old. David Stevens is in charge of all research, development, engineering, and production control. William Stevens is in charge of purchasing, sales distribution and general business matters. I am not active in the corporation but serve only as an adviser, consultant, and father to them. My sons have worked long and hard over the last 3 years in trying to be a small volume automobile manufacturer. In addition to them, we employ two secretaries, a bookkeeper, and 15 people in the manufacturing area.

SS automobiles does not own or have access to any test equipment to conduct the necessary tests. From our consultation with other manufacturers and people who could conduct these tests for us, the cost would run approximately \$150,000 to \$200,000. In addition, we would have to supply a minimum of two to four automobiles for the destructive tests.

During the last 9 months we have been involved in developing the emission control system to meet the Federal air pollution standards for 1968. We have already, by this time, spent approximately \$5,000 toward the approval of our system. We feel that by the time the tests are completed, in another month, we will have spent an additional \$2,500.

We have also been confronted by problems in purchasing parts for our car construction as well as our financial sources. Our vendors are reluctant to extend credit to us. They fear that if we are put out of business because of nonconformance to the safety standards they will not be able to collect the money that is due them. Our bank and financial resources are also reluctant to loan us money for the same reasons. This is the problem we are faced with right now, and have had since it was found that we could not meet all the safety standards and would, therefore, be forced out of business.

We do not know how far we could go with an increase in the price to cover the development costs incurred by the safety standards. We feel our maximum production to be about 150 cars per year. If the tests would cost approximately \$250,000 we would have to increase our prices by \$1,700 per car, which is prohibitive. The market for this type of automobile would not accept such an increase.

Financially we cannot prove through these tests that we meet the safety standards. Just attempting to prove that we do, would put us into bankruptcy. Without the help of bill S. 2029 we would be forced

out of business and would suffer personal financial losses in excess of \$500,000 with no chance to recoup them. This was not the legacy I wanted to hand to my sons who have worked for a long time for this beginning of success.

We ask only for fairness for the little fellow as well as the big fellow. Give us that right to work and to succeed. We cannot do it without your help.

Senator HARTKE. Thank you, sir. I have no questions, sir. Thank you.

I want to move right along here to Mr. George W. Jernstedt, general manager, Transportation and Industrial Divisions, Westinghouse Electric Corp.

**STATEMENT OF GEORGE W. JERNSTEDT, GENERAL MANAGER, TRANSPORTATION AND INDUSTRIAL DIVISIONS, WESTINGHOUSE ELECTRIC CORP., PITTSBURGH, PA.; ACCOMPANIED BY R. L. BELL, MANAGER, ELECTRIC VEHICLE DEPARTMENT; AND CLAUDE E. HOBBS, DIRECTOR, GOVERNMENT RELATIONS, WESTINGHOUSE ELECTRIC CORP., WASHINGTON, D.C.**

Senator HARTKE. Good morning, gentlemen. We are delighted to have you with us.

Mr. JERNSTEDT. Mr. Chairman and members of the committee, my name is George W. Jernstedt. I am general manager, transportation and industrial equipment divisions, Westinghouse Electric Corp. Here with me is Mr. R. L. Bell, manager, electric vehicles, Westinghouse, and also Mr. Claude Hobbs, our Washington legislative representative.

I am here to request the adoption of an amendment to S. 2029 which would insert into the bill an additional category of vehicle which we have called "limited purpose electric vehicle." Vehicles of this category would be made eligible under the bill for temporary exemption from motor vehicle safety standards other than the "accident prevention standards" which are defined in the bill.

The suggested amending language needed is attached to my statement.

Earlier this year, on April 10, 1967, I appeared before this committee to describe and discuss the electric vehicle our company is now about to place on the market. My testimony is printed at pages 486 through 492 of the committee's published hearings on electric vehicles.

Rather than repeat that testimony, I will briefly describe the vehicle, which we plan to call the Marketeer II. It is small, with a two-passenger seat, has two doors, glass windows, and a small rear deck for parcels. It is battery powered and intended for short-range, low-speed urban and suburban use. It is not intended for use on interstate or other high-speed roads. At present its top speed under power is about 25 miles per hour. Its range between battery chargings will be from 50 to 60 miles. Its limited speed and mileage range result from the limited capacity of available economical batteries and energy storage devices. The customers to whom we plan to sell this vehicle during the first year or so will be predominantly electric power companies, other commercial concerns, resorts, and a few people living in retirement communities, who agree to use the vehicle on an experimental basis under controlled conditions.

Although it is not a gasoline-powered automobile converted to battery power, the Marketeer II will use conventional automotive components that are readily available today, such as 6-volt lead-acid batteries, 14-inch wheels, radial ply pneumatic tires, 4 wheel hydraulic brakes, laminated glass windshield, seal-beam headlights, and so on.

We are selecting brakes, tires, lights, safety glass, and other components to comply with the new safety standards. Unlike gasoline-powered cars, the Marketeer II has no fuel tank, generator, radiator system, carburetor, spark plugs, exhaust system, transmission, or differential. It will be propelled by two direct-current motors, each driving a rear wheel and providing about 4½ horsepower at top voltage. Its batteries can be recharged by plugging it into a standard 115-volt household outlet.

We are asking for this amendment to obtain a temporary exemption from some of the safety standards already issued because we will be starting to produce this vehicle just when the standards go into effect.

The safety standards already issued are intended to prescribe minimum safety performance requirements for automobiles and other vehicles produced by automobile manufacturers. All of the vehicle types covered by the standards issued up to now are powered by combustion engines fueled by gasoline or other petroleum products. No vehicles powered otherwise appear to be covered, probably because none have been manufactured for sale in interstate commerce in recent years.

Westinghouse has designed and made a few experimental units of our electric vehicle. It is still in the stage of initial development. A small production facility is now being set up to turn out approximately 10 of these vehicles per day.

Several of the safety standards already issued incorporate by reference practices which are based on years of development work by the automobile industry, and which are recommended by the Society of Automotive Engineers. We are striving to apply these standards and practices to best advantage in perfecting this different type of vehicle.

The date for required compliance with the applicable standards, January 1, 1968, is rapidly approaching, and we are sure that it will be difficult if not impossible for us to fully comply by that date with all of the standards designed primarily for passenger cars.

For example, we believe it will be impossible for us to obtain or develop a steering control system as required to provide the specified driver impact protection of Standard No. 203. We would encounter similar difficulty in complying with some of the other nonaccident prevention standards such as the requirements for door latches, seat anchoring, and destructive testing.

We have just begun and intend to pursue the administrative route for obtaining the issuance of a definition of a vehicle category covering our product for which appropriate standards will be made applicable.

A precedent for the Westinghouse request is the vehicle category established for the "multipurpose passenger car" to which only 11 of the present 22 safety standards are initially applicable. The March 17, 1967, report of the National Traffic Safety Agency pointed out that if Jeeps, Broncos, Land Rovers, Microbuses and similar vehicles had been required to meet all passenger car standards, which they could

not, "the effect of the standard would have been to rule a legitimate product out of the marketplace." The report then states:

The Agency rejected this as an unreasonable alternative. A vehicle with . . . predominant different features . . . could not arbitrarily be required to comply with passenger car standards, especially on very short notice.

In view of this demonstrated reasonableness of attitude by the Administrator of the National Traffic Safety Agency, we are hopeful of a determination of a limited-purpose vehicle which will not pose the same safety problems as high-speed passenger cars. Its characteristics are as distinctive as those of the Jeep and other occasional off-the-road vehicles and the Microbus and Econoline, all of which are often used for family travel on highways as well as for other purposes. On the other hand, provision must be made for distinctive characteristics of the electric vehicle such as occupant safety in relation to heavy batteries containing acid.

We are apprehensive that the slowness inherent in the requirements of the Administrative Procedure Act will make it difficult and perhaps impossible to accomplish the issuance of such a definition and the applicability of specific standards to it by January 1, 1968. If this proves to be the case, we will have to stop production which will have barely begun, and we will be subjected to indefinite, expensive, and discouraging delay. In order to avoid such a situation, we are respectfully asking for temporary legislative assistance.

We feel it is important to proceed as rapidly and fully as possible with the development of this vehicle which will surely have many more advantages than the obvious ones of no emission of air pollutants and quiet operation. It can become a valuable delivery vehicle, an invalid carrier, and a dependable, long lasting, inexpensive second family car.

Development of the vehicle to its great potential cannot be carried out merely in laboratories. It must be tested by actual use of various configurations. As energy storage capacities improve we will need to develop improved accelerating controls, regenerative braking, and make many other improvements which require experiments and tests under controlled conditions of actual use.

These are some of the reasons we are anxious that there be no interruptions of our efforts resulting from the cumbersome aspects of administrative procedures.

The committee's schedule for considering this legislation together with the embryonic nature of our effort to produce this vehicle has prompted us to come here before we have adequately pursued the administrative rulemaking approach. This is not to be construed as a complaint on our part. We understand the necessity for the committee's schedule, and for the deliberateness of rulemaking procedure. It is mentioned merely to explain why we have not exhausted the administrative route before seeking legislation.

Let me make it clear that the exceptions we seek are temporary in nature. We have already directed much attention and effort to safety considerations, and we fully intend to produce a safe vehicle and one which will be in compliance with the relevant safety standards as soon as possible. Our preliminary analysis indicates that we will be able to comply with most of the existing standards. We believe we will be able to comply with the standards relevant to our vehicle which are now applicable to Jeeps, Broncos, Microbuses, Econolines, and other

multipurpose vehicles, except possibly one for which we may request exemption or modification. In fact, of the 22 standards already issued, we think we will have a significant problem with only six. We believe none of these is an accident prevention standard as defined in S. 2029.

We appreciate the opportunity to present this matter to the committee.

Senator HARTKE. Thank you. I have no questions. I do believe that probably there will have to be some different classification or approach in regard to electric automobiles, and I have talked to members of the Department, and I am certain that this matter will be given serious consideration by the committee as well as by Dr. Haddon and his group.

Thank you. The record will be left open for 10 days for additional comments and statements.

The committee stands adjourned.

(Thereupon, at 12:30 p.m. the hearing was adjourned.)

U.S. DEPARTMENT OF TRANSPORTATION,  
NATIONAL MOTOR VEHICLE SAFETY ADVISORY COUNCIL,  
*Washington, D.C.*

Senator WARREN G. MAGNUSON,  
*Chairman, Commerce Committee,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: At the request of the Committee staff, I would like to comment on the discussion during the hearing of August 16 on S. 2029 regarding the actions of the National Motor Vehicle Safety Advisory Council pertaining to legislative relief for the small volume manufacturers.

The Council shares the concern of Senator Bayh and other members of the Senate in providing relief for the small volume manufacturers. The Council adopted a report of its committee dealing with this subject which I understand has been submitted for the record to your committee. This report is in general agreement with Senator Bayh's objectives.

I have been asked by the Council to correct any impression that we, including our committee, endorsed any specific legislative language or that we took a position on this subject at the urging of Dr. Haddon or his staff. I have reviewed the transcript of the meeting of the Council on June 21 which considered this subject. The record bears out my statement that no specific legislative proposal was suggested for Council approval by its committee or by the Bureau.

It is true that a qualification of the committee report to the Council recommending there be only temporary exemptions for small volume manufacturers was added during the full Council meeting, but this was done with no dissenting votes. I should also say that both Dr. Haddon and his deputy, Dr. Brenner, were not present during our deliberations.

It is important that it be understood that the Council has been scrupulous in maintaining its independence. We are satisfied that the Department of Transportation wants the Council to do no less than to give the Department and the National Highway Safety Board its own independent views and recommendations.

Sincerely,

THOMAS MALONE, *Chairman.*

STATEMENT OF STURM, RUGER & Co., INC., SOUTHPORT, CONN.

Our Company is, and has been for the past two years, actively engaged in the design and construction of prototypes of a specialized limited production automobile. We have done this in the most economical manner consistent with our extremely high standards for design personnel and prototype construction. In spite of this our Company has invested over \$200,000 in this project. We have reached the end of the design phase, and shall be engaged in the testing and development of our two completed prototype cars very shortly.

We plan to start production of automobiles for commercial sale in 1968.

We are very much in favor of the passage of S. 2029. We need this bill in order to relieve us of the substantial economic hardship that many of the Automotive

Safety Standards which are not accident prevention standards would impose upon our small Company.

This economic hardship results from two aspects of these standards.

The first of these is the substantial cost of redesign at this stage, at which the design is complete and largely executed in the two prototype cars. This cost is not only in man-hours and materials needed to redesign and rebuild the cars, but in the greater and more incalculable losses introduced by the delay of our appearance in the market place. This means lost opportunities in sales, and increased market acceptance for giant competitors, to whose enormous facilities these standards present little problem.

The second way in which the non-accident prevention standards cause substantial economic hardship is in the cost of testing for compliance to many of these standards.

In particular, standard #201 requires an elaborate testing machine, with its ancillary equipment, as described in SAE Recommended Practice J921. It requires the preparation of samples for testing by this machine, and it requires two differently sized anthropomorphic manikins for establishing certain areas that must be padded. The cost of this test, in terms of equipment acquisition and rental, and in terms of time will be many thousands of dollars, making it a sizable percentage of our total investment.

Standard #203 requires an elaborate anthropomorphic torso form, a machine for hurling it at a steering wheel at a closely specified relative velocity and an elaborate setup in the steering wheel mounting to measure the peak forces introduced. This test, too, will cost thousands of dollars.

Standard #204 and #301 require the destruction of an entire car. In our case this is a substantial loss because our production cars will sell for about \$10,000. Worse than this, it will probably be necessary, if these standards are applied to us on January 1, 1968, to destroy both of our prototype cars, the value of which is over \$200,000, and the loss of which as vehicles for conducting pre-production tests would cause inestimable delays in our program, with all of the economic hardship that this entails.

As can be seen, the costs involved in the design and testing for these standards is very great. When it is realized that these costs must be carried by a production estimated at between 100 and 200 vehicles per year, then it becomes obvious that extra cost per vehicle is prohibitive. It is difficult to see how our program can proceed without S. 2029, and we hope you will do everything in your power to secure passage for this important bill, which keeps an entire industry open to small private enterprise, and without which the progress and development inherent in a system of competition will be crushed by yet another retrograde step toward oligopoly.

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JOHN FITCH AND CO., INC.,  
Falls Village, Conn., July 18, 1967.

Senator WARREN MAGNUSON,  
Chairman, Senate Commerce Committee,  
Senate Office Building, Washington, D.C.

DEAR SENATOR MAGNUSON: As the manufacturer of the "Phoenix", a limited production automobile, we ask your earliest and most favorable consideration of a bill submitted by Senator Birch Bayh.

We do not have the capital to pay others for the engineering and testing required to certify adherence to the Federal standards, nor do we have the facilities to do this testing ourselves. Our programs calls for only enough profit to carry us on into further development. Should we be forced to certify adherence to all Federal standards, this margin would be more than absorbed, forcing us to cancel all plans, and go out of business.

We are emphatically behind safety and all programs pertaining to it. Our "Phoenix" far exceeds industry standards in its ability to avoid an accident. Our car is able to do this because of superb brakes, oversize tires, great maneuverability; generally speaking this is considered in the category of immediate, positive response to desired driver input. By being allowed to continue, we hope to remain in the vanguard of automotive development in this category, and to contribute materially to future development of various aspects of safety.

The John Fitch Co. and the Phoenix Motor Cars Inc. plan to manufacture 100 to 200 cars per year. Since our staff is in the vicinity of 15 people, obviously much of our work will be subcontracted. Therefore much of our profit must go

to these subcontractors, leaving no extra money for testing. Despite this handicap, the attached photos show that the car is of striking design, with a roll bar integrated functionally into this design. It is this design freedom which cannot help but enhance the safety features of future production automobiles.

If we may be of any help, we will gladly supply any specific details as to our operation and our automobile.

Yours very truly,

WALBRIDGE BAILEY,

*President, Phoenix Motor Cars Inc., General Manager, John Fitch & Co.*

STATEMENT BY JOHN FITCH AND CO. INC.

On August 16th, the Senate Commerce Committee will hear Bill No. S.2029 to amend the Federal safety standards resulting from the passage last Fall of the National Traffic Safety Act. The amendment, introduced by Senator Birch Bayh of Indiana, seeks to exempt "limited production manufacturers" making fewer than 500 special automobiles per year, from certain of the more costly to comply with Federal standards. Without its passage, half a dozen small companies will be legislated out of business. John Fitch, one of the special car builders affected by this legislation states their case in an open letter to Congress.

SUMMARY

John Fitch is best known as a champion race driver of the '50s when he drove with notable success at LeMans, Monza, Sebring and other major racing events. He is the only American ever to drive for the famous Mercedes Benz team where he joined his contemporaries, Stirling Moss and Juan Fangio in their victorious sweep of 1955.

Since then he has been a special car builder, a writer and an outspoken advocate of increased safety in highway design and driver training for more than a decade before it became a subject of national concern. He has acted as consultant to major research organizations in this field and has presented papers at safety conferences which have been uniquely valuable because of his background and knowledge of the extreme driving conditions of the race course (in researchese, a race course is a roadway used to maximum capacity).

Acknowledging the dearth of dependable data with which to analyze the traffic problem, Fitch has employed a compelling logic to project the fateful consequences of the entry of government into our pivotal industry, automobile manufacture. His specific subject in the attached open letter treats an amendment to be heard by Congress on August 16, which he argues should exempt the half dozen small firms producing a total of a few hundred special models per year, from certain aspects of the impending federal safety standards, without which these firms will be legislated out of business.

He claims the more important long-range results of their prohibition by law will be:

Our most vigorous industry upon which one out of seven American wage-earners depends, will be attacked at its origins and ultimately reduced to the lethargy and inefficiency of typical control-ridden business—railroads, for an example. That this process will be progressive makes it more difficult to contain and more dangerous to the nation.

The U.S. will become a commercial isolationist in the increasingly important world automobile market, bringing about retaliatory trade restrictions to counter our rejection of foreign makes not complying with our new national standards.

A worsening of our balance of trade deficit.

A deterioration of our international standing for what will be regarded as another "overreaction by the impulsive Americans" to a problem the rest of the world does not recognize.

The restraint of engineering advances, one of the very factors sought, will result from the suspicion with which every variation from the federally approved norm will be regarded. Unencumbered small companies could advance the engineering art.

The incalculable potential of unknown designers of the future working in small, flexible firms will be lost.

Small business again will be penalized by government.

The few hundred special automobiles involved do not contribute a meaningful number to our 92 million U.S. car population, hence they can not significantly affect the safety problem.

The exemption sought will render the exempted vehicles no more "accident prone" or dangerous than the autos now on the road, and they are exceptionally safe cars by inherent design.

In an exactly parallel situation, the federal government imposed restrictions on special and low production aircraft. After twenty years the ban was lifted in recognition of the losses in aircraft engineering design development the controls exercised.

John Fitch has illuminated a number of factors of importance to us all when government interjects itself into that delicate balance of production and demand we call business. In his treatment of the effects the prohibition of a whole category of small business would have, he argues with conviction that Americans should not be denied the opportunity and the ultimate benefits of the principle of starting small with the better mousetrap and going as far as the value of a product and the ingenuity of its makers can take it.

From: John Fitch  
John Fitch & Co., Inc.  
Falls Village, Conn.

OPEN LETTER TO CONGRESS URGING PASSAGE OF AN AMENDMENT TO EXEMPT  
LOW VOLUME AUTOMOBILE MANUFACTURERS FROM CERTAIN FEDERAL SAFETY  
STANDARDS

Last Fall the National Traffic and Motor Vehicle Safety Act was passed following an earlier Congressional investigation of the traffic safety problem in which Senators Ribicoff as chairman and Robert Kennedy were prominent. The spokesman of the automobile industry critics, Ralph Nader, was interviewed and widely quoted as were other witnesses who credited improper vehicle design and the negligence of car makers as the major cause of the traffic toll.

As a result of the legislation, 21 safety standards were established calling for features ranging from head rests through collapsing instrument panels to dual brake systems, several of which the automobile companies protested they could not provide in the lead time remaining to put new designs into production before the '68 models were to be introduced, and which critics decried as a too lenient sell out to sinister automobile industry influences of one sort or another. "Of course the industry can make these changes and much more if they are firmly required to do so", the critics claimed, and added that if we can launch men into space, our technology is capable of a crash program to redesign automobiles in a few months.

After much bitter controversy during which prominent critics resigned from the advisory board rather than be a party to the abdication of the principle they felt was involved, the standards were adopted in February, 1967. Though the large American and foreign manufacturers for which they were intended are having serious trouble meeting the standards and have formally challenged the legality of one of them, it appears they will be able to comply with all but the contested standard which is expected to be postponed. But several foreign manufacturers whose cars have been coming into the U.S. for many years cannot afford the cost of compliance and will cease importation, not can any of the handful of American limited production manufacturers comply. These special makes including the Avanti (being produced by a small company which bought the tools from the defunct Studebaker auto builders), the Excalibur (a reproduction of a famous vintage Mercedes), the Phoenix (a Corvair-based prototype designed by the writer of this letter)\* and those unknown but most lamented car creators of the future, all will disappear from the American automotive scene unless an amendment introduced by Senator Birch Bayh of Indiana exempting makers of less than 500 cars per year from certain of the standards is passed by Congress. It is scheduled to be heard on August 16.

It is unfortunate enough that laws passed last year in an atmosphere of hasty vindictiveness against our automobile industry promise to result in a tumbling domino-row of unexpected misfortunes for the American people and for our economy, but we urge Congress not to compound the losses by legislating out of existence several small companies which make no real contribution in numbers to the mass auto transportation system and therefore have no meaningful effect on the traffic toll. The simplest of projections will indicate that the half dozen or so firms producing a few hundred very special vehicles for automobile enthusiasts

\*Other small makers are Shelby Cobra and a reproduction of the model A Ford.

around the country will not materially affect the national accident statistics based on a 92 million U.S. car population.

The small manufacturers, of which our company is potentially one, are making some technically interesting automobiles right now, and would introduce even more advanced concepts in the future provided we are not forced to cease operations. But the incalculable loss to the industry and the nation will be the elimination of the innovators of the future, the Henry Fords and the automobile entrepreneurs of tomorrow. These designers of inestimable potential will be denied the traditional American opportunity to start small with a better mousetrap and carry off a success limited only by the excellence of their product and their ability to get it recognized for what it is.

Of the 21 standards scheduled to go into effect January 1, 1968, 11 of them specify certain features such as defrosters and uniform transmission shift sequences intended to reduce the possibility of the occurrence of an accident. The other ten are expected to minimize injury to occupants or to pedestrians after an accident has occurred, such as telescoping steering columns, deletion of knock-off wheel hubs, the installation of head rests and padding of the interior "impact area." (The head rest requirement has been dropped pending the development of definitive data on which to base effective designs. The impact area padding requirement is being contested by the big four manufacturers and has been judged by a government appointed hearing examiner to be "vague, inexact and unworkable.")

The small manufacturers can comply with the first group of proposed accident-preventing standards but they cannot meet all those intended to be injury reducing factors which involve intricate cowl structures, etc., the standards for which exemption is requested. Because a key standard in the second category has been judged "vague, inexact and unworkable" by a government examiner, the question of their ultimate effectiveness is raised, and we submit that little would be lost to the nation if a few hundred special cars did not comply in this secondary area.

The economically devastating factor none of us can cope with in any case is the procedure of testing and confirmation of compliance with the standards as now required. This calls for the destruction testing of several automobiles and the submission of reams of engineering reports at an estimated cost of \$200,000 per model for which we have neither the resources nor the personnel. Most of us miraculously manage to exist in this enormously expensive business by the most judicious cutting of the economic corners. We cut the normally multimillion dollar cost of developing new automobiles by hiring outside engineering specialists and freezing designs for several years, and we simply do not have the resident staff to meet these demands which were obviously designed for the high volume manufacturers. Nor do we have the volume of sales or the working capital to absorb the loss of any of our largely hand-made automobiles in destruction tests against cement barriers. The sacrifice of even two units for a company building as few as 50 cars per year is an untenable percent of production to lose. On the evidence, no provision was made for small producers and it appears that we were simply overlooked in the rush to pass legislation and quiet the critics.

(A similar situation occurred in the control of aircraft design when the government imposed restrictions on privately built and low production special aircraft. Some 20 years later the government realized the ruling was inhibiting aircraft design development and now permits the "experimental" category. A conspicuously located plaque states that the aircraft has not passed certain government requirements or tests, and pilots and passengers fly or do not fly at their own discretion. Thousands of experimental aircraft are now in use to the satisfaction of all parties except possibly those who were denied the exercise of their initiative to develop new aircraft during the 20 year prohibition. This is an exact parallel from which a present course of action could be derived to advantage.)

Although most of the mechanical requirements of the federal standards could be met by the small manufacturers, we are bogged down in a legislative limbo of enforced inaction until the legality of the standard affecting the interior impact area, now being formally challenged by the big four manufacturers, is finally established. We will not be able to act until these questions are resolved for us by remote agents; legislators and big business interests operating in the labyrinth of political Washington.

Without attempting to evaluate the wisdom of imposing the standards at all in place of realistic driver screening, or their effectiveness, the intent of Congress must have been to regulate the large manufacturers who produce the 8 to 9 million cars that go into service each year and contribute overwhelmingly to our astonishing total of 92 million private automobiles. The large manufacturers are having

considerable difficulty in meeting the requirements of the standards because of lead time (to design for production) and inventory (to make the components available), but at least they can meet the costs and survive. These problems are all infinitely more difficult for small manufacturers because we do not annually or periodically redesign our products, consequently we need a longer lead time. We acquire components in comparatively large lots to qualify for a better purchase price and draw from these stockpiles for several years, hence our inventories are relatively top heavy and cannot be scrapped upon the imposition of new design standards. Add to this the testing costs and it follows that small manufacturers cannot exist under the burdens of government controls intended for large manufacturers.

The harsh facts are these: the lead time, inventory problems and compliance testing requirements involved in regulating the largest American industry and the world's most extensive transportation system cannot possibly apply with any degree of equity to the small firms which supply a fraction of 1% of the total vehicles for the pleasure of collectors, car enthusiasts and sportsmen.

Therefore we request exemption from the first group of standards intended to prevent accidents and from the costly testing requirements. At an estimated cost of \$200,000 per model, a federal penalty of the testing requirement alone could not be assimilated by the small manufacturers, and to impose it will be tantamount to extinction by legislative decree of a small industry of vastly more importance than its volume of production or dollar value would indicate.

(During the course of the considerations that have been given to an amendment to the Act, the idea of a temporary exemption has been put forth by some parties. To one who is thoroughly acquainted with this segment of the industry, it is clear that a temporary exemption or a delay in enforcement does nothing to solve the overall problems with which we are concerned. The staggering cost of testing associated with the initial standards will only be compounded by the subsequent standards that will follow. If we, as a small business, have no way to absorb a single cost that is a significant percentage of our operating income, how can we reasonably be expected to absorb that cost annually, and in a continually increasing proportion? Our capabilities must be taken into serious account when considering this very important question.)

No one can deny that Congress, faced with the frustrating dilemma of a traffic toll with potentially fateful consequences for us all, has taken a forceful if not drastic step in the passage of the National Traffic Safety Act. The direct results in terms of a tangible reduction in accidents and injuries will be in question for some time to come, but to those of us with some measure of insight into the realities of the automobile business it is clear that one consequence of the law will be the inhibition of significant engineering innovation on the part of major U.S. auto manufacturers for the foreseeable future. This is the unfortunate case because every variation from the federally approved norm will automatically be suspect and subject to minute, expensive and time-consuming scrutiny. Automobile manufacturers find it difficult enough to induce the public to accept innovations—"Wait until they get the bugs out of it" is a familiar response to new designs. It follows that the manufacturers will be strongly disinclined to commit the millions required to develop new concepts and risk rejection at the hands of a committee of political appointees without engineering qualifications or business experience at a professional level.

The one category of auto manufacturers which could accelerate the advance of the auto engineering art are the small ones, into whose limited hands would fall the maintenance of an American foothold in the competitive field of world automotive engineering. Without such a market-testing function operating in the interests of our high volume manufacturers, America's share of the international auto market will decline even further.

The effect of the safety standards on the importation of foreign cars will strain relations with other nations who do not understand our sudden passion for safety or the lengths to which we have gone in pursuit of it. Though the major importers have initiated crash programs and most will be able to comply, several smaller foreign producers, like the small American firms, will for the same reasons be unable to export to America in the future. This is particularly unfortunate because some of the foreign victims are well known as builders of the most "glamorous" and technically advanced cars in the world. These venerable names—Ferrari, Maserati, Aston-Martin and others will no longer be available here nor will their technical influence be able to directly stimulate innovation in our own industry.

Furthermore, the trade-inhibiting law will tend to make our nation a commercial isolationist in the world auto market, restricting imports and diminishing

the salability of U.S. cars in other countries because of the expensive, troublesome and largely unwanted safety equipment for which they will be designed. Not having a knowledge of our turbulent Congressional investigation on traffic safety a year ago in which the subject of car design and the allegations of industry culpability dominated the hearings, neither foreign government officials or citizens will be able to understand our actions. Already there is a widespread belief in Europe that the standards are a U.S. device to level non-tariff restrictions on the importation of cars made outside the U.S., the French claiming that this has been done in retaliation for President deGaulle's treatment of NATO. We may be sure that foreign governments will seek and find a means of balancing the U.S. restriction of trade against their exports, which they may be forgiven for misunderstanding. Much of the loss to the U.S. in engineering influence and national image would be avoided by the passage of the requested exemption and its application to importers of less than 500 units per year.

In the opinion of many of us, the office charged with establishing the standards was given a virtually impossible assignment to administer in the short time specified by law for enforcement. It appears to us that Congress, responding to the pressures of public indignation aroused to a rare intensity, forcefully curbed the large manufacturers with an almost punitive zeal and failed to consider the interests of the small companies in the process. As the law now reads we are forced out of this particular business—and perhaps any business unless we are able to convert very quickly to other lines.

Government concepts of the realities of public relations as well as business has further penalized our company. For five years we have made special mechanical components to convert the Corvair from a normal small passenger car (and one of the best roadholding cars ever made in this country) into another type of vehicle known as a touring sports car. The reckless allegations of anti-auto-industry, non-engineers with sufficient acumen to observe that the Corvair has a rear engine and is therefore different and vulnerable, were allowed to dominate the Congressional hearings and effectively smear the Corvair name by the political method we have seen demonstrated before in Washington. The Corvair has since been exonerated in every court when its alleged "design faults" were attacked by a marauding pack of contingency lawyers, but again, in the hit-and-run, character-assassination pattern, the Corvair name has been literally ruined in the market place. Sales plummeted precisely at the time of the hearing; and are now running at approximately one tenth of normal expectations for this class of car. Not surprisingly, activity in our Corvair conversions has been correspondingly reduced.

Our limited production sports car, the Phoenix, is also based on the Corvair mechanical components and although the undetermined status of the standards has prevented us from making a commitment to production, the sales for future delivery have also been depressed by the degradation of the Corvair name. For these reasons, it may be appreciated that our alarm and predictions of calamity expressed elsewhere in this letter are to us more than hypothetical suppositions. We hope that our experience will be considered a capsule-case to be evaluated as a projection of the future of other firms in the decisions Congress will soon be asked to make.

By no stretch of the imagination will the specific exemptions we seek unreasonably endanger the public by accidents to the small number of cars involved. In numbers we are talking about three or four small companies now producing 200 cars more or less for a grand total of about 800—against a national total of 92 million!

Government regulation of business is held by many to be an almost undiluted loss to all, including the public whom it is intended to protect. The issues of this question which are fundamentally the issue of free enterprise vs. socialism, or some degree of socialism, cannot be profitably discussed in an appeal such as this despite the abundance of experience in other countries and that of our own railroads. But whatever the system, legislators everywhere are in agreement that the least law is the best law and that is what we are proposing.

Historically, government has often proved itself to be inept in its understanding and treatment of business no matter how well qualified individual legislators may have been. Contrary to policy, the decisions of Congress have all too frequently penalized small business, as our farmers know to their dismay. The across-the-board enforcement of the proposed standards on the small auto firms would be equivalent to the prohibition of another whole category of small businesses in contradiction to the recommendations of responsible economists and the frequently declared intent of Congress.

The experience of our own company is a case in point. Despite our request for a copy of the proposed standards so we might comment or evaluate the consequences to our company prior to final adoption according to the intent of the government, we had no communication from Washington until after the review and comment time limit was past. Thus we had no opportunity to present our views or our defense. When we did get a call from Washington, the official was very understanding, sympathetic and even cordial (and we believe it was completely sincere) but our company stands to be literally ruined by standards enacted without even a comment being heard from us.

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CLASSIC INDUSTRIES, INC.,  
West Palm Beach, Fla., May 16, 1967.

HON. SPESSARD L. HOLLAND,  
U.S. Senate,  
Committee on Appropriations,  
Washington, D.C. 20510

DEAR SENATOR: I received a telephone call today from Dr. Haddon explaining to me the things that are necessary in order for me to continue building cars, and that it is not essential that I have a crash test program at this time. Anyway, I can meet the requirements and live with the standards for the multipurpose passenger vehicle for the 1968 models, and we are therefore stepping up our production so as to recoup as much of our investment as possible before the 1969 models that may curtail our production.

I found both Mr. Bridwell and Dr. Haddon most cooperative in dealing with my problem.

Senator, it is hard for me to express my appreciation to you for arranging the meeting with Mr. Bridwell and Dr. Haddon, which has resulted in our continuation. It is indeed gratifying to know that we have men like Spessard Holland in the Government.

\* \* \* \* \*

Again let me thank you for your trouble and great help in this matter, which was a very discouraging and large problem but which seems to have come out well at this time.

Best wishes,

E. V. (JACK) FAIRCLOTH.

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S • S AUTOMOBILES, INC.,  
Milwaukee, Wis., August 18, 1967.

HON. SENATOR VANCE HARTKE,  
U.S. Senate, Washington, D.C.

DEAR SENATOR HARTKE: I should like to take this opportunity of thanking you and the members of your committee for the opportunity to appear at the hearings held in Washington on August 16. We have been most gratified that you and Senator Birch Bayh have been so considerate of our individual problem as a low volume automobile manufacturer.

At the time we engaged in this effort, just three years ago, we could not have anticipated the set of circumstances that were soon to confront our diminutive companies in this segment of the American free enterprise system. As Nathan Altman so ably stated in his testimony, our fears, if any, might have been the competition of the other manufacturer. However, we have carved a niche in the market place, however small, that is our own and we hold forth every hope of survival in this area with your help.

I am taking this opportunity of answering the questions which we did not have time to cover in the hearing on Wednesday. These questions were preprepared and turned over to me by Mr. Larry Cumming of Senator Bayh's office, a copy of which is enclosed.

1. Our automobile, the Excalibur SS, compares with the Avanti in one important way. We utilize the same chassis suspension, running gear, disc brakes, and general mechanical components from the previous Studebaker production and as used by the Avanti. We utilized the same General Motors Chevrolet power plant transmission and drive line. However, it is placed differently within the chassis, actually 28½" further back in the frame. This provides better balance for our lighter weight sports type automobile and contributes materially to improved handling. The car differs from the Avanti in esthetic concept. Instead of a contemporary enclosed body design, it is a replica described as follows: "The Excalibur SSK, "a contemporary classic," was created by Brooks Stevens, a collector of

fine cars and a designer of note, who has long admired the Teutonic elegance and performance record of the famous Mercedes SSK sports cars of the 1927-30 period. In the production of the Excalibur SSK, the designer and the manufacturer have combined the "dependability of today with the nostalgia of yesterday."

2. Originally I designed and built the prototype of this automobile for the International Automobile Show of New York City as a conversation piece for the Studebaker Corporation, my client at that time in the automotive field. The reception to the car was overwhelming on the part of a segment of the public and that segment of the public literally requested that the car be built. It is a safe, dependable, modern automobile with the nostalgic collector's look, making it possible for an automobile enthusiast to acquire this type of automobile with completely modern, safe performance and safety standards with the look of a restored original Mercedes of the late '20's.

3. Our vendors in some instances are other small businesses for limited production of metal parts, etc. However, major components are purchased O.E.M. from people as prominent as General Motors Corporation.

4. An extension of time would not solve our problems, inasmuch as the anticipated annual volume could never support the expensive \$200,000 testing program.

5. There is natural concern on the part of our vendors and banking connections relative to our possibility of remaining in production.

6. We will definitely comply with as many of the standards as possible. It is the extreme cost of the testing programs that is our problem under the present law.

7. We are progressing very well with the emissions standards and have been working closely with General Motors and others in this connection. One of our vehicles is undergoing the long distance tests at the moment.

8. The other day to day problems that complicate our corporate situation are primarily the ones described thus far, plus the atmosphere of uncertainty that permeates this entire small organization right down to the plant worker and personnel.

9. We are of the opinion that on the low volume annually it would be impossible to increase the cost brought on by attempting to prove the standards. Our back order position is in excess of 90 automobiles and obviously these customers could not be served in 1967 entirely. The cost increase per car would be prohibitive.

I trust that these answers will be helpful to you in your further consideration of our problem and that we will hear favorably from your efforts as soon as possible, so that we can keep our corporation healthy and alive.

I am enclosing for your specific interest and perusal a copy of my paper which I delivered to the Society of Automotive Engineers, which describes the development of the Excalibur.

Incidentally, the car and the entire effort has been well received by General Motors Corporation, whose components we use. I have had most complimentary evaluations from Mr. Henry Ford II and his executives and, of course, my own client, American Motors Corporation, has been most intrigued with its success because it demonstrates their Board Chairman, Mr. Roy Chapin, Junior's belief and that is that an automobile manufacturer can find an individual niche in the market place and produce a product for it. One of my oldest friends and client and advisor, Mr. Henry Kaiser, Senior, still has a slogan for industry—"Find a need and then fill that need."

Thank you again for your interest, consideration and efforts in our behalf.

Sincerely yours,

SS AUTOMOBILES INC.  
BROOKS STEVENS.

#### QUESTIONS FOR MR. STEVENS

1. General—how does your operation compare with Avanti's? You have a rather unique product on the market, please describe it.
2. Mr. Stevens, why did you decide to offer the car to the public?
3. Do you normally buy your components from other small businesses?
4. Would an extension of time before having to meet the standards solve your problems?
5. Has the news of your inability to comply had any effect on your current position both with respect to sales and creditors?
6. Will you comply with as many standards as possible?
7. How are you progressing on the Emissions Standards?
8. Do you have other day to day problems that complicate your meeting the Standards?

9. Do you believe that you could raise the price of your car to cover the increased cost brought on by the Standards?

AUTOMOBILE MANUFACTURERS ASSOCIATION, INC.,  
Washington, D.C., July 7, 1967.

Hon. WARREN G. MAGNUSON,  
Chairman, Commerce Committee,  
U.S. Senate, Washington, D.C.

DEAR SENATOR MAGNUSON: The Automobile Manufacturers Association would like to offer for the consideration of the Commerce Committee the following comments on S. 2029, introduced on June 27, 1967 by Senator Bayh, with Senators Hartke, Nelson and Proxmire, to amend the National Traffic and Motor Vehicle Safety Act of 1966.

I should like to make clear in the beginning that the Association understands and sympathizes with the problems which vehicle safety standards pose for small volume manufacturers of automobiles. We are in sympathy with what we understand the objectives of S. 2029 to be, that is to say, the granting of effective relief to small volume manufacturers of automobiles.

We have, however, two basic suggestions which, while consistent with this objective, might avoid some problems. They are:

1. The phrase "limited production motor vehicle" is defined in the bill as "a distinct type or model of motor vehicle, as determined by the Secretary, of which not more than 500 are produced annually by a manufacturer of motor vehicles." Under this definition, the bill can be interpreted to authorize the Secretary to grant exemption from safety standards to any manufacturer for any number of "models" which, in the aggregate, could represent total exempt production of several thousand units that would be, for all practical purposes, basically identical vehicles.

Obviously, the provision could become a loophole which could be taken advantage of by manufacturers, large and small, domestic and foreign, existing and those established later. We know of no reason why it is necessary to weaken the Safety Act in this way. We believe that effective relief can be accomplished by giving the Secretary authority to grant certain reasonable exemptions to small volume manufacturers and defining a small volume manufacturer in the bill as one who has a *total production* of 500 vehicles or less. If the 500 figure proposed in S. 2029 is, for any reason, considered too stringent on any particular small volume producer, we would have no objection if it were raised to some reasonably larger figure.

2. Similarly, we note that in its present form the bill authorizes the Secretary to grant a *permanent* exemption to small volume manufacturers. The problem, as we understand it, is that these manufacturers need time to use up existing stocks of parts and equipment, to change designs and take care of other problems.

It would appear that this problem could be taken care of by authorizing the Secretary of Transportation to grant an exemption for two or more years and, in his discretion, to extend such period for an additional reasonable time if, in his judgment, manifest hardship would otherwise result. This kind of relief would seem to us both effective in terms of the problems of the small volume manufacturers and compatible with the objectives of the safety legislation.

To say the same thing in another way: reasonable discrimination for a limited period of time against larger and more efficient manufacturers may be justified on the ground of manifest hardship on small producers. But it would seem unnecessary and undesirable, both from a standpoint of traffic safety and from a standpoint of precedent, to make the discrimination permanent.

The extent to which an exemption such as that proposed in S. 2029 would give small volume foreign and domestic producers a competitive advantage, and the extent to which the objectives of the safety program would be diluted is difficult to determine at this time. Data on total production are sketchy and in some cases incomplete. There are attached two lists of manufacturers of such cars, one foreign and one domestic, which reflect such data as we now have it. These data seem to us to suggest the need for prudence in making exemptions too sweeping or permanent.

Sincerely,

THOMAS C. MANN.

## MAKES OF PASSENGER CARS MANUFACTURED OUTSIDE OF U.S. AND CANADA (LIST MAY BE INCOMPLETE)

Make	Country	Annual production			
		Over 10,000	500 to 10,000	500 and under	No data
Abarth	Italy				X
A.C.	England				X
Alfa Romeo	Italy	X			
Alpine	France			X	
Alvis	England				X
Amphicar	Germany				X
A.S.A.	Italy				X
Aston Martin	England				X
Audi	Germany	X			
Austin	England				X
Austin-Healy	do	X			
Autobianchi	Italy	X			
Bentley	England				X
B.M.W.	Germany	X			
Bond	England				X
Bristol	do				X
Citroen	France	X			
Crvena-Zastava	Yugoslavia	X			
D.A.F.	Netherlands	X			
Daihatsu	Japan	X			
Daimler	England				X
Datsun, Nissan	Japan	X			
D.K.W.	Germany	X			
Fairthorpe	England				X
Ferrari	Italy		X <sup>1</sup>		
Fiat	do	X			
Ford	England	X			
Glas, Isar	Germany	X			
Hillman	England	X			
Hino	Japan	X			
Holden	Australia	X			
Honda	Japan	X			
Humber	England	X			
Innocenti	Italy	X			
Isar, Glas	Germany	X			
Iso	Italy			X	
Isuzu	Japan	X			
Jaguar	England	X			
Jensen	do				X
Lagonda	do				X
Lamborghini	Italy				X
Lancia	do	X			
Lotus	England				X
Maserati	Italy				
Matra-Bonnet	France		X <sup>1</sup>	X	
Mazda	Japan	X			
Mercedes-Benz	Germany	X			
M.G.	England	X			
Mitsubishi	Japan	X			
Morgan	England				X
Moretti	Italy				X
Morris	England	X			
Nissan, Datsun	Japan	X			
N.S.U.	Germany	X			
N.S.U./Fiat	do	X			
Opel	do	X			
Osca	Italy				X
Peugeot	France	X			
Porsche	Germany	X			
Prince	Japan	X			
Reliant	England				X
Renault	France	X			
Riley	England				X
Rolls-Royce	do				X
Rover	do				X
Saab	Sweden	X			
Seat	Spain	X			
Simca	France	X			
Singer	England	X			
Skoda	Czechoslovakia	X			
Standard	England	X			
Steyr	Austria		X		
Subaru	Japan	X			
Sunbeam	England		X		
Tatra	Czechoslovakia				X
Taunus	Germany	X			
Toyota	Japan	X			
Triumph	England	X			
Vanden Plas Princess	do				X
Vauxhall	do	X			
Volkswagen	Germany	X			
Volvo	Sweden	X			
Wolseley	England	X			

<sup>1</sup> Borderline situation. May be in lower group.

## U.S. PASSENGER CAR MANUFACTURERS PRODUCING LESS THAN 10,000 UNITS PER YEAR

## 500 TO 10,000 UNITS PER YEAR

Checker (Checker Motor Corp.)—Currently producing approximately 6,000 units annually.

Shelby American (American Corp.)—Producing modified Mustangs GT350, GT500, Cobra. 1967 output projected at 4,500 units, according to *Detroit News* (1/21/67).

## LESS THAN 500 UNITS PER YEAR

(The following list of makes has been compiled from miscellaneous sources. It may be incomplete. Some of the makes listed may have been discontinued or perhaps were never produced at all.)

Avanti (Avanti Motor Corp.)—Goal is 800 to 1,000 vehicles per year, according to *Detroit Free Press* (8/3/65), but there is no data to indicate that they have exceeded 500 units to date.

Duesenberg (Duesenberg Corp.)—Company now in receivership.

Fitch Phoenix (John Fitch & Co.)—Has produced about 100 sports cars using Chevrolet Corvair engine and suspension system.

Classic (Classic Industries, Inc.)—Built about 110 glass fiber body replicas of 1931 Ford in 1966.

Excalibur SS (SS Automobiles, Inc.)—Produces replicas of 1928 Mercedes Benz. Only 200 units are planned.

Cord (Cord International Distributing Co.)—*Automotive News* (5/1/67) says firm expects to produce 100 cars per month by September.

Griffith (Griffith Motors)—Built with Plymouth engine and transmission, plus body and trim from Italy. Plans to produce 10 cars a week, according to *Automotive News* (2/21/66).

Vetta (Vanguard Motors Corp.)—One a day production scheduled, according to *Automotive News* (10/19/64).

King Midget (Midget Motors Corp.) Has produced about 7,000 units since 1946.

Omega (Suspensions International Corp.)—Has purchased 33 fully assembled car bodies from Italian source.

Clark Cortez (Clark Equipment Co.)—A self-contained motor home. Production of more than 500 units in first six months of 1965 was expected according to the *New York Times* (11/8/64).

Wanderlust (Blue Bird Co.)—A self-contained motor home.

Appollo (International Motor Cars)—Italian bodied sports car powered by Buick Special V-8. Annual production of 100 units scheduled according to *Automotive News* (11/4/63).

Warrior I (Vanguard Products, Inc.)—Powered by a V-4 German engine, production was scheduled for July 1, 1964.

Valkyrie (Fiberfab-Velocidad)—Announced in *Automotive News* (10/31/66)

Centaur-CRV (Centaur Engineering Corp. and Jentzen-Miller Co.)—A sports racer mentioned in the *Detroit News* (1/13/65).

Others—*Wall Street Journal* (7/21/61) mentions, in addition to some of the above, the following names:

Crofton Bug  
Saviano Seat  
Town & Club  
XP-10  
Argonaut

AUTOMOBILE MANUFACTURERS ASSOCIATION, INC.,  
Washington, D.C., August 14, 1967.

HON. BIRCH BAYH  
U.S. Senate, Washington, D.C.

DEAR SENATOR BAYH: This will refer to an inquiry from a member of your staff concerning the Bill, S. 2029, which will be heard on August 16, 1967, by the Senate Commerce Committee.

The question asks the position of the Automobile Manufacturers Association on a possible change in the text of S. 2029 from a limitation of 500 cars produced annually to 500 cars sold annually in the United States. The Association opposes this suggested change.

In my letter to Chairman Magnuson dated July 7, 1967, which states the position of the Automobile Manufacturers Association on S. 2029, we recognized the problem facing low volume producers of vehicles in meeting safety standards and endorsed the merit of granting them effective relief. We do believe, however, that the suggested change to *annual sales* of 500 vehicles would unnecessarily dilute the safety program and would afford an exception to all manufacturers, both foreign and domestic, regardless of their annual volume of production.

Sincerely,

THOMAS C. MANN.

ALFA ROMEO, INC.,  
Newark, N.J., August 17, 1967.

Senator WARREN MAGNUSON,  
Chairman of the Senate Commerce Committee,  
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate this opportunity to submit comments on S. 2029, a bill "To amend the National Traffic Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities less than five hundred", currently the subject of Senate Commerce Committee hearings.

Alfa Romeo, Inc. is the U.S. distributor of passenger automobiles manufactured by Alfa Romeo S.p.A. of Milano, Italy. While over 90,000 Alfa Romeo cars of various types are manufactured each year, only about 2,000 are imported into the United States for sale. Of these 2,000 U.S. imports, approximately 400 have been our 4-door sedan model (The "Super"), 400 have been our GTV coupe model (The "Veloce"), and approximately 1,200 have been our convertible model (The "Duetto"). We believe our cars have been well accepted by the U.S. public, and we hope to continue supplying them to the American market.

Unfortunately, increasing pressure is being placed on us by the requirements of automobile safety and pollution standards of the U.S. Government. Without presuming to debate the necessity and desirability of these requirements, they are very costly at the manufacturing level. This is especially true if the sales base which must bear the burden of the technological changes is small. In the case of Alfa Romeo, it is only the 2,000 U.S. import models which are manufactured to comply with U.S. safety and pollution requirements, since no other country in which we sell maintains similar requirements. And as the figures demonstrate, while we are not by any U.S. automobile production standards a large manufacturer, in terms of U.S. sales we are very small indeed.

S. 2029, as now proposed, would permit the Secretary of Transportation to exempt limited-production motor vehicles from the application of safety standards which are not accident-prevention standards and to defer for up to 3 years the application of other safety standards. As presently defined in the pending bill "limited production motor vehicle" (Sec. 123(d)(1)) means "... a distinctive type or model of motor vehicle, as determined by the Secretary, of which not more than 500 are produced annually by a manufacturer of motor vehicles." (Emphasis added.)

As we understand the bill, S. 2029 proposes to give some much needed relief to certain manufacturers, both domestic and foreign, presumed to be the hardest hit by the burden of the new safety standards, by providing them either with additional time to comply with or else exemption from U.S. safety standards. The obvious reason for granting relief to this group of manufacturers is the very substantial per unit added cost borne when only a limited number of cars subject to the safety standards are produced. Unfortunately, S. 2029 as presently drafted, while welcome in its proposed relief, does not grant such relief equally as between domestic and foreign manufacturers, since in reality, what must be compared to achieve equitable comparability between domestic and foreign manufacturers is not cars *produced* but rather cars *sold in U.S.* With regard to both domestic and foreign manufacturers, it is only cars sold in the U.S. which are directly affected by the U.S. standards. U.S. exports are specifically excepted from compliance under the Safety Act (Sec. 108(b)(5)), as, of course, is non-U.S. directed foreign production. And, as previously noted, it is on cars sold in the U.S.—2,000 in the case of Alfa Romeo, comprising three distinct model types—that the economic burden of the substantial research, design, engineering and production changes required by the safety standards tends to fall, or fall most heavily.

Accordingly, we believe it would be more appropriate and consistent, in order to insure that the benefits of the legislation be granted to all manufacturers equally, if the proposed definition of "limited production motor vehicle" (Sec.

123(d)(1)) were amended by substituting for the phrase, "of which not more than 500 are *produced* annually . . .", the new phrase, "of which not more than 500 are *sold* annually *in the United States* . . .".

The ultimate benefit of such a change will be received by the U.S. public which purchases Alfa Romeo and other foreign automobiles. It is, after all, the U.S. public which otherwise would have to bear the burden of increased prices on foreign car imports. Even more important, the U.S. public would be the one to suffer if, as an unnecessary incidental effect of the U.S. safety and pollution standards, the formerly rich and wide variety of foreign car imports were further diminished. Not only would the immediate range of choice of the U.S. consumer be curtailed, but there would be a longer term adverse public impact in the reduction of healthy competition which has tended in recent years to stimulate U.S. manufacturer experimentation and creativity.

Newspaper reports such as the one attached, indicate the new Federal standards have already caused 10 foreign manufacturers to discontinue their sales of automobiles in the U.S. To this extent, the U.S. car buyer is poorer in terms of selectivity than previously. But this is only the beginning, not the end, of the trend away from U.S. sales of foreign car imports, unless there develops a greater awareness of the very substantial burdens these new Federal regulations place on limited-volume importers or foreign automobiles.

For these reasons, we sincerely hope that the Senate Commerce Committee will give careful consideration to the amendment we have suggested and make such changes as will fairly meet the problems to which S. 2029 is addressed, while, of course, preserving the general requirements for accident-prevention which the Congress has seen fit to enact.

Thank you again for this kind opportunity.

Sincerely Yours,

ALFA ROMEO, INC.  
ARTURO M. REITZ, *Vice President.*

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