

## NIXON PRESIDENTIAL MATERIALS STAFF

## Tape Subject Log

*(rev. 5/04)*

Transcript #1: Part of a conversation between President Nixon and Henry A. Kissinger in the Oval Office between 10:19 am and 10:50 am on April 27, 1971.

Conversation No. 488-15#1

Kissinger: You know these kids out here, that was a rock festival. That was the most exciting thing they could do. What else were they gonna do? That [unintelligible].

President: Oh, [unintelligible] goddamn thing didn't pass. The other thing, though, is that I, I know it's, uh, [unintelligible] some of the Senators got a littled P-Oed. They, they were [unintelligible] see what they are. I [unintelligible] you know, when you see these kids and their horrible, uh, clothes, the way they dress, the way they stink, 'n' --.

Kissinger: Well, and the way they talk. They had a demonstration against me at Woodstock, and I had to leave the back door, which I didn't like to do. But some of them got there and started banging against the windows of my car and the names they called me. [Unintelligible], "Better enjoy it, you filthy pig, we're gonna kill you," and then a lot of dirty epithets --

President: I know. I know.

Kissinger: -- not anyone --.

President: I know, I knwo, AFuck you, motherfucker [unintelligible].≡

Kissinger: And they really looked --.

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Conv. No. 488-15#1 (cont.)

President: I can imagine. It's, uh, it's, but the point is, th-, th-, the, it's not funny after a while. It's, it just gets tiresome tiresome, boring, let 'em continue it. Well, I don't know, we, we've got a long haul. So we just gotta stick our damn bloody heads in the mill again; let, let 'em chop away.

Kissinger: And I think we ought to consider a counterattack, Mr. President, when --

President: How --

Kissinger: -- this is over.

President: -- how, how, well when? When sh- --?

Kissinger: When this week or so is over.

President: Oh.

Kissinger: I wouldn't do anything while they're in town, but I --

President: Yeah.

Kissinger: -- think that --.

President: Yeah, yeah, I wonder, I just don't know how the hell to counterattack; I don't know who? - with what? - me? I go out and start counterattacking? I don't know how. What the hell do I do? Just, uh --.

Kissinger: Well, just somebody put the facts straight.

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Conv. No. 488-15#1 (cont.)

President: I said, uh, everything really that I can say. The facts --.

Kissinger: Well, maybe some of our Senators.

President: Well, they're trying. They don't cover me. Let's face it, some of 'em do try; they really have. They don't cover me.

Kissinger: Well, all I know --.

President: They didn't give coverage to that, uh, that Washington Post left out the fact that Humph-, that, uh, uh, the Times didn't even carry the story about these demonstrations in the Senate. The Post left out the fact that Humphrey had refused to clear the galleries.

Kissinger: Yeah.

President: They left it out of the story.

Kissinger: Yeah.

President: [Unintelligible] it's just, it's a violent and vicious coverage we get.

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Transcript #2: Part of a conversation between President Nixon and Henry A. Kissinger in the Oval Office between 10:19 am and 10:50 am on April 27, 1971.

Conversation No. 488-15#2

Kissinger: Because I don't think it's good for him [John Connally] to leave the country during the demonstration.

President: That doesn't seem likely for the country. I think with me, I can't [unintelligible].

Kissinger: [Unintelligible] going to the, uh --.

President: Yeah, but I'll be back.

Kissinger: Yeah. I mean, wh-, no, what you're doing is, uh, very, uh, uh, it's a very, very good point to make. I think that's a very, very good move.

President: [Unintelligible] whether I have to come back on Monday or Sunday.

Kissinger: Oh, I think Monday is time enough.

President: I, I, well if, if they're, I think if I'm back by, on the way back at the time they're demonstrating that that's fair enough [unintelligible].

Kissinger: Oh, yeah, oh, I would think --.

President: I think we can't overreact to [unintelligible].

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Conv. No. 488-15#2 (cont.)

Kissinger: No, no, no, Monday, I think as long as you're back by Monday night in fact, that's --.

President: [Unintelligible] I will be back. [Unintelligible] be doing something in California [unintelligible]. Damn these sons of bitches! They wanna pull the [unintelligible] on their heads --.

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Transcript #3: Part of a conversation between President Nixon and Henry A. Kissinger in the Oval Office between 10:19 am and 10:50 am on April 27, 1971.

Conversation No. 488-15#3

Kissinger: These kids who know nothing, who have nothing but emotion, who 'vc been pampered and spoiled all their lives think they can run amok in Washington and, uh, and, uh, I think it=s a mistake to, uh, to romanticize them for tactical reasons when they want to listen to them.

President: Yeah.

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Transcript #4: Part of a conversation between President Nixon and Henry A. Kissinger in the Oval Office between 10:19 am and 10:50 am on April 27, 1971.

Conversation No. 488-15#4

President: When you say, think, though, of taking them on y-you, you see I don't know what the hell forum I could [unintelligible] what cl-else I can do. I mean, what do we do, put out a white paper on Vietnam? Er, I can't go on national television again and say now look, here are the facts on Vietnam again [unintelligible].

Kissinger: No, but, uh, you could take a slightly sharper tone at the press conference.

President: Well, obviously.

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Transcript #5: Part of a conversation between President Nixon and Henry A. Kissinger in the Oval Office between 10:19 am and 10:50 am on April 27, 1971.

Conversation No. 488-15#5

President:      Played that goddamn veterans' thing last week, and I thought it was the most shameful, the thing was shameful, wasn't it?

Kissinger:      Oh God, considering a few hundred veterans out of millions, again this totally one-sided. No description of what the North Vietnamese had done.

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Transcript #6: Part of a conversation among President Nixon, John D. Ehrlichman, H. R. Haldeman, and Ronald L. Ziegler in the Oval Office between 10:55 am and 11:08 am on April 27, 1971.

Conversation No. 488-15#6

Haldeman: Mitchell, for what it's worth, thinks you should not come back.

President: Oh, why?

Haldeman: But he doesn't feel strongly about it if you announce today that you are out. He very much doesn't want you reacting to the demonstration.

President: Well, I'm not.

Haldeman: And he feels it's basically better for you not to be here than for you to be here, but he doesn't feel strongly about it and he feels that if you stay the day, you better get back [unintelligible].

President: You better get Ron, tell Ron to announce it this afternoon.

Haldeman: John, John's, it's not Ron but John's, uh --.

President: Well, if you want to take a little more time to think about it, let Ron announce it this afternoon. You [unintelligible].

Haldeman: I think, I think you do; I think, an' Mitchell, as I said, he, his original view was --.

President: I don't give a damn, frankly.

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Conv. No. 488-15#6 (cont.)

Haldeman: I think you are better to come back.

Ehrlichman: I would draw the line and not see anybody from this operation under any circumstances at all.

President: Oh, these people?

Ehrlichman: Any --

President: Oh.

Ehrlichman: -- anybody associated with this, the delegation of [unintelligible].

President: I thought incidentally, I thought incidentally, we got [unintelligible] on the right line this morning. Didn't you think? I don't want these Cabinet officers to be permissive on this.

Ehrlichman: Yeah.

President: I mean we can't go [unintelligible].

Haldeman: [Unintelligible] from what I hear exactly [unintelligible] Kleindienst [unintelligible].

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Transcript #7: Part of a conversation among President Nixon, Lide Anthony Iacocca, Henry Ford II, Ronald L. Ziegler, and John D. Ehrlichman in the Oval Office between 11:08 am and 11:43 am on April 27, 1971.

Conversation No. 488-15#7

President: Well, anyway, uh, I want to say first that, uh, on this subject that I'm glad to have you come in and, uh, talk about it. And let me introduce it by, by tr-trying to tell you what I know about it and what I don't know. And then I want to hear directly from you and you can talk to me in complete confidence, I can assure you. And John is a lawyer who says nothing.

Unknown: [Laughs]

President: He damn well better not!

Unknown: [Laughs]

President: Uh, but, uh, my views in this field, I'm just telling you my personal views. Uh, and, Henry, you will not be surprised at this, but, uh, we, uh, [unintelligible] tells me about, uh, the, uh, the, uh, uh, these backgrounds and so forth, but he, he may be surprised, but....

[Unintelligible] views are, are, are frankly, uh, whether it's the environment or pollution or Naderism or consumerism, are extremely pro-business. Uh, we are fighting, frankly, a delaying action in many instances. Uh, we're fighting a delaying action due to the fact, now let me, let me separate two things out: there is pollution. We all know that. You can fly over various places and you can see the stuff in the air. Maybe, there are safety problems, I assume. [Unintelligible] I think they're greatly exaggerated, but there are some. But where

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Conv. No. 488-15#7 (cont.)

there is pollution and where there is safety, the general principle that I believe in is that, well, then we'll do the best we can to, to, to, to, to, to, uh, eliminate the toxins. But we can't have a completely safe society or safe highways or safe cars and pollution-free and so forth. Or we could have, go back and live like a bunch of damned animals. Uh, that won't be too good, either. But I also know that using this issue, and, boy, this is true. It's true in, in the environmentalists and it's true of the consumerism people. They're a group of people that aren't one really damn bit interested in safety or clean air. What they're interested in is destroying the system. They're enemies of the system. So, what I'm trying to say is this: that you can speak to me in terms that I am for the system.

Unknown: Right.

President: Uh, uh, I, uh, I, I try to fight the demagogues, uh, to the extent that we can. Uh, I would say this: that I think we have to know that, uh, the tides run very strongly. I mean, you know, the, it's the kick now. You know, the environment kick is in your ads, of course. You're reflecting it. Kids are for it and all the rest, they say. Uh, the safety thing is the kick, 'cause Nader's running around, squealing around about this and that and the other thing. And so out of all this sort of thing what we have to do is to get beyond that: one, to do what is right to do, and then, second, what we, having determined what is right to do, we have to determine [unintelligible] we can do, and having in mind the political problem that we have, I mean, down in the Congress, in the things they will pass and the things that they will ask us to do. So, uh, it's, uh, with that in mind that's, that's, that's the background. Now, tell me the problems you've got with, uh, the industry, with the Department of Transportation, and all these things and let me listen. As [unintelligible].

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Conv. No. 488-15#7 (cont.)

Ford: Well, I'd like to say first, Mr. President, that, first, we appreciate your taking the time to see us [unintelligible].

President: [Unintelligible].

Ford: We fully understand your time is very limited. Uh, we, I have, have seen all these people: Ruckelshaus and Goalby [sp?] and particularly Thomas in the DOT,...

Unknown: Toms.

Ford: ...so we don't want to have anybody feel that, you know, we're trying to go over anybody's head.

An unknown person entered at an unknown time after 11:08 am

President: Would you like tea or coffee?

Ford: Not a thing.

President: Or coke?

Unknown: Nothing.

President: Right. I'll have tea. [Unintelligible].

The unknown person left at an unknown time before 11:43 am

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Ford: Uh, so, we have, ah, the best we can, tried to keep as close as possible. We even set up a special office down here with engineers so that they can be right next door rather than having to come to Detroit and all that kind of thing.

Secondly, I don't think, uh, we want to talk to you today about emissions. It's very political. Uh, it doesn't hit pollution, pollution. It's very political. We lost seventy-three to nothing, uh; you know, Mr. Ruckelshaus has just come in. Lee's already been in to see him. He's had this big, uh, hearing, uh, the first part of next month. Uh, we would somehow from Mr. Ruckelshaus and how he, uh, runs his test procedures, uh, if he can help us a little bit, we can probably meet the '75 schedule. We hope we can, we're not sure we can. '76 is gonna be impossible because the requirements've been [unintelligible]ed, and we can, uh, fill in more of the details in this because I haven't, uh, been down in the nitty-gritty in the whole thing.

I think the thing that concerns us more than anything else is this total safety problem. And, uh, what we're worried about really, basically, is--this isn't an industry problem--is really the economy of the United States, if you want to get into the broad picture because, uh, we represent the total automotive [unintelligible] supply, industry supplies, dealers, dealer [unintelligible] the whole bit, about one-sixth of GNP. Now, if the price of cars goes up because emission requirements is gonna be in there, even though we, though we've talked about this morning, safety requirements are in there, bumpers are in there. And these things are, and that's leaving out inflation and material costs increases, which are also there. We think that the prices of cars are going to go up from next year through '75 anywhere from a hundred dollars to, up to maybe seven or eight hundred dollars in the next four years because of the requirements that are being, that's leaving out the inflation, which we don't need to discuss...

President: Right.

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Conv. No. 488-15#7 (cont.)

Ford: ...with you this morning.

President: That's a problem, too.

Ford: That's a big problem, but we can't do anything about it.

President: This, this is another, and all this will be reflected in the Consumer Price Index and so forth, even though you're, uh, you're buying a hell of a lot more car, presumably. But, uh, I see, it--it is. In other words, it'll, it'll kick up the price of cars and of all of them, the, the inexpensive ones and the others, too.

Ford: [Unintelligible] we see the price of a Pinto, which now sells for nineteen hundred and nineteen dollars going something like fifty percent in the next three years with inflation part of it, but that's not the big part of it. It's the safety requirements, the emission requirements, the bumper requirements. Now, us, what we're really talking about? We're talking about trying to put some sense into the Trans-, to DOT and how they go about doing their business. Now, they've been in business for, since '66, supposedly. And, uh, they've had problems, we understand that. But, uh, the cost-effectiveness of what they ask us to do has got to be important. And, uh, they, uh, they are asking us to do things that, uh, in our opinion, are driving our people up the wall because they don't know what to do, and, secondly, they ask us one thing this week and then they cancel that and send us out another direction the next week. They've got bumper standards for '73; they've got different bumper standards for '74; they've got, uh, air bag standards. All of these things, uh, the only thing that we want to try to, to, to talk to you about this morning is the fact that these things are all going to cost money. If these prices get so high that people stop buying cars...

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President: Um-hum.

Ford: ...they're gonna buy more foreign cars; you're going to have balance-of-payments problems....

President: Right. I'm convinced....

Ford: Granted, the foreign [unintelligible] have got to do the same thing, but they're doing it at a wage rate that's half [unintelligible].

President: I know, I know. Sure. Uh, what is, uh, let's talk a moment about the procedures. How do they come in? Do they have hearings on these sort of things at the DOT? And then they issue an order and it's [unintelligible] in the executive register. That's about all I know about it. Now, you understand, I haven't approved any policy on it...

Unknown: Oh, sure.

President: ...yet, but I'm gonna to take a look.

Iacocca: Well, [unintelligible] you directly, Mr. President. They do, they, they have a, a rule-making procedure. And they promulgate these, and the law ha-, gives us sixty days to respond to a rule they put out. After that sixty days they hear from everybody, foreign manufacturers, the Big Four here, and then they put out a standard. Then you have sixty days to decide what you want to do about that. And once it becomes a standard, uh, we're approaching one right now. In fact, on Monday morning, we will in all probability--I'll tell you honestly 'cause our meeting isn't 'til Thursday this week--but our lawyers and engineers too--we have

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[unintelligible]--we will go to these, uh, court of appeals. We will have our first major confrontation for real this time. Uh, we've had threats before, but, uh, this brings up this whole issue of, uh, how important is safety. Uh, it's, uh it's a case we're going through, it's not a fad. We...

President: Right.

Iacocca: ...didn't have to kill fifty people on the highway. But I, I feel that, you know, we worry about inflation, and we should, 'cause it's eating us up alive right now, and in the next few years, we feel, it's still gonna be bad, as far as our labor contracts are concerned, our materials....

President: Particularly your labor...

Iacocca: Right.

President: ...[unintelligible] that you already [unintelligible].

Iacocca: And then, then environment next. Pollution, as Mr. Ford indicated, uh, I'm not dismissing inflation and pollution. I'm worried about two things: uh, I'm worried about the, the fact the Department of Transportation, not willfully but maybe unknowingly, is really getting to us. They are not only [unintelligible] of our industry--the, the law has been on the books six years now--through a prior administration, I've been coming down, I used to talk with Dr. Hatton [sp?]. And, and the new group says what he said six years ago, "Well, we're new, and we had trouble staffing with good people,...≡

President: Um-hum.

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Iacocca: A...and, uh, but we'll get around to it.≡ And I keep saying, AThe clock is running and we are wasting money.≡ It, it just kills me to see it starting with Ford. We are becoming a great, inefficient producer, what they're doing to us. And without getting into all the details, what they're doing is taking, I think I should say it this way: as tough as you made the '75 standards, for '75, remember when we had the environmental pollution meeting here...

President: Yeah.

Iacocca: ...eighteen months ago...

President: Yeah.

Iacocca: ...with you.

President: Yeah.

Iacocca: '75 seemed tough, and your '80 standards at least gave us a carpet. They're nice but sometimes Mr. Muskie and others, and you know,...

President: Yeah.

Iacocca: ...we got into it, well, why go through it? They're not....

President: [Unintelligible] yesterday. Right.

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Iacocca: But now, we're gonna try to do '75. But the good thing you can say about emissions is, give and take some changes in procedures and the like, that Mr. Ruckelshaus knows what his problem is. And he's on top....

President: He has, he hears, uh...

Iacocca: Yes. Well,...

President: ...responsibility there?

Iacocca: Yes. He, uh, and that law is written so that he is on the spot. He is in a dilemma.

President: Yes.

Iacocca: I think his last words to me as I left his office were, "If you come up with any solutions you might want, please give me a call.≡ And what it is, uh, he is given only one year...

President: Um-hum.

Iacocca: ...to establish for every manufacturer in the world--whether they exercise good faith--and he can give 'em a one-year respite from '75 to '76 if they show good faith. The reason I went to see him was how they determine good faith.

President: Um-hum.

Iacocca: And he....

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President: He [unintelligible] in terms of his....

Iacocca: Yes, the National Academy of Sciences could help him, but he says, AI am the judge.≡ I said, "Well, I got, I got a budget for you." It's a tough job, because do you mean to tell me that he will have to decide each individual's good faith and decide on that basis whether to give 'em a one-year moratorium? And he said, AWell, yes." I said, "Well, you're going to end up with fifty different standards for fifty different manufacturers. And here's your dilemma: Ford may not be best, but we'll be at least first or second best because we think we have our hand on how to lick this pollution problem.≡

President: Um-hum.

Iacocca: AWell, you can't take us 'cause you'll outlaw everybody else. You can't take the low, least common denominator. Do you mean to tell me that Fiat, who will appeal≡--we've heard already, it said, AWe won't even put six or seven percent of our [unintelligible]...

Unknown: [Coughs]

Iacocca: A...over there.≡ So when you consider our resources and our sales in the US, uh, in order to show whether we exercise good faith or not, well, we said, "Well, I'm gonna go see." I think he said the att-, [unintelligible]...

President: Yeah.

Iacocca: ...'cause I realized that the guy who does the best job under this law will probably be penalized most. So there's no incentive.

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President: Hum.

Iacocca: So he knows that problem, Mr. President, but, but the point is he's having hearings on these things the seventh.

President: Yeah.

Iacocca: I think they will work with us on the technical level, as they should be, early enough to probably, uh, get very close to meeting the intent of the law for '75 and with some degree for '76.

But now take safety. It's six years old. I don't know what the national priority is for safety. But the bureau has no idea what their priorities are. So they keep saying, AWell, uh, we're hot on passive restraints.≡ And of course, we say to 'em, AWell, why did you get hot now? That's another law, but you haven't done much since '66 on the Highway Safety Act. You've done it on motor vehicles.≡ But now, with all this time passing, they're saying put in an air bag. They're saying get the bumpers better. By the way, I [unintelligible] to indicate that we're dragging our feet. We're, we've gotta make our bumpers better because they're rather fragile today. But we know that. The consumer wants better bumpers, and he wants lower insurance costs. But they have [unintelligible]....

President: I wonder about the, [unintelligible] the bumper thing when they're talking about collisions at two-and-a-half to five miles an hour. [Unintelligible] other words, when people are stopped, the, the speed of the automobile is....

Iacocca: This is parking lot damage. You see,...

President: I see. Oh, yes.

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Iacocca: ...the Department of Transportation,...

President: [Unintelligible].

Iacocca: ...Mr. President, with all due respect for them, they, they don't like this bumper craze that's going on, led by the insurance lobby of the United States. And [unintelligible] because they realize that the more we concentrate on property damage...

President: Yeah.

Iacocca: ...the less we may be concentrating on saving life and limb, which was the intent of the act.

President: Yes, I get it.

Iacocca: You see?

President: Right. This is parking lot, of course, bumper, uh, the, the, this isn't going to be taken any, any accident where somebody bangs another car. Now I would think at twenty-five miles or forty miles an hour you're gonna [unintelligible]...

Unknown: [Unintelligible].

President: ...you're gonna break your neck probably. So what it's gonna really do is to get at these, only these collision/loss ratios. Well, they've been [unintelligible]. I get your point. I think [unintelligible]...

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Unknown: [Unintelligible].

President: ...and I understand it now. Go ahead, go ahead.

Iacocca: And even then, of course, it's not to, uh, we got about thirty percent of the [unintelligible] we claim because our total insurance costs today, and no-fault will be a big part of this, I guess, at some point in time.

President: Yeah.

Iacocca: We have thirty percent of our property damage and, and our bumpers will help that. Uh, like our best estimate today is thirteen dollars a year. I'm in a position, I say to Mr. Ford, now no way I'm going to have to give 'em a fifty dollar bumper and he's gonna get thirteen dollars in value, [unintelligible] thirty-nine dollars, he's got eleven dollars, and you've got an uglier car and we're in trouble. But that's consumerism for you. You can't fight everything at one time, you see.

President: Yeah. [Unintelligible].

Iacocca: So we're gonna get the bumper problem licked, although DOT, again, has [unintelligible] the states. If you are in the position of pleading with some agency, uh, federally, to take over, 'cause we've got about thirty states with different laws...

President: Right.

Iacocca: ...and to do thirty different cars...

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President: Yeah.

Iacocca: ...well, you couldn't do anything.

President: Yeah, yeah, yeah, yeah.

Iacocca: But their point has been, well, when we write our standards we must write >em, the law says, the safety law doesn't say you're to work on property damage, so all of their tests are designed to give you a bumper standard in order to protect hood latches and lights. And some of them, when they see the implication [unintelligible], which is a little far-fetched, but nevertheless, that's the way it's written. But I think for the basic safety standards, now, the key officials over there--I've talked to 'em now, for, you know, two years constantly....

President: Um-hum.

Iacocca: ...and they're dedicated--and they say, AWell, we're gonna get on to this, but we've had problems.≡ And they talk about Naderism, and, uh, you know, the,...

President: Yeah.

Iacocca: ...the great pressure on them and so forth.

President: Yeah.

Iacocca: And I said, AWell, I want to introduce one thing now.≡ We've got a--they haven't told us yet--overall, like we, we don't wanna short clean air. It may be '78, it may be '80, it may be '76...

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President: Yeah.

Iacocca: ...but we gotta do that.

President: Yeah.

Iacocca: And you know what the costs of that will be. But on this area of safety, we don't know whether we're trying to cut the, uh, carnage on the highways from fifty to twenty-five....

President: Um-hum.

Iacocca: Somebody made a speech on that, but we're gonna cut it in half, which is a rather broad objective...

President: [Unintelligible]

Iacocca: ...you see. Or they say, AWe want...

President: Yeah.

Iacocca: ...we've got a car by 1980, at 50 miles an hour, head-on, we want to walk away from the crash."

President: Oh, now, [unintelligible].

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Iacocca: Well, you see, but now they're writing standards that are twenty miles an hour. Now [unintelligible] us. They're writing 'em twenty but they're saying, "By '74 be ready for test procedures that will take 30 mile." Well, just like bumpers at two and a half create a lot of damage; at twenty to thirty forget [nintelligible]. We're trying to package the, the customer, the consumer here, the citizen and make sure that he isn't injured.

Ehrlichman: Is this Toms's outfit that talks to you about this?

Iacocca: Right, right. Now.

President: He's very, he's the DOT man.

Ehrlichman: The DOT man.

Unknown: [Unintelligible].

Iacocca: I've been in the office of Secretary Volpe a number of times on this.

President: Yeah.

Iacocca: Uh, being real candid with him, I think that they have said in the Department of Transportation that we are dedicated to passive restraints. The citizens of the US must be protected from their own idiocy, so we will put in a sophisticated device that will blow up on impact and package him in an air bag and save their lives. Well, we agreed that work has to be done in this area. But look where we are: they have, this is law; this is the law of the land, now, for 1974.

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President: By regulation?

Iacocca: By regulation. They have said....

President: The air bag?

Iacocca: The air bag. Well, they can modify it. See, actually, for sixty days to tell 'em. You know, just last week, I don't mean to be facetious [unintelligible] told a baboon we [unintelligible] any cadavers...

Unknown: [Laughs]

Iacocca: [Unintelligible] on a '74 car, but, you see, we're--our lead time, Mr. President, we're finished with our '72 cars. So anything we do at the last moment to tear 'em up are fixed investments that,...

President: Yeah.

Iacocca: ...well, you're using big numbers, but we have already sunk two hundred and forty million into the safety area. And we have on our cars today a hundred and fifty dollars of, I don't say all gadgetry, 'cause the steering columns, I think, are saving lives, the collapsible column and the like, but the shoulder harnesses, the headrests are complete wastes of money. Every hundred dollars of, uh, those kind of, well, let's call it [unintelligible] that we put on, we have no doubt that it saves lives. Every hundred dollars is a billion dollars a year to get to the safety problem. Now, we already have at retail a hundred and fifty dollars in the car. What we have in safety right now on our books through 1973 into the air bag area is about the four hundred-dollar level on a car. Now, true, maybe we will be real

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good at it and get it down ten or fifteen percent, but it's gonna be very expensive. But DOT is making speeches right now saying that up 'til now they've only put eighty dollars in their cars. Well, we [unintelligible] definitions right. We've put in one fifty. We can prove it to 'em. But they say it's eighty, okay? But they say, in quotes--they said it in newspapers, they're gonna [unintelligible] a speech Mr. Toms made--. "Another fifty dollars will clean it up. Which [unintelligible] another fifty dollars; it's another two hundred and fifty dollars, which is five times what he's saying. Which gets me to the crux of it: there is nobody, I mean nobody, whether I talk to Muskie, whether I talk to, uh, uh, someone, uh, uh, Secretary of, uh, Transportation, that ever wants to talk to me as a businessman about costs. And I say, ABut we're in the same business as you are. We are not sure what the consumer will demand, and there are certain things he'll never demand,≡ like a clean exhaust pipe. ASo for the good of society you need laws to force people to do this.≡ But they've gone beyond this. We don't think that's, they're charging, under the law. We don't think it's that political, and we think when we have inflation on top of pollution, and you can see that safety has really killed all of our business, and it is really [unintelligible] everything [unintelligible]. We're not only frustrated, but, uh, we've reached the despair point. We don't know what to do anymore. Except we're booking numbers--these aren't betting on the [unintelligible]--we're booking these numbers. And I would predict to you that our Pinto will be closer to three thousand dollars in '75 than it is to two thousand now. And in 1990, if - we haven't deterred the Japanese, at three thousand the ballgame's over. We, we can make what I think, uh, our dynamic, uh, viable auto industry into a sick industry.

President: Um-hum.

Iacocca: Now, that's my viewpoint, but I'm, I'm working on '75 cars now.

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Conv. No. 488-15#7 (cont.)

- President: You, you can't, you mean, three thousand would be your low price?
- Ford: Oh, yeah, yeah, our lowest.
- Iacocca: See, we, we have projected now fifty percent increases. If we do that, just think of what's happening now. Uh, the Pinto car is doing fairly well. The reason we're underpriced General Motors by a hundred and fifty we, we decided to make all our transmissions and axles and, uh, engines entirely overseas. So we have the benefit of low-cost components. Now we're bringing 'em in at nineteen nineteen. Volkswagen is sold out. You can't get one. You've got to wait in line for one. Even now, with our car, our [unintelligible] priced now.
- Unknown: [Unintelligible].
- Iacocca: We're competitively priced with them. But the Japanese are underpricing us a hundred, too.
- President: With what? With their Toyotas?
- Iacocca: Toyota, Datsuns. Mr. President, we came from a meeting in Toronto. I was just telling Pete Peterson here. He went through it. And, and you know the number. Ninety-one percent of all radios today in the US are from Japan, ninety-one percent of our total radios [unintelligible], car radios. Well, I say, AWell, it can't happen here,≡ I keep saying to myself. We're up to fifteen percent foreign cars when we've given them our best shot at nineteen nineteen Pinto, using German componentry to do that. We had to stop 'em. On the West Coast--California, primarily--year to date, about twenty-seven percent of all cars are foreign. In Vancouver, it's up to fifty; Toyota outsold all Ford products in Vancouver.

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President: Yeah.

Iacocca: And, and, and ya say, AWell, what has this to do with safety?" Well, it has one big thing to do with it. They are gonna put whatever is demanded by law in this country on at a buck fifty an hour, and we're, we just cracked seven dollars an hour. So their, their pollution standards surely have to meet 'em, but it favors them because they're smaller cars and we'll just have to be competitive and make smaller cars. But, overall, if we dare think of a thousand dollars, I'm hopeful that, by the way on, on our [unintelligible] when we say inflation...

President: Um-hum.

Iacocca: ...[unintelligible] our, our [unintelligible] labor, material costs [unintelligible], it might be six percent increase a year. Uh, maybe we can offset about three in productivity, let's say four in the market we're in now, and you would have, uh, implied, uh, price increases of, uh, seventy-five dollars. Well, we just went through the crunch, as you know. We, we raised them an average of two hundred and eight dollars this past fall, you know, mostly from inflation.

President: Yeah.

Iacocca: Now, if inflation abates, what safety is doing to us is gonna make inflation, in my opinion, look like child's play because the consumer, he doesn't care whether it's inflation, all he knows is, "I'm a working man,≡ and Ford, who might have pioneered in this area, of all people, is gonna price themselves clear out of the market and we're gonna be in trouble. Well, I, I don't want to over-overstate this to you, but...

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President: No, no.

Iacocca: ...I have a feeling...

President: Yeah.

Iacocca: ...that the auto industry--I'm only speaking for Ford--...

President: Yeah.

Iacocca: ...price stability at a point, we are in a downhill slide, the likes of which we have never seen in our business. And the Japs are in the wings ready to eat us up alive. So I'm in a position to be saying to Toms and Volpe, AWould you guys cool it a little bit? You're gonna break us." And they say, "Hold it. People want safety." I say, "Well, they, what do you mean they want safety? We get letters [unintelligible]. We get about thousands on customer service. You can't get your car fixed. We don't get anything on safety! So again, give us a priority.≡ We cannot carry the load of inflation in wages and safety in a four-year period without breaking our back. It's that simple, and, and that's what we've tried to convey to these people.

President: Right.

Iacocca: Now, we're gonna go to court Monday, in all probability...

President: Who'll you take it up in court with, uh?

Iacocca: Well, you see, uh, according to the law our sixty days are up on,...

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Conv. No. 488-15#7 (cont.)

President: On what matter?

Iacocca: ...on the air bag.

President: Oh.

Iacocca: It's called, it's called Regulation 208, Passive Restraints. They were...

President: Well, now, this is a, you mean that the Department of Transportation issues an order, and that brings you to court?

Iacocca: No, they, they [unintelligible]

President: [Unintelligible] a law [unintelligible]?

Iacocca: Yes, under the Motor Vehicles...

President: Unintelligible] before.

Iacocca: Yes, but, we didn't take it to court. They backed off. This is about three years ago. But the Motor Vehicle Safety Act says they will promulgate a rule. Uh, they will say, uh, AWe want at thirty miles an hour for an air bag to be deployed at, uh, you won't be, you know, touched, you won't be injured," let's say. And a, by the way, we have seventy of those proposals out there right now. Can't, you can imagine, seventy contradictory, conflicting proposals that we can change our total car.

President: Yeah, yeah, yeah. To save gas.

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Iacocco: Do, this, this is our, our key problem. But to answer you, Mr. President, the, we had sixty days. See, they, they, they on November third said, AHere's what we'd like you to do.≡

President: Um-hum.

Iacocca: Sixty days--we went to January third--we replied and said, AWe can't do it."

President: Um-hum.

Iacocca: Forget cost-effectiveness, [unintelligible], feasibility, time, and so forth. Okay. Then the end of sixty days, from January third to March third, said, AWe heard everybody, but now, here is the standard." Then the law says you have sixty days to say you can meet it or to appeal your case to the Circuit Court of Appeals. And that's the way this law is set up. Now, you know what DOT said to me? AWell, if you≡--this man had nerve to say to me--≡you should try to get the law changed" because the language is so restrictive, done in '66, when maybe it was a little emotional in '66 at the time, uh, politically. And that they can't even do what they think is good business, which is to say, "Ford, you have to change all twelve of your car lines at the same time, in a given year, because we know it creates havoc with you, and it's very inefficient, very expensive." But it's true; they can't make exceptions. They can't give us, it seems to me they should prioritize what they want done to save lives. They should say, "Ford, now we'll give you three years to phase that in, so you can do a third of your car at a time, and you can start being cost-effective.≡ But there's no such language in the law, except it said that they shall be reasonable in their approach to costs. Well, that's long lost. You see, the law's six years old and, and they just said, AWell, uh, we've got a lot of pressure on us.≡

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President: Yeah.

Iacocca: So this is what's really, I think, the, the load that's breaking our back. I would say that the way it is, inflation in wages might make prices rise twenty to twenty-five percent in [unintelligible] years. I think we could, I think we could, we could stand that in this country, even though it seems high because it still makes a gap between you and the Toyota and the like. But we are now projecting, uh, price increases between fifty and fifty-five percent. I can almost predict this fall's price increase for you. And, and the fall of '72, because of emissions and safety and inflation again, I think we'll be at the, uh, very close to two hundred dollars a year for two years now...

President: Um-hum.

Iacocca: ...in the next two years.

Ford: The thing is we have for '72 to '75 an increase of four hundred and thirty dollars on the human costs on just safety and emissions, so we've got a big problem.

President: Let me, uh, let me say that the, uh, I understand that under the procedure now that we have [unintelligible]. John knows the, the, the, the DOT, uh, issues these orders under the law and then they've got to get them. Now what, what presidential authority's involved in, in, uh, uh, only the authority of reviewing what the DOT does?

Ehrlichman: Right. I take it that the department could suspend its order right now if...

President: On what, which?

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Ehrlichman: On the, on the air problems.

Iocacca: On behalf of the thing for Monday, I checked this out with our lawyers,...

President: Um-hum.

Iacocca: ...and they could say, uh, because of further evidence or we want continuing discussions, they could suspend it and not force one or more court action on Monday. That we know could be done under the law. Uh, I will say this: [unintelligible] use your name, Mr. President. They said, AWe would like you to-- to me on the telephone--we would like you to take this one to court. And I said, very openly, AYou mean...

President: Really?

Iacocca: ...you are trying to put the burden of your shop into ours?" And they said, AWell, you know, we have p.r. problems, too. And I said, AWell, we, we don't want any confrontations in court.

President: Yeah.

Iacocca: "We'd like to argue this out, privately with ya. They said, AWell, enough time has passed that... Hey, they [unintelligible] for '72, which was ridiculous. Now that they made it to '74, their public posture is, with the Naders and the like, that they let us off the hook. I said, AWell, '74's ridiculous. It's just you started so low. He thinks he's giving us a two-year respite now when in fact it still insoluble; we can't do it. So they say, AWell, why don't you go to court? And I

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[unintelligible] pre-judge what the court will do. I think with the evidence we have, they'll probably say, AWill you reconsider it, please?≡

President: Um-hum.

Iacocca: But with the clock running it means that we couldn't handle between now and '74 directions from the fall of '73, and they'd just say, AGuess what? You only lost a couple of big cars.≡

Ehrlichman: How much of a modification in your model is an air bag? I don't know the technicalities of this.

Unknown: Unintelligible].

Iacocca: Oh, [unintelligible] I don't want to [unintelligible].

Unknown: Unintelligible].

Iacocca: I have a [unintelligible] on the book, John, right now.

President: [Unintelligible] on the damn thing. [Unintelligible].

Unknown: [Unintelligible].

Iacocca: We have, we have [unintelligible].

President: [Unintelligible] the silly thing.

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Unknown: [Unintelligible].

Iacocca: We have a hundred [unintelligible] right now on tests, and guess what? At the last minute we got cold feet. We pulled out an explosive charge because we can't get a volunteer at Ford to drive one.

President: Yeah.

Iacocca: And we were, we were forced...

President: The thing we've got, the thing we have to do, let me, uh, let me say, uh, I, I'll, let me take a look at the whole, uh, John, what I can do here. But the other thing is I want to see what the hell the department is doing in the future.

Ehrlichman: Right.

President: And we've got to have, now you [unintelligible], John, as you know, as the head of the Domestic Council. Now, you take the responsibility of getting Volpe and, and, and Golan [sp?], he charges around, of course, because he's got all this heat, you know, makes him a big hero, uh, to be in. And [unintelligible] wants to be a hero, you know, and be for this group or that group or the other group. But he's a decent fellow. But point is that I'd just like to see [unintelligible] that's causing it. The other thing is that, uh, uh, if you, you have the time, uh, some time on, either on this trip or on another one, I'd like for you to--maybe you've already done this--to sit down with Peterson [unintelligible] and tell him, just fill him in, take a few minutes, as you have me, on your competitive situation with the Japanese and what is going to happen if you continue on the emission, inflation, and safet...

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Ford: We've had a whole policy book on this...

President: Well,...

Ford: ...and we have set down and put 'em on a screen presentation. We've already given it to Paul McCracken last summer.

President: Yeah, well, Paul, I know, is very familiar with your industry, but Peterson now is the head of this investment economic policy thing, and he's, we had, uh, a lot of reading. But it would be worth, just let him hear exactly, you know, uh, uh, uh, exactly as you presented it in terms of how decisions we make may make our industry noncompetitive with the Japs. I can see that, as we have these damn gadgets, and the [unintelligible] light on the seat belts is enough.

Ford: Yes.

President: Uh, I say...

Ford: [Unintelligible].

President: ...[unintelligible] the whole thing. Not on my car, never.

Unknown: [Unintelligible].

President: Never.

Unknown: [Laughs]

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President: Never. I'll [unintelligible].

Unknown: [Laughs]

Ford: The dealer's not allowed to take it off. That's another thing, 'cause then he's in violation of the law, too, you see, so you...

Unknown: [Unintelligible]

Ford: ...take it to an independent garage. He can do it.

Unknown: Yeah. [Unintelligible] car.

Unknown: Next thing [unintelligible] cars.

President: Look around and, uh, and, and, baby, baby bug-buggies. I know. It's, uh, well, I shouldn't express, I shouldn't pre-judge the case, and I will not. And that's what counts. I'll...

Unknown: [Unintelligible]

President: ...have to look at the situation, and I will on the air bag thing and the rest. And, uh, and, uh, but, but I think this is an element that had, you see, goes beyond the DOT because it involves America's competitive position, it involves the health of the economy, uh, it involves a lot of things. I mean, now, maybe we can get along this year and maybe next year. But then the next year, because you're, you say that right now you're making up your '74 models?

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Ford: Oh, they're already in the can.

Iacocca: They're just about canned.

Ford: [Unintelligible].

President: That's the way it works?

Unknown: Yeah. [Unintelligible].

Unknown: [Unintelligible].

Ford: I think there are many things in DOT, Mr. President...

President: Um-hum.

Ford: ...that could be done if industry [unintelligible]...

President: Um, like....

Ford: ...that you could do by, you know, just callin' 'em up. I'd just say, AWell, let's get some...≅

President: Yeah, yeah, yeah.

Ford: "...cost-effectiveness...≅

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- President: I want to find out, I want to find out what the situation is, is, cost-effectiveness is the word.
- Ford: That's right.
- President: [Unintelligible]. I don't care whether it's environment. Now even on that one, of course, I, I, I mean, I mean, I may be in the minority here, and I think maybe you [unintelligible] impression [unintelligible]. We all feel that's the problem. You realize the problem. The industry's doing a whole lot in the environment field, I mean, in, in the pollution field. Emissions you call them. Uh, the, the question as to whether, whether that '75 kick is, uh,...
- Unknown: [Unintelligible] we'll abide by its standards.
- President: There's a law, but notice the law requires, I'm simply saying, John, there the law has moved, and that shows you the problem I said that we are not dealing here with just what I believe...
- Unknown: [Unintelligible].
- President: ...and what we want to do for the industry and the rest. We all want to do the right thing. The question is doing the right thing at the right time and in a [unintelligible] way...
- Ehrlichman: Right.
- President: ...rather than doing it in a revolutionary way, too drastic a way, that will just throw the baby out with the bath water. That's what you prob-, that's the problem.

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Ehrlichman: Do you, do you feel that there's any balance in the government's approach to this; in other words, is, is the industry represented at any point within the government in the environment thing? We have some balance, because the Department of Commerce gives us a...

President: Yeah, [unintelligible].

Ehrlichman: ...a, a sort of counterweight.

Unknown: Right.

Ehrlichman: How...

Unknown: [Unintelligible].

Ehrlichman: ...how, is there any of that in the safety area?

President: You have, uh, is there an industry council or anything?

Ford: There's a big [unintelligible]...

Unknown: [Unintelligible].

Ford: ...set up by the act when it was originally passed.

Ehrlichman: [Unintelligible] advisory [unintelligible].

Unknown: [Unintelligible].

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Unknown: [Unintelligible] advisory [unintelligible].

Unknown: [Unintelligible].

Ford: But, no, I'd have to [clears throat]. I guess that's maybe one of our problems.  
There is...

President: [Unintelligible]. What were you getting down to?

Ford: [Unintelligible].

President: [Unintelligible] an individual basis.

Ford: You, you try to....

President: [Unintelligible] the whole industry don't stick together on this, the Dodge, GM, Ford, naturally Chrysler [unintelligible] this. I mean, the point is that when you really came down to it, is that, uh, [unintelligible] the [unintelligible] while one might be able to do it, the problems of all are really involved here. Down the road, if you continue in this kick...

Unknown: Right.

President: You see, what it is, too, is that we are, we are now becoming obsessed with the idea that...

Unknown: Um-hum.

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President: ...a lot of, what, what it really gets down to is that, uh, [unintelligible], uh, it, it is, uh, [unintelligible] progress, [unintelligible] industrialization, ipso facto, is bad. The great life is to have it like when the Indians were here. You know how the Indians lived? Dirty, filthy, horrible.

Unknown: [Laughs]

President: Well,...

Unknown: [Unintelligible].

Unknown: Thank you very much.

Unknown: [Unintelligible] appreciate [unintelligible]. [Unintelligible].

Unknown: [Unintelligible].

President: Now, John is your contact here [unintelligible].

Unknown: All right.

President: Naturally, uh, Paul, of course, has been, but John just on DOT things [unintelligible]. And, uh, let me see the Volpe thing.

Ehrlichman: All right.

President: [Unintelligible] and, uh, particularly with regard to this, uh, this air bag thing. I, I don't know, I, I may be wrong.

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Unknown: [Unintelligible]. Thank you.

President: I will not judge it until I hear the other side.

Unknown: [Unintelligible].

President: Thank you.

Unknown: [Unintelligible].

Unknown: I appreciate [unintelligible] this. [Unintelligible]. Oh, [unintelligible].