

STATEMENT OF JOAN B. CLAYBROOK, ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCE, HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE, CONCERNING AUTHORIZATIONS FOR AND IMPLEMENTATION OF THE NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT, AND THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT, FEBRUARY 26, 1979.

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before your Subcommittee today to discuss authorizations for the National Highway Traffic Safety Administration, our performance over the last year, and our plans for the future. I would first like to congratulate you, Mr. Chairman, on your election to head this important consumer subcommittee. With me today is Howard Dugoff, Deputy Administrator of the NHTSA.

With automobiles the basic transportation system of this country, the public needs and wants cars to be efficient, available, and not unnecessarily harmful. In a survey carried out for the Department last May by Peter D. Hart Research Associates, we found that nearly three out of four people rate "safety and safety features" as being of major importance to them in deciding what car to buy. Interest in safety (72 percent) was topped only by cost (85 percent), gas mileage (77 percent), and repair record (75 percent). These important consumer issues are high priorities for the agency.

## SAFETY

In any society, one of the basic tasks of Government and the legal system is to protect the public from hazards over which they have no effective control. In our society, where the sanctity of human life has the highest value, we have countered the inherent hazards of automobiles with safety performance standards, defect recall responsibilities, and grant programs to make the highways and drivers safer as well.

Motor vehicle crashes are the greatest killer of young people in this country, the largest single cause of paraplegia and epilepsy, and are conservatively estimated to cost the public 40-plus billion dollars a year. Although the GAO has estimated that motor vehicle safety standards through 1974 had saved at least 28,000 lives (a figure now about 50,000 lives), we have seen the rate of fatalities-per-million-miles grow between 1977 and 1978 for the first time since the inception of the Federal auto safety program in 1966. Fatalities have increased in 1978 to 50,145 from 47,876 in 1977. Increased use of motorcycles without helmets, the sharp increase in light trucks and vans which do not incorporate many safety features, and some increase in the speeds traveled on the highway are among the principal causes underlying this tragic reversal of trend. We are

vigorously pursuing programs designed to counteract it, including an extension of the applicability of passenger-car safety standards to light trucks and vans.

In accordance with the President's Executive Order 12044, we have been closely scrutinizing our regulatory activities to catalogue their benefits and thoroughly analyze costs. The foresight of Congress in 1966 was clear in calling for analysis of our rulemaking as a decision-making tool. Since the beginning of our program, we have addressed those areas where the standards would have the greatest benefit, and our standards have, in fact, had substantial payoff. Of course, it remains immensely difficult to put a price tag on the benefits of motor vehicle safety regulation, most importantly the value of human life. Our approach is to quantify to the extent possible the economic and other consequences of our standards, both costs and benefits as a decision-making tool.

Of the \$60 million in authorizations we are seeking for 1980 one of the major items is the National Center for Statistics and Analysis which is designed to provide us as well as the industry and the public with a statistically sound projection of the extent and nature of highway accidents. Much of this information is used to evaluate and to substantiate the benefits and costs of safety standards. Sixty percent of this

program is funded under the Vehicle Safety Act. The pilot phase of the Center's National Accident Sampling System is complete and we are expanding our data collection teams from 10 to 20 in fiscal year 1980. The NASS will provide us for the first time with a nationally representative, statistically valid measure of highway accidents over a range of crash severities. Such information is critical to choosing the most beneficial performance standards.

Secretary Adams has underlined the importance of basic motor vehicle research in a recent challenge to the industry, academic, and the government research establishments to take major steps in automobile innovation by the turn of the century. Refinement of existing and commercially utilized technologies will bring us the "socially responsible" automobile of the 1980's. What concerns the Department of Transportation is generation of the new innovations in technology that will allow us to have the personal mobility of private automobiles for the foreseeable future without unacceptable burdens of safety hazards, pollution, and excessive fuel consumption which increases in cost as the price of gasoline rises.

We have therefore opened a dialogue with the automotive research community on new propulsion, powertrain, and fuel systems, and on vehicle structures and materials to advance

the nation's policy of reducing dependence on imported petroleum, consistent with improved highway safety and air quality, and continuing freedom of personal mobility at reasonable cost. Our first meeting, held in Boston two weeks ago, made clear that these subjects must be pursued to fulfill our transportation needs for the 1985-2000 period. Secretary Adams concluded after hearing from three panels of experts that mileage in the range of 40 to 50 miles per gallon is realistic, and that the effort should be made to accomplish this goal.

At this time, the government's long-range basic research effort is based primarily in the Department of Energy, where about \$100 million is spent annually on advanced automotive propulsion systems. While impressive, this funding will not do the job alone, and industry and the academic communities must make contributions to achieve our goal.

To advance the state-of-the-art for production through the 1980's, the Department of Transportation is spending from \$4 to \$6 million annually on a research safety vehicle program. Four and a half million would be spent in fiscal year 1980. Begun in 1974, this research program has resulted in several vehicle designs, which should be finished this Spring and demonstrated worldwide to encourage advanced technology in mass-produced vehicles.

The large RSV concept incorporates state-of-the-art features that could be adopted by the industry today, resulting in a safer, more fuel-efficient full-size sedan than is presently mass produced. This LRSV should provide 27.5 mpg, along with crash protection and emissions levels that meet or exceed all standards on the books for the 1980's. The smaller Calspan RSV provides equally impressive features which are adaptable immediately to mass-production techniques, including fuel economy of 28 to 30 miles per gallon. The Minicars RSV is a more advanced design, which is constructed to crash safely up to 50 mph and achieve a fuel economy of 32 to 34 miles per gallon.

Our request for \$60 million in fiscal year 1980 will also permit us to develop important new safety standards for side-impact and pedestrian protection, and extend other standards to cover light trucks and vans. The upgrading of Standard No. 208 for passive restraints is proceeding on schedule. The Secretary's rule issued in June 1977 has been reviewed by the U.S. Court of Appeals for the District of Columbia Circuit and upheld in every respect. We have remained in close communications with the automobile manufacturers and suppliers, reviewing their development efforts in upgrading occupant restraints. Passive belt systems already in mass production have been providing great life-saving performance, and we expect to see some air-bag-equipped 1981-model full-size sedans even before the rule takes effect.

Judicial review of Standard No. 121, Air Brake Systems, was completed in October 1978, and two major requirements were set aside: the 60-mile-per-hour stopping distance for trucks and the "no lockup" requirement for trucks and trailers. Secretary Adams and I have decided to initiate rulemaking toward a new standard to replace the remaining requirements of the existing one. An ANPRM was published February 15th soliciting views on this approach, and a public meeting was held in Ann Arbor, Michigan, last week. This rulemaking will be promulgated only after planned testing and after obtaining and considering the views of all interested parties on what would be appropriate requirements.

A second ANPRM will follow shortly that would separately outline any longer-range initiative that might be appropriate for more advanced technology such as antilock systems and automatic brake adjusters. We do not expect this action to be completed in the near future.

Our 5-Year Plan, first published last March to afford both industry and the public a view of our priorities and obtain their reactions, is a continually evolving document. It will be periodically revised based on public comment and in response to continual changes in the motor vehicle safety field. For instance, we have added a motorcycle priority area to try and stem the alarming increase in motorcycle fatalities. We intend to issue the revised plan shortly.

As already indicated, our major safety priorities are for side-impact and pedestrian protection, extensions of requirements to light trucks and vans, and braking.

The authorizations will also permit continuation of our valuable defect recall program. In the largest cases concluded this year, 7.5 million Firestone 500 tires still on the highway, out of a total 14.5 million produced, are being replaced, due to thousands of accidents in which 41 people died and 125 were injured. One and a half million 1971 through 1976 Ford Pintos and 1975 and 1976 Mercury Bobcats are being recalled because of the vulnerability of their fuel tanks to rupture in rear collisions. Thirty-three fires, involving 31 fatalities and 25 injuries, were associated with this safety related defect. Seventy-five thousand Toyotas have been recalled for heater hose replacement due to 17 injuries in which hose ruptures released scalding water into the passenger compartment. One-hundred-thirty-three thousand AMC vehicles were recalled because power steering hose was routed too close to the exhaust manifold and twenty-two fires resulted when the hose burned through.

Substantial funds are necessary to discover defects and then compile the comprehensive evidence we need to carry a case all the way through court, when necessary. We spend \$1.7 million for automobile defect testing, field investigations, and surveys, and for surveillance of manufacturers' recall campaigns.

## CONSUMER INITIATIVES

Americans not only expect and want their automobiles to be safe but also efficient, comparatively inexpensive to operate, and resistant to unnecessary damage. The automobile is the second largest investment most families make, and costs the average car owner nearly \$2,000 a year to own and operate. The Motor Vehicle Information and Cost Savings Act has advanced the consumer's valid expectation for a car that is worth its price.

The 1981 through 1984 passenger car fuel economy standards, in conjunction with the Congressionally mandated 27.5 mile-per-gallon standard for 1985 and thereafter, will mean that consumers will enjoy up to a \$500 net cost savings over the life of their cars, light trucks, and vans. The fuel efficiency standards will further aid the consumer by relieving inflationary pressures on the dollar abroad due to the trade imbalances induced by petroleum imports. Currently it is estimated that these standards will significantly reduce demand for gasoline -- by 15 percent in 1985, for example.

We have three major fuel efficiency issues now pending before us. They are (1) whether to slightly lower Model Year 1981 standards already in place for light trucks and vans in response to a Chrysler petition, (2) whether to revise either up or down the passenger-car standards already

in place through 1985, and (3) what the standards should be for light trucks and vans in model years 1982 and thereafter. As Secretary Adams said in Boston, the loss of the Iranian oil supply is a graphic reminder that energy supplies are not assured, and that increasing fuel prices will make these standards increasingly more beneficial. He stressed, of course, that a final decision on our response to the outstanding light-truck petitions must await full consideration of the comments received.

The U.S. Court of Appeals for the Sixth Circuit has affirmed for the second time the Uniform Tire Quality Grading Standards we issued in 1975. This means that the consumer will have comparative traction, treadwear, and temperature resistance grades on all bias tires manufactured after April 1, 1979, and all bias-belted tires manufactured after October 1, 1979. We shortly expect to establish an effective date for radial tires as well. Cutting through the jungle of confusing claims and puffery in tire merchandizing should significantly improve the consumer's ability to obtain value for the price paid and cut into price increases for tires generally. This can only help to hold down inflationary effects in the retail market.

We are working to make the consumer ratings provision of the Cost Savings Act a reality. We have appointed new personnel to the effort who are attuned to obtaining useful, attainable ratings on crashworthiness and repairability,

rather than the more esoteric research-oriented goals pursued in the past. We know that meaningful ratings are difficult to generate, but expenditure of more of our attention and funds, while focusing our efforts narrowly promises a real potential payoff.

This Committee's hearings on auto repair and our study of the subject have made clear that expense and waste attend automotive maintenance and repair. We issued a study in May 1978 that estimates \$20 billion in unnecessary costs occur annually, which is bound to fuel inflation. Part is due to bad design in the first place, and part of the responsibility is the consumer's for ignoring or neglecting maintenance requirements. Part of the loss is attributable to the repair industry, for performing unneeded, inadequate, or faulty repairs.

Based on our Title III experience, one remedy that meets this problem head-on is periodic motor vehicle diagnostic inspection. Diagnostic inspection programs are feasible, effective, and publicly acceptable. The successful Missouri Auto Club program is now being duplicated by Pennsylvania's Keystone Auto Club. The costs of automobile operation can be reduced significantly by a properly conducted diagnostic program. We found in our Title III demonstration inspection projects that inspected vehicles

have better safety equipment, deliver better mileage, and emit fewer pollutants. Together with the FTC we are managing a contract to make a more accurate determination of unnecessary and inappropriate repairs discovered in our demonstration project.

We concluded that the Federal government can best assist consumers by providing them and their State and local governments with the tools to effectively represent their own interests. Also, we see a Federal role in suggesting means for States and localities to find the capital to put diagnostic inspection stations in place. There is, of course, already a way to establish pilot efforts beyond Title III -- under section 210 of the Clean Air Act (authorizing grants to develop and maintain emission inspection programs), and our Highway Safety Act (for similar grants for safety inspection purposes). These approaches all fall within existing authorization and budget arrangements and thus have a good chance of realization.

Odometer fraud in the United States continues to be a multi-million dollar rip-off of the consumer. In a significant number of used-car sales, the seller unfairly overcharges the buyer by underrepresenting the vehicle's mileage. Title IV addresses the problem by requiring the transferor of a vehicle to disclose what he or she knows of the vehicle's true mileage to the transferee. New

requirements and simplified forms have been put in place to improve the program. For instance, we have adopted a shortened form so the States can include it in their titling documents. Auto dealers now have to retain the statements for four years, so that there is a record on which to base enforcement actions.

Our two investigators have uncovered widespread violations of the odometer law along the East Coast. Guilty pleas and convictions have resulted from enforcement actions taken by States and the Department of Justice in the Northeast. We expect that our small staff will be able to increase the effectiveness of Title IV by continuing to bring patterns of significant violations to the attention of consumer fraud and other sections of state and local enforcement agencies. Additionally, the private right-of-action is being used by injured individuals to collect treble damages independent of any governmental enforcement action.

The consumer bumper standard went into effect last September. Phase I prohibits any damage to the vehicle, other than the bumper itself, in 5-mile-per-hour barrier and pendulum impacts front and rear. Phase II comes into effect next September and will limit damage to the bumper to small amounts that most consumers would choose not to repair. As a result, the cost and inconvenience of repair should be spared the consumer for low-speed impacts.

At the direction of the Senate Appropriations Committee, we performed a re-evaluation of the appropriateness of our standard in relation to other damage or impact levels that might save the consumer even more.

In late January, we sent a preliminary report to the Senate Appropriations Committee members which indicated that, with any of the technologies chosen, the present performance requirements provide substantial net benefits to consumers over the lifetime of a vehicle. At the same time, it is not at all clear that the 5-mph standard results in the greater net benefits to the consumer than a lower-speed standard. We are now issuing a Federal Register notice requesting comment on our analysis, on Houdaille Industries' study on the same issue, and on related studies in the field. We are also conducting crash testing that will better quantify the damage that occurs and is mitigated employing a variety of bumper designs and materials.

Before we make specific changes, the statute dictates that we be certain of the safety, for pedestrians as an example, and other consequences of any change. Also, the effectiveness of bumper standards are greatly dependent on the bumper design chosen by the manufacturers.

In addition to these substantive accomplishments, we have improved the consumer participation process at NHTSA. Our Hotline and our town meetings throughout the

United States have been a great success, letting us know better what truly concerns consumers about automobiles, and informing us of specific problems and defects being found by the driving public. In Oregon, for example, a resident pointed out a safety defect that resulted in a recall.

Financial assistance to individuals and groups that are otherwise unable to participate in our administrative proceedings has also proven a real advantage to the agency. We are obtaining a wide range of views on our rulemaking, for example, that were never as well documented before. In our child restraint rulemaking we funded the Action for Child Transportation Safety group and obtained extremely useful recommendations from the ultimate consumers of these devices. We expect to continue this beneficial program in more proceedings to further involve the public.

#### CONCLUSION

The purpose of Federal motor vehicle performance standards is to assure the production of vehicles that embody socially desirable attributes -- safety, fuel efficiency, clean exhausts, and damage resistance. The standards we issue are explicitly designed to achieve the highest payoff to these ends. But the standards produce other benefits as well. They have helped increase the competitive

position of U.S.-made cars in the domestic and overseas markets. Regulatory programs have also spurred the development of many new industries that have contributed to the GNP and to employment.

The regulations I have discussed also contribute to the long-term control of inflation by curbing economic expenditure that makes no contribution to our social and economic well-being. Repairing people and cars that have been unnecessarily injured or damaged in crashes contributes to inflation. Importing excessive amounts of petroleum degrades our international balance of payments, leading to a devaluation of the dollar that further feeds inflation. Thus, our regulations help to reduce significantly energy and hospital costs, two of the four most significant factors in the inflation fight.

Every gallon of gasoline saved in motor vehicle transportation reduces the pressure to import petroleum. By 1985, passenger car and light truck fuel economy standards now on the books will save more than 15 billion gallons of gasoline annually, as reported in our recent Annual Report to Congress on Title V.

Thus, we remain firmly convinced that the statutory directives set forth in the Vehicle Safety and Cost Savings

Acts contribute vitally to the safety, health, and well-being of Americans, and deserve to be pursued with as much support in the future as they have been to date.

This completes my prepared statement. I and my colleagues would be pleased to answer any questions you may have.