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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

DATE:

TO:

FROM:

2nd Round

Gary Waxman. OMB
NHTSA.

CAFE - Take out CAFE. Misleading +
trying to establish legis.

CAFE on safety has been negligible or
beneficial.

① Aggregate impact on CAFE. Based only
on the physics. Large car's - small car acc. but -
large car safer.

② Why not strengthen the safety characteristics
of small cars? The regulatory constituency.
Subject smaller cars to tougher standards

③ Key argument in repealing CAFE.
to separate rulemaking. CAFE's impact on
types of cars being sold is negligible.

In the future, CAFE won't have an
impact.

Written ruling that CAFE had no
impact. None that NHTSA could determine.

Japanese small cars much less safe than US small cars. GM has been leader in developing soft interiors, etc.

Large car running into wall generates a lot of energy. Design of car matters. Crashability does not depend.

Accident - you are safer if you have a large car, but you are better off if the other car is a small car.

1800 hg	1973 hg. Cadillac. went to 1400
900 hg	modern, very small car.

So the example is misleading.

Even before CAFE, you had smaller & larger cars.

Tim McOral will have to make the call.

Send clean copy. ~~as soon~~ as soon
as I hear from Erika.

313 - 764 - 2552

Marty - tax increase too high?
How do we know.

Exposure measures uncertain.

Passive seat belts are cheaper
than air bags.

Some of tort stuff could be clearer.

Should be clearer that strict liability
reduces incentives to take care.

p. 28 - Other factors may have
led to decline in pollution. Technical
prog.

Acid Rain - add that risks of waiting
are small.

Put ~~the~~ bubble in incantation 4.

DOT

1. 1st major policy problem.

Continues to have concern that major aspect of DOT program to enforcement. That is contradictory to DOT policy.

Push to move sensible enforcement

Take discretion away from judge & juries. No choice but for certain criteria.

1984 law - 20 states have qualified.

They don't believe they will be killed. This is what traffic

2. Concern about self-inflicted harm.

"Intoxicated or drunk" and alcohol-involved.

~~Intoxicated or drunk~~

MADD - more of an outrage when an innocent is killed.

Safety belts. - No data relating
Safety belts to income. With teenagers,
Oh. ~~Model of the correlation can~~
~~found~~ With low income, doesn't
exist. Know nothing about teenage
seatbelt use. Can go backwards from
deaths. "Lower," not non-existent.

"laws meeting certain criteria."

34, p. 12, Can't verify. #1's
not comparable.

p. 12. 2 sanctions in the law.
~~the~~ one is 100%. Any posted @ higher
than 55.

2nd. only 10% of funds lost.

CAFE

Litigation over this.

~~A~~ Last yr., CAFE didn't work well.

To the extent that CAFE...

Other edits.

Litigation by Fred Smith. Challenged 87-88 where ~~reduced~~ reduced to 26. Dealt with this in preamble. In context of any given yr. or two.

We could ~~say~~ say that other ~~causes~~ causes of smaller cars, e.g., oil prices.

Would accept something like their previous draft. So, they are worried about what they would

- (1) Orient towards past, not the future.
 - (2) Market not only CAFE.
-

Ref. to the Exec. Order. Prefer to an Executive Order. Strongly prefer the Exec. order.

Litigation people. on Appellate Staff.

We should go through Becky.

Check with Gramm + OMB on whether
the CAFE repeal ~~should~~ more has been
publicly announced.

Until there has been peer

Rm 3228

have a higher fatality risk.

2nd 9

Bill Bowley.  448-9742
Director of Statistics.

Studies showing for single-vehicle crashes,

- ① Copies of studies on vehicle size vs. death rates. Send messenger to DOT.

Not a lot of difference in ~~crash rates~~ injury.

2 files. National Crash Severity Study.
Natl.

80-81-82.

Single vehicle accidents only, 3 diff
wt. classes

Small
≤ 2400

.18

Med

.17

Large
≥ 5000

.17

NAS file.

.11

.14

.14

AIS 3 + greater. Have fatalities in them.
Severe injury + greater or killed.

Page 1 Life expectancy - Post letter to ed.
Health Section

Page 6 Smoking tobacco leaves is
the largest single source, etc.

Pg. 20 AIDS drug AZT - extended the life
of some AIDS pts.
use allowed only for pts. who
met certain criteria (I think 2)

Pg. 22 #3 "not borne by parties other ...",
such as taxpayers,

Pg. 21. last line. vs. Pg. 23 last line.
are they going to quit or are they
going to stay for just the risk
may get them more money.

p. 24 first sentence can cross my eyes &
cause steam to exit ears.

p. 25 4th # doesn't prove anything.
Has a slur quality. Anything that
varies from 9 to 40% doesn't prove anything.

Ted Barrett 377-2101

"Contrib. negligence" - if there is fault on the part of the plaintiff, he's out. Tort doctrine, not an economic point. "Contrib. negligence" was quite harsh.

In some states, if more than 50% comparative fault, "you're out."

44 states are comp. fault states.

He says it doesn't

p. 15 - Strict liability does not expand liability. Cannot courts embrace - this was in the precedents.

Not accidental injuries, but injuries from a defective product. (As long as there is strict liability.)

Don't think there is a growing trend towards no-fault liability.

Lots of complaint in the DOJ original Report. Being reworked now.

Law in all states, follows Restatement of Torts 2nd. But there have been instances of slips. When jury comes in with no-fault, courts themselves will overturn.

Defense costs have gone up. Lawyers more expensive. Transaction costs problem.

There is proximate cause when the product has a defect.

Joint + several - reasonable doctrine. Doesn't know if being ~~also~~ abused or not.

TORT REFORM

No evidence that tort reform will increase the cost of insurance. Florida - ~~ins. cos.~~ ins. cos. say that Tort Reform will not reduce costs. Doesn't think it's a fact.

Don't agree on J+S.

Last Q - doesn't think it's right. Just doesn't agree. Not right to think the Am. people go out & injure themselves.

CPSC - 2 million product-related accidents in a yr., 40,000 product liability claims. No claim & no suit. Where there is a claim, there is usually some kind of defect. ER accidents.

Navazio - FDA

p. 19, letter. to avoid reliance on ineffective products.

p. 32.

900 kg - 1986 Chevette
1800 kg - 1986 DeVille
2400 kg - biggest Cadillac &
Pontiacs before 1976
700 kg - Beetle.

Varies 2 dr - 4 dr.

Not as a whole less safe.

① Jack Campbell - some new lang. for biotechnology section. Factual rather than substantive.

② General comment: What is linkage between specific cases. Q. is less of a direct linkage than what might be seen.

Linkage from early text less than clear.

Look on p. 29. Intro the issues.
Control of ER. Following are X cases.

Eary Woxman OMB.

382-4335 - Jack Campbell.

3084

Ant Fraas - OMB.

1/8/86

CAFE - Claim it isn't so. Even though smaller car hitting big car isn't safe,

Contrary to DOT's public position. They are in litigation.

V-P task force materials - No reference

Bernley made a public finding that there is no safety effect for CAFE.

What are sources for the CAFE

p. 5 - what is meant by perfect consistency.
~~not~~ "As a practical matter..."
Not attainable
Drop the desirables.

Rick Theroux - raising drinking age shifts the fatalities 21-24
Journal of Legal Studies of this year. This study found a shift.

It on the fact that govt. activity is a hodgepodge.

Broader comment - We have studies.
Makes it seem more like ~~a~~ a tract.
~~Not~~ Not as clear ~~that~~ that it's
real studies. E.g. OSHA.

X7340
Gary Waxman. @ OMB. DOT Desk Officer.
(1) Small cars found safer.
(2) DOT has made a different
finding. CAFE hasn't made any ~~difference~~ ^{difference}

<CEQ>

Last #34] The hypothetical risks associated with genetically eng organisms include ~~unusually~~ ~~and~~ unforeseen effects on plants, animals and humans.

A consideration is, the difficulty of controlling the spread of an organism whose harmful effects are discovered only after introduction. By analogy, a small percentage of non native species introduced into the environment have had harmful effects such as kudzu and gypsy moth.