

Paul: Here is the situation: the desired change in the warranty - from 5 years/50,000 miles to 18 months /18,000 miles - is already contained in the House version of the Clean Air Act amendments of 1976. It will probably not be necessary for you to speak for this amendment. The real danger is that the

Baker/Buckley amendment (Section 209 of the Senate version), which calls for prepayment of major emission parts will be

adopted. This would result in giving the automobile manufacturers and their dealerships a monopoly on mufflers and other major replacement parts. This market is \$5.5-7 billion over the next ten years. The independents' worry is that when cars are taken back to the dealers for emission work, the dealers will also do brakes, tune ups, etc., which would be disastrous for the independents. Consequently, you should speak against the Baker/Buckley amendment. Note that the issue here is the performance warranty, or more precisely, the substitute for the performance warranty which Baker/Buckley constitutes. There is a 5 year/50,000 mile manufacturer warranty against defects which is unaffected by all this.

It is possible that the Baker/Buckley will not be offered. While you may still want to speak in favor of the 18 month/18,000 amendment, there is probably no reason to stick your neck out. Nader is already hot on this issue, and while I have no reservations about taking this stand, there is no point in stirring up trouble with the environmentalists.

FLOOR STATEMENT

We have heard arguments that the Baker/Buckley (or whoever introduces in the House) will ensure manufacturer compliance with the emission standards contained in the Clean Air Act. In fact, Sections 206 (a) & (b) and 207 (a) which ensure manufacturer compliance with the standards of the act are unaffected by any change in the performance warranty. In addition section 207 (c) which allows the EPA to order a model recall if it finds substantial non-compliance with the 5 year/50,000 mile standard provides a strong incentive for manufacturer compliance.

We have also heard that prepayment for muffler replacement and the replacement of other major components of the emission control system will encourage automobile owners to maintain their emission control systems. In fact, the Buckley/Baker amendment will do nothing more than dictate when,

and where replacement parts are paid for. Rather than paying for the replacement part when it is installed, it will be paid for at the time of the purchase of the automobile, and at whatever price the manufacturer chooses to set. Since the amendment requires the replacement fee to be paid to the dealer from whom the automobile is purchased, there will be no price competition among the dealers, but rather a fixed, industry-wide fee.

Further, it may be argued that while this monopolistic arrangement will cost automobile owners somewhat more than open market choice of service, it will, at least, guarantee that the emission control systems are optimally maintained by those who know the most about them, the manufacturer dealerships. Unfortunately, this has not proved to be the case.

On July 21 of this year, EPA Administrator Russell E. Train wrote a letter calling on the automobile manufacturers to take appropriate corrective action because of the large percentages of their 1975 cars which exceed the Federal Emission standard for carbon monoxide. Citing evidence that the failures ~~are typically~~ were not due to design defects in the emission control systems, Train said, and I quote, "Since new vehicles are typically maintained by the dealer that sold the vehicle, it appears that such maladjustment must, to a large degree, have occurred in new car dealerships." And please note, that this adjustment is not only mandated by law, but also is covered under the manufacturers' warranty.. It hardly makes sense to thrust still more business on the manufacturers, creating a financial windfall for them, when we have such a small expectation that we will be promoting compliance with the standards of the Clean Air Act.

The Baker/Buckley amendment then, neither promotes manufacturer nor automobile owner compliance with the standards set by the Clean Air Act. What it does do is give the manufacturers a \$6-10 billion monopoly of the aftermarket over the next ten years, depriving automobile owners of choice in maintaining their vehicles, and very likely, costing the owners substantially more money than they would have paid in the open market. And with all this, looking at past performance, they will not be getting satisfactory service, and we will come no closer to ~~having~~ having clean air.

I strongly urge that we reject this amendment,