

Letters

We welcome letters from readers, particularly commentaries that reflect upon or take issue with material we have published. The writer's name, affiliation, address, and telephone number should be included. Because of space limitations, letters are subject to abridgment.

Appeal for Meals-on-Wheels

TO THE EDITOR:

Michael Balzano, in his "Putting the Skids to Meals on Wheels" [*Regulation*, September/October 1979], carefully explains the dilemma that the private nonprofit voluntary home-delivered meals programs have inadvertently found themselves in. As the article makes clear, initially it was the intent of Congress to create a separate authorization for home-delivered meals in order to help expand existing private meals-on-wheels programs (many of which have waiting lists and no funds for expansion) and to establish new programs where there was a need for them. However, when the draft regulations of the Administration on Aging were published in the *Federal Register*, it became clear that the private sector had lost out: a key provision states that "the area agency may only award funds for home-delivered meals to a service provider that also provides *congregate meals*" (emphasis added).

It was Balzano's article that informed meals-on-wheels volunteers across the nation of the problems they would face in dealing with the Administration on Aging for the needed and expected funding. Citizens from all over this country have been contacting their representatives in Congress to request help in protecting the private nonprofit voluntary programs and in securing for them the federal aid so badly needed if they are to feed the homebound (who might otherwise be institutionalized, most probably at federal expense). Many congressmen, in turn, have contacted the National Association of Meal Programs (NAMP) for information on

home-delivered programs in their own districts. Congress is now in the process of turning these proposed regulations around: a "technical amendment" introduced in the House of Representatives would allow funding to go to those programs that do not also serve congregate meals.

It should be possible in this great nation to find a way to fund and thereby preserve the approach that has contributed so richly to that greatness—the approach of nonprofit voluntary organizations. In defending private meals-on-wheels efforts against the regulators, Dr. Balzano helps to defend that approach.

Lois M. McManus, President,
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Driving Chrysler into the Ground

TO THE EDITOR:

When the assumptions on which public policy are based turn out to be wrong, it would take uncommon good luck for the results to be beneficial to the public interest. As Messrs. Clarkson, Kadlec, and Laffer point out in "Regulating Chrysler Out of Business" [*Regulation*, September/October 1979], present automotive regulatory programs—particularly those related to energy conservation—are disproportionately costly to Chrysler and have certainly accelerated the pace of that company's long-term downward plunge. But the lessons are much broader.

During the period in 1974 when the Energy Policy and Conservation Act was being formulated, three critical assumptions were made about improving the fuel economy of passenger cars and light trucks.

(1) It would be technologically easy. In other words, there was a lot of "fat" on these vehicles as then constituted that the automakers could squeeze out.

(2) It would be inexpensive. Advisors to the Congress calculated that the incremental capital invest-

ment required to improve average fuel economy 40 percent by 1980 would be on the order of \$1 billion for the entire automobile industry.

(3) It would create new competitive opportunities for the smaller companies in the industry.

The third assumption is, of course, the most ironic. It arose from the belief of some influential individuals, Ralph Nader among them, that the seemingly frozen, oligopolistic structure of the automotive industry was caused by the propensity of that industry to compete in terms of product cosmetics, a competitive arena in which the marketing resources of GM and Ford would always give those companies unchallengeable advantages. A concept such as CAFE (corporate average fuel economy) which was embodied in the legislation would, in their view, change the terms of competition from cosmetics to technology. This, they reasoned, would help smaller companies like Chrysler by permitting them to bite off major gains in market share through innovation.

All of the three assumptions have proven drastically wrong. The technological aspects of preserving the interior space and other amenities of the larger vehicles, the so-called family-size American car which has been the major profit generator for all domestic automakers, has been difficult. The capital investment requirements have been literally "off the charts" and will continue to rise progressively; capital outlays for a major new car program such as the GM X-body compact and the Ford subcompact Erika approximate \$3 billion each. And we have all seen the competitive impact on not only Chrysler but Ford as well.

Interestingly, this existing regulatory structure cannot, under the most favorable of circumstances, cut U.S. passenger car fuel consumption by more than 1 percent a year in any year. Even more interesting, the entire CAFE approach was suggested in 1974 by the domestic automakers themselves, who proposed it to the Congress as a wholly voluntary program.

Despite all of the misjudgments at the start, the unsatisfactoriness of the regulatory policy was clearly visible by at least mid-1978. Rather than reexamine the situation then, those charged with public responsibility in this area simply dug in their heels and turned their backs on the emerging facts.

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