June 12, 1956

The Honorable Herbert H. Lehman  
Senate Office Building  
Washington, D. C.

Dear Senator Lehman:

I am taking the liberty of writing to you concerning a pending legislative proposal because I am convinced that, if enacted, this measure would have serious adverse effects on the automotive industry, the consuming public and the general economy.

I refer to S. 3946, sponsored by Senator Monroney, which is now under consideration by the Senate Interstate and Foreign Commerce Committee. An identical measure, H. R. 11500, has been introduced by Representative Priest and is before the House Interstate and Foreign Commerce Committee.

The Monroney-Priest bill would subject automotive manufacturer-dealer relationships to close and detailed supervisory regulation by the Federal Trade Commission. The Bill imposes restrictions on automotive manufacturers of a kind not imposed on any other manufacturing industry. It would load onto the manufacturers virtually the entire commercial risk inherent in normal retail selling operations. It would completely destroy the traditional initiative of the automobile dealer. It would disrupt the basic pattern of automotive distribution.

Under this legislative proposal the Federal Trade Commission would be injected into the day-to-day business operations of our industry. Our selling efforts would be impeded. With decreased sales, our unit costs would be increased, thereby causing all buyers of new cars to pay
higher prices. Thousands of suppliers would be adversely affected; employment in our industry and many allied fields would be reduced, and the national economy would be harmed.

In my opinion, there is absolutely no justification for singling out the automotive industry for regulation of this type. Every automobile manufacturer fully recognizes the importance of sound dealer relations. Policies to this end are continually under review. Within recent months the Ford Motor Company and other automotive companies have voluntarily made numerous important changes in policies affecting these relations and to the benefit of the dealers.

William T. Gossett, Vice President and General Counsel of our Company, testified concerning S. 3946 before the Subcommittee on Automobile Marketing Practices of the Senate Interstate and Foreign Commerce Committee on June 12, 1956. I am enclosing a copy of Mr. Gossett's prepared statement and hope you will give it your full consideration as you weigh this measure which has such vast implications for the American economy.

With good wishes,

[Signature]

Very Sincerely,

[Signature]