

Special
Consumer Assembly
Issue



news news news news

consumer federation of america

Washington, D.C.

February, 1975

Consumers and farmers work together for mutual goals

consumer
assembly

75

consumer
assembly

75

consumer
assembly

75

Nader calls for consumer self-reliance

In his address to delegates at Consumer Assembly Friday morning, Ralph Nader urged consumer leaders to become more self-reliant and less dependent on the government for help in the marketplace and in the courts.

Nader detailed an action program that would revitalize the concept of consumer cooperatives and citizen participation in utility regulation. He proposed legislation to set up a bank to help fund cooperatives which would handle everything from food to automobile insurance. He noted that Congress would have to provide some initial funds, since the greatest deficiency of the cooperative movement is "lack of capital".

However, there are ways for consumers to obtain the necessary funds. No movement that depends on a few leaders can succeed, he said, instead they must all act to convert consumer dollars into power dollars through forming Residential Utility Consumer Action Groups (RUCAG), financed through a utility bill check off system.

By Nader's description, RUCAGs would follow the pattern used by Public Interest Research Groups in colleges throughout the country. These groups use a check off system during college registration whereby each student can contribute a few dollars for use by a professional staff of researchers, lobbyists and community action personnel.

In the RUCAG, each citizen would be able to contribute a small sum by checking a box on his utility bill. (AT&T sends out 1.2 billion bills each year, according to Nader). The difficulty is that, unlike PIRGS, RUCAGS would have to be initiated by Public Utility Commissioners or state legislatures which approve of the idea.

Nader also attacked the Ford Administration's economic recovery programs which rob the consumer for the benefit of big business. "For consumers," he said, "Ford equals Nixon minus Watergate." He called the Administration's income tax plan a "shell game," and added, "Ford remits \$30 billion to the public in the form of tax



Ralph Nader

cuts, while he collects approximately the same amount in oil taxes" and allows big oil companies "to collect billions in invisible subsidies annually."

(Continued on p. 6)

Lucey urges farmer-consumer alliance

Governor Patrick Lucey of Wisconsin, in his speech which opened Consumer Federation of America's annual convention, attempted to dispel the myth of farmer and consumer as enemies. He stressed instead, the need for these two groups to work together to prevent any further "harm from large corporate and government interests."

In examining the plight of consumers and farmers, Lucey reviewed the results of "decades of tax privilege and government protection that corporate giants have received."

"From the auto manufacturers, we got products that are unsafe, inefficient, gas-guzzling, resource-consuming, air polluting and self-destructing."

"From the major oil concerns—land, resource and market manipulation."

"And from the giants of the food

processing industry, products for human consumption that have little or no nutritional value, and that may even be harmful to your health."

Concludes Lucey, "It adds up to a grim picture—a grim picture for farmers and consumers."

In discussing the President's proposed domestic oil controls, Lucey said, "By removing price controls from domestic oil, the President will strengthen the hands of large oil corporations in their effort to price the smaller, less-diversified retailers out of the market. These fiercely independent retailers have long suffered at the hands of the giants. Wholesale deregulation of domestic prices will give the majors power to enact selective pricing actions to undercut the independents and force them out of business. Then, of course,

the majors will raise the price again—for farm and non-farm consumers alike."

Concerning President Ford's proposed oil tariff, Lucey observed, "By imposing the across-the-board tariff on oil, rather than concentrating on gasoline—which has the greatest potential for effective conservation—the Presi-

(Continued on p. 6)



Wisconsin Governor Patrick Lucey

consumer
assembly

75

Abourezk warns of "corporate feudal state"

Cooperation between consumers and farmers is the key to prevention of a corporate feudal state which victimizes both groups, South Dakota Senator Jim Abourezk told delegates to Consumer Assembly '75.

In his remarks at Thursday's luncheon, Abourezk hit hard at "monopoly power" in the food industry and offered his Family Farm Anti-Trust Act as a means of restoring competition to the food industry.

Abourezk explained that the Family Farm Anti-Trust Act would prohibit corporations with more than \$3 million in non-farm assets from engaging in farming.

"If we are to reverse the giant corporate contest over price, taste, quality, and texture of our food, there is no better beginning point than where the food is actually produced," Abourezk stressed.

He cited statistics which demonstrate the lack of competition in the food production industry. Although there are 2 and 1/2 million farms in our country, the largest 7.6% of them produce 52.5% of the food and fiber. The trend toward corporate ownership of food production must be reversed before small, ef-



South Dakota Senator James Abourezk greets delegates to Consumer Assembly '75 after his luncheon address

ficient family farm operations are forced into extinction.

Abourezk reiterated the need to alert the nation that oligopolistic control of the nation's food supply is a very real possibility. He warned that the very quality, taste and texture of food—to

say nothing of the price—can be subordinated to conglomerates' profit-making expediency.

"The Family Farm Act represents a major change for new and more vigorous anti-trust enforcement," the senator commented. "Ironically, ex-

isting anti-trust law is pretty good. The record of enforcement, however, is something less than smashing. Corporations have been able to continue to gather larger and larger pieces of the economic pie into fewer and fewer hands."

Abourezk praised Consumer Assembly for its attempts to give farmers and consumers a chance to speak out against corporate manipulation.

"The purpose of my speech is not just to lay out the threat that is facing us all, but to examine whether farmers and consumers can get together to do anything about it. I think they can. I think they have to." He concluded, "Are farmers and consumers a winning coalition? If they aren't, the only alternative is a corporate feudal state in which food producer and consumer alike will continue to be victimized and pushed around by dollar hungry giants whose only interest in our two most basic resources—people and food—is filling corporate coffers with even more inflated profits."

The Senator was warmly accorded a standing ovation by some five hundred appreciative farmers and consumers.

Panelists agree—food industry lacks competition

The question "is there adequate competition in the food industry" produced lively discussion and general agreement that farmers and consumers were both suffering from overconcentration and control of the marketplace by food industry giants. Excerpts from the panelists' presentations follow:

James McHale, Secretary of Agriculture, Commonwealth of Pennsylvania:

"There is a need for producer-consumer cooperatives to increase competition in the food business." Referring to a study he conducted to determine the cost of hamburger which he was able to produce for 65¢ a pound, he noted, we must "stop the rip-off that is going on. We've done too much talking. We need follow-up action."

Jim Hightower, Chairman, Agribusiness Accountability Project:

"There are 32,000 food manufacturers, but 50% of them account for 75% of the profits. Campbell's soup alone controls 90% of the soup industry. And in 52 U.S. cities, the four leading supermarkets control at least half of the sales... Food processing is one of the culprits of high prices and Pringles potato chips represents the epitome of food processing. One pound of Pringles (a product of Proctor & Gamble) costs 1500% more than a pound of potatoes... The average chicken has traveled 1200 miles to get to the con-

sumer. You can raise chickens in the city... We've been sold a bill of goods that we somehow have to have national and international marketing."

Kay Pachtner, Director of the San Francisco Consumer Action:

"In 1969 the Agricultural Extension Service of the University of California found in a survey that corporate farms, which made up less than one tenth of one per cent of the state's total, controlled 3.7 million acres or 61% of the land surveyed. Such familiar giants as Del Monte and Tenneco and a handful of other large vertically-integrated agribusiness companies not only dominate the food economy in California but they virtually control the system throughout the nation... No person today should have to go without nutritious food. The right to have sustaining food is inalienable to all human beings... Consumers are 50% of every food transaction and it is about time we had that kind of voice in food regulatory agencies... In essence, our job today is to organize consumers and farmers so that we can control demand as effectively as industry manipulates supply."

Weldon Barton, Director of Governmental Services, National Farmer Unions:

"We still have a chance of winning the game if we keep an eye on the monopoly power which dictates the price of items (primarily energy-related items) needed to produce food. Farmers and con-



Jim Hightower: "Food processing is one of the culprits of high prices and Pringles potato chips represents the epitome of food processing. One pound of Pringles costs 1500% more than a pound of potatoes!"

sumers both are being hurt financially by 'monopoly oil.'"

James Wishart, Director of Research, Amalgamated Meatcutters and Butcher Workmen:

"At the end of 1974, the average farmer received about \$50 less for his products than at the end of 1973. At the same time, the cost of food paid by the average family jumped about \$200. Labor costs

can only account for \$16 or \$17 of that \$250 increase in the difference between what farmers were paid and what consumers were charged... The difference, known as the farm-to-retail spread, is reflected in higher profits of retailers and food processors." Wishart released figures showing that the 17 major food chains had a 94% increase in profits for the first nine months of 1974 compared with the first nine months of 1973.

Zarb vs. Dingell on energy

A debate on the question of competition in the energy industry became a plea for consideration and compromise by Federal Energy Administrator, Frank Zarb and a sharp attack on the oil companies by Rep. John Dingell (D-Mich.), Chairman of the Subcommittee on Energy and Power of the Interstate and Foreign Commerce Committee of the House. Highlights of the discussion follow:

Frank Zarb, Administrator, Federal Energy Administration:

Mr. Zarb urged delegates to Consumer Assembly to study the alternatives before reaching any conclusions and warned that no matter what sort of program is adopted, energy conservation "has a price tag...in economic effects...with respect to inequities of one sort or another." Gasoline rationing would be impractical and could cost motorists more than the President's proposals. Part of the opposition to the Administration's energy proposals is due to a lack of understanding of some of the details. Zarb backed the Administration's plan as the best one, but stated, "there is always room for compromise except when you begin to compromise principles. When you begin to compromise no action for action, then there is trouble. The worst thing that could happen is that we as a nation pledge ourselves to no action..."

"Each section of the President's program has a value in barrels of oil. If Congress takes any section out, it must replace that section with something in equal numbers of barrels...the Administration plan is not a reduction in purchasing power for low and middle

income Americans, but an incentive to shift equal increased buying power in another direction... No nation has ever solved an energy crisis of this magnitude before... This great nation has the spirit, the technological capability and other resources to get the job done."

Rep. John Dingell, Chairman of the Subcommittee on Energy and Power of the Interstate and Foreign Commerce Committee of the U.S. House of Representatives.

"There is already plenty of evidence of monopoly in the gas, oil and energy industries." He pointed to Federal Trade Commission studies showing vertical integration—generally considered illegal—among the 14 top producers in the energy field.

Dingell advocates coming to terms with antitrust law violations. "The time has come for the Congress to face up to the fact that our antitrust laws and present day enforcement mechanisms have proved inadequate to prevent monopoly concentrations in this industry. Moreover these mechanisms are inadequate to restore competitive balance."

"The Administration approaches we have seen to the energy problem must be reversed. We must have government policy that represents the people and their needs, not the needs of the major energy conglomerates. We must have government policy made in Washington and not in Houston."

Nathaniel Goldfinger, Director of Research, AFL-CIO:

President Ford's energy programs add up to a monstrous rip-off of the American people. Ford's program not only



Federal Energy Administrator Frank Zarb advocates President Ford's energy program as Rep. John Dingell listens and prepares his rebuttal.

would fail to meet its objective, but would actually add to inflation, worsen the recession and increase unemployment. Ford's program will not reduce fuel consumption, but will force American consumers to spend more for everything produced from or related to oil."

Alex Radin, General Manager, American Public Power Association:

"The growing concentration of ownership of primary energy resources has been well documented. Judging from figures (compiled by the Subcommittee on Special Small Business Problems of the House of Representatives), one could hardly conclude that there is adequate competition in the fuels industry... The behavior of fuels prices and the level of profits by the fuels com-

panies also betray a lack of competition. Although we hear a great hue and cry about the action of oil producing nations to increase the price of oil, our domestic producers are no shrinking violets either when it comes to jacking up the prices of their commodities... There is considerable evidence that price increases of the magnitude of 1974 could not have been accomplished if there were active competition between various fuel producers... I therefore hope that the creation of a federal fuels corporation, plus legislation designed to create competition in the leasing, development and sale of coal and other fuels, along with stringent antitrust enforcement, be implemented if the consumer is to avoid paying prices dictated by a few large "energy companies."

Udall calls for rationing and more conservation



Rep. Morris Udall

Declaring, "We can save more energy, more jobs and more precious economic health by allocation and rationing than by any amount of punitive price increases," Congressman Morris Udall accused President Ford's economic program of being "socially unjust."

In a speech delivered to Friday's luncheon guests, Udall advocated "the Udall energy policy for dealing with our immediate energy needs." Included in this policy is a "tough law establishing mandatory energy efficiency performance standards in industry." According to Udall, "Industry accounts for more than 40 per cent of our total national energy consumption and it is in this sector where a chunk of wasted energy lies."

A second aspect of Udall's policy is an effort to trim energy use in residential and commercial buildings. "We need to

immediately enact an appliance labeling law so that consumers can choose intelligently between efficient appliances and wasteful ones," he stressed.

Thirdly, Udall is in favor of "a very rigorous program to enable Americans to insulate and improve their homes." He suggested various means of funding such a program, including federally guaranteed loans.

Udall also firmly believes "we must have gasoline rationing." Aware of the inherent "inevitable delays and inequities" in such a program, Udall thinks "that a rationing program can be designed that will be fair, that will minimize" these problems. Udall feels that in a time when we are faced with nothing but bad choices, "this is the best bad choice."

Udall referred to "the President's goal of saving one million barrels a day by

the end of the year" as "inadequate" and "timorous". Said Udall, "Experts tell me up to 25 per cent of our current consumption is wasted in one way or another." In view of this fact, according to Udall, "our conservation goal should be doubled."

Udall emphasized the need for immediate action, saying if a clear opinion doesn't emerge soon, "then the role of responsible leadership will be: Compromise." If Congress can not reach an agreement on a single economic and energy package, "then we will have to form a package composed of pieces" from the many different packages being offered by other individuals and members of Congress. According to Udall, "That isn't a very clean, neat solution" but the need for immediate action is overwhelming enough to justify such a solution.

Udall: "In a time when we are faced with nothing but bad choices, rationing is the best bad choice."

Issue panels explore wide variety of food and e

Alternative food marketing systems

A diverse group of dedicated individuals who have learned how to "beat the system" gathered to share ideas and practical experience in the Alternative Marketing panel. Led by Rep. Edward Mezvinsky (D-Iowa), the panelists told of ways to cut out the middlemen and turn farmer-consumer cooperation into profit making ventures. Mezvinsky noted, "A farmers market in each town is the answer to how the average buyer can beat the food distribution system—an approach that could save consumers as much as one-third on their grocery bills."

Agricultural economist James Toothman cited an example of a European marketing experiment which might work for the United States. In Europe, stores have been set up to handle only about 400 fast moving items with a high turnover rate, instead of the 8000 or so found in big supermarkets with their high overhead.

Dorothy Shavers, director of Chicago's Selp Help Action Center, described her experiences with bulk wholesale buying for low income housing projects. Sister Lucy, of H.O.M.E. in Orano, Maine told of her group's efforts to help Northeastern farmers to regain economic stability.

Agribusiness—the skeleton in the food cupboard

This panel expanded the morning discussions relating to the question of adequate competition in the food industry. Roger Blobaum, an agricultural consultant from Creston, Iowa, stressed that "a clear, uninterrupted trend toward a corporate takeover of agricultural production" is leading to "more expensive and less varied foods" for consumers. Referring to corporate contracting of food production by farmers, he said the U.S. is headed toward a food production system which involves "property without power for farmers, and power without property for corporations."

Russell Parker, Assistant to the Director, Bureau of Economics of the Federal Trade Commission, said that concentration in food manufacturing and retailing industries has been growing dramatically in recent years, with the exception of the meatpacking industry which has become more competitive because of a 10-year-old federal decree that barred the packers from entering different lines of business.

Managing food supplies

This panel, chaired by Rep. Neal Smith (D-Iowa), focused on the grain reserve question. Rep. Smith noted that many farmers had initially opposed a federally-held system of grain reserves because they thought it would depress prices, while consumers fought it on the grounds that it might mean higher prices.

But, he added, the current world food crisis has brought many persons in each group around to the point-of-view that a storehouse of grain, to be drawn on in years of short supply, may be a good way to insure stable food supplies at reasonable prices.

Ben Radcliffe, president of the South Dakota Farmers Union, added that "any food reserve should be under the direct responsibility of the government rather than harbored within the private domain of the grain trading companies. In this way, consumers and farmers would have at least a fighting chance of knowing how much was being held, where it was held and who had claims on it." He concluded, "By working together for such a food policy package, I believe that both farmers and consumers have a

chance to win at least one inning of the game against monopoly and inflation."

Ellen Haas, president of the Maryland Citizens Consumer Council, expressed the consumers' need for a national food policy. "We must gear our policies to provide for a national food policy with stable prices, adequate supplies and a stable income for farmers. The goal of such a food policy is *stability*. Wild fluctuations and roller-coaster pricing do not help anyone. This is what it is all about. Consumers can not just fight domestic food prices. Rather, they must get involved in import and export policies which have a direct cause and effect relationship on our food supplies and prices."



The U.S. in a hungry world

Senator Dick Clark (D-Iowa), who was a U.S. delegate to the World Food Conference in Rome last year, told the gathering that it is vital to increase U.S. aid for the estimated half a billion people who face starvation or serious malnutrition between now and July 1.

Panelists generally agreed that America had to be more responsive to the need to limit our domestic grain consumption and release more grain for the rest of the world, even if it meant changing our lifestyles. However, panelists cautioned that even this might not get the grain to the people who need it most.

It was stressed that low income American consumers should not have to bear the cost of foreign food aid. There must be guarantees that domestic prices do not rise.

J. Dawson Ahalt, staff economist for the U.S. Department of Agriculture, claimed that there is no longer any surplus grain in this country. He urged that Congress must allocate funds so the USDA could obtain export grain from commodity markets.



Alternatives to conventional utility pricing systems

Conventional utility pricing systems often favor businesses over residential users. Participants in this panel outlined several alternatives which would serve consumers in a more equitable manner. Chairman Ed Berlin, Attorney and Professor of Law at the University of Wisconsin, outlined a "peak rate" pricing system which charges lower rates for power used after prime 9 to 5 hours. In this way, consumers who use major appliances in the evening would pay less than daytime industrial users.

Rick Andrews of the Vermont Public Interest Research Group favored a lifeline proposal which gives a base rate for up to 500 kilowatt hours of energy consumption. This would be a tremendous boon to low and middle income consumers.



d energy problems for consumers and farmers

Improving state antitrust enforcement

This panel, consisting of Attorney Generals or their representatives, from four different states, as well as the secretary of the Puerto Rico Department of Consumer Affairs, discussed the responsibility of state prosecutors to initiate vigorous anti-trust enforcement as soon as they recognize that a problem exists.

Robert Leonard, U.S. district attorney in Flint, Michigan and chairman of this panel, advocated attacking the violations at their inception, rather than after the criminal conspiracies have

reached national and even international proportions.

Said Leonard, "Unfortunately, price-fixing has become in many ways, the American way of business. Our efforts to attack this problem are now taking shape in grand jury proceedings. Consumers are victims of corporate chicanery and businesses who raise and lower prices at whim." Leonard also criticized the federal government for what he believes is ineffective prosecution of anti-trust violations.

Food quality: less nutrition, higher prices

Chairman Michael Jacobson, Director of the Center for Science in the Public Interest, condemned as scandalous the existing situation in which food companies urge consumers to eat foods that are bad for their health. He put forth a list of suggestions of ways that citizens can work to improve the food situation in their communities. These include publicizing the availability of food stamps to groups and individuals who may not know of their eligibility; holding hearings on food prices and focusing them on local monopolies and retailers who use discriminatory pricing; and challenging supermarkets to promote the most nutritious and least costly foods in their advertisements.

Dr. Jacobson also suggested that consumers encourage city, county and state health departments and school systems to prohibit the sale of junk foods in vending machines and school cafeterias.

Attorney James Turner, who heads the Committee for Improved Food and Drugs, noted that corporations do not care what foods they are producing and publicizing as long as they can make a profit. It is the dollar, not the people that reigns supreme.

Mary Gullberg, home economics coordinator of the Consumers Cooperative of Berkeley, discussed the process of organizing and running a cooperative. She also pointed out that the supermarkets get their largest mark-up on non-food items such as steel wool pads and paper towels. This is why, she noted, supermarkets are now starting to offer their customers such items as sandals, toys and school supplies.

Consumers who are concerned about these and other food issues were encouraged to participate in Food Day, April 17, 1975. For a list of suggestions and further information, contact FOOD DAY, 1785 Massachusetts Ave., N.W., Washington, D.C. 20036, (202) 462-8510.

Current priorities in Federal energy legislation

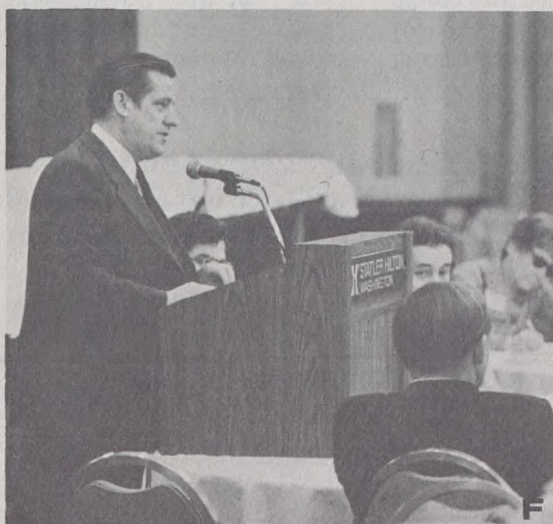
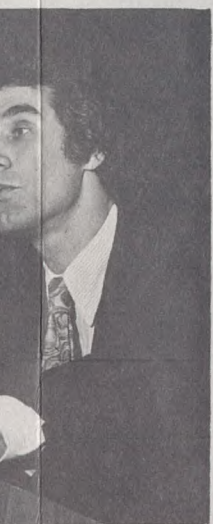
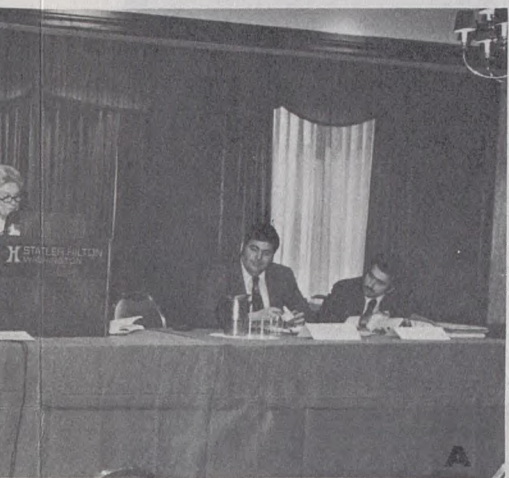
There was a spirited debate between Lee C. White of CFA's Energy Policy Task Force and George Lawrence, senior vice president of the American Gas Association on the question of whether there should be deregulation of natural gas. White warned that deregulation of natural gas would cost consumers as much as \$11 billion a year in higher gas bills.

There was general agreement among participants that the President's energy program was inadequate and was going to be defeated. Congressman Bob Eckhardt (D-Texas) who chaired the panel advocated a rollback in the price of old crude oil.

Discussion stressed that Congressional Democrats have a major challenge of come up with their own program, and that they are presently in a state of disorganization.

People power: Putting more public in our utilities

This issue panel, chaired by Fred Harris, former U.S. Senator from Oklahoma, discussed at length the advantages of public ownership of utilities. Fred Cowan, Director of Arkansas Consumer Research, gave an example of a successful attempt at public ownership in his area and outlined the many advantages this meant to consumers. Leroy Schecher, manager of the Grand Electric Cooperative in South Dakota, explained how rural electrics become involved in not only providing power to rural citizens, but helping them develop and protect the interests of citizens living in its jurisdiction as well. When the energy-consuming public is guaranteed a voice in the operation of their utilities, a more equitable arrangement than that which presently exists between consumers and utilities is assured.



A. Millie Jeffrey of the United Auto Workers introduces the distinguished members of the "Improving State Antitrust Enforcement" panel. B. Panelists give proof that agribusiness is the skeleton in the consumers' food cupboard. C. Senator Dick Clark calls for more US aid to the world's 1½ billion hungry people. D. Ed Berlin explains "peak rate pricing." E. Rep. Edward Mezvinsky explains the benefits of farmer consumer cooperatives. F. Former Senator Fred Harris calls for more public power. G. Chuck Frazier, Washington director of the National Farmers' Organization gives his views on grain reserves.

Eileen Hoats elected CFA president at annual meeting

New York consumer leader Eileen Hoats was elected president of Consumer Federation of America at the group's annual meeting on February 1, 1975.

Ms. Hoats, 26, is executive director of New York Consumer Assembly, a broad-based consumer group with headquarters in New York City. As its legislative director since 1971, she has frequently represented consumers before the State Assembly in Albany and in numerous proceedings of state regulatory agencies.

Named a member of the advisory council of the New York City Department of Consumer Affairs in 1973, she was appointed acting chairperson last year. She is a member of Governor Carey's Task Force on Consumer Protection, Mayor Beame's Task Force

on Consumer Affairs and the Consumer Advisory Council to Attorney General Lefkowitz.

Ms. Hoats has also been appointed to the Consumer Affairs Committee of the New York State Department of Insurance, the Consumer Affairs Committee of the New York State Assembly and the New York State Advisory Council on the Implementation of No-Fault. She is also a member of the National Advisory Council of the Center for Consumer Affairs in Milwaukee.

Nine new members were also elected to the CFA Board of Directors at the annual meeting. They are James Boyle, president of the Texas Consumer Association; Judith Kory, president of the Virginia Citizen's Consumer Council; Leory Schecher, manager of the

Grand Electric Cooperative and the West River Telephone Cooperative in Bison, South Dakota; Lee Richardson, professor of Marketing at Louisiana State University and past director of the Office of Consumer Affairs of the Federal Energy Administration and Ellen Haas, founding president of the Maryland Citizens Consumer Council.

Also newly elected by the CFA membership to the Board of Directors are James W. Green, assistant director for Legislation in the Government Relations Unit of the National Education Association; Charles F. Wheatley, general counsel, American Public Gas Association; Lois Felder, co-director of the community relations department of the Retail Clerks International Association and James Royal, director of the Consumer Education and Protection Association, Philadelphia.



Eileen Hoats



While ballots are being counted at the CFA Annual Meeting, Board member Evelyn Dubrow shares a laugh with other delegates.

Ralph Nader (cont. from p. 1)

"Would Nixon have acted any differently from Ford concerning the current crop of anti-consumer economic and energy proposals?" he asked. "In response, consumers throughout the country must strive to make this a veto-proof congress for consumer legislation to protect consumer interests in eleven major economic areas. Inescapably the consumer movement must become legislatively, judicially and economically powerful."

Nader's remarks departed almost completely from a prepared text entitled "The State of the Consumer, 1975". In that text, he reviewed legislative

priorities for this year including the consumer protection agency, class action suits, health care, the food industry and energy controls.

In defending the Consumer Protection Agency, Nader cited, "the numerous abuses which have resulted from the absence of effective consumer advocacy before federal regulatory agencies and departments, which emphasized the need for a well-funded and on-going corporate counterweight in the federal agencies."

In the food area, Nader stressed that, "What is needed to begin to relate our national diet more to health, quality and

Governor Lucey (cont. from p. 1)

dent will be hurting those who are least able to cut energy consumption. Fuel oil and natural gas—both going up in price—are staples. Many people will be hard-pressed to cut their use and those with low and fixed incomes—especially in cold climates—will be hurt the most."

In his speech Lucey advocated a "people's lobby" to demand a national energy policy which protects the public interest and not the well-oiled special interests. This policy, according to Lucey,

should include twelve points ranging from the establishment of allocation floors to equitably distribute the shortage among states, to mandatory energy conservation policies, to mandatory efficiency standards for domestically produced cars and air conditioning units.

Lucey, in setting the tone of the convention aptly illustrated "surely it is clear that the American family farmer—and consumer—are both coming out on the short end of the stick."

New CFA policy resolutions adopted at the Annual Meeting on Energy and Natural Resources; Health, Drugs and Medical; Antitrust and Monopoly; Financial Institutions and Credit; Consumer Education; Communications; Insurance; Food; Transportation; Environment; Housing; Low Income Consumers; Price and Income, and Taxation are at the printer. They will be mailed to all CFA members shortly.

price economy are systematic antitrust deconcentration of the food manufacturing and retailing industries coupled with a comprehensive independent consumer information system utilizing counteradvertising and comparative pricing, nutrition, ingredient percentage, and quality grade labeling at point of purchase."

In the energy area, Nader accused, "President Ford's current proposal for price rationing of energy through an import tariff, excise taxes, deregulation of old oil and new natural gas, higher coal prices, and expansion of electric utility rate bases, is one which merely throws gasoline on the fires of inflation."

He also outlined the form he believes is imperative for a national health care bill. "It must be financed on a progressive tax scale, it should not be administered by private insurance com-

panies, it must have strict cost and quality control, preventive medicine impacts, and, very importantly, it must provide some mechanism for consumer controls and intensified professional accountability."

He also painted a discouraging picture of the class action lawsuit to date. "If anything, it has been more successfully used by corporations against other corporations than by consumers against corporations," he said. Nader also discussed antitrust and regulatory reform, auto safety and emission controls, banks, nuclear power, natural gas deregulation and utility prices. In concluding, he stressed the importance of reminding politicians "that the economy exists for consumers—their overall well-being and the well-being of future generations must be the measures by which the economy should be judged."

State & Local Reports

By Nick Apostola

California

On December 30, 1974 the Consumers Cooperative of Berkeley released a study which ranks American cereals according to nutritional value and cost. The list of 82 cereals with explanatory tests and tables was prepared by a team of home economists and volunteers. A host of nutritional shortcomings are included in descriptions of major-selling cereals. Among these are cereals containing 30 - 50% sugar, and added "fiber" and "fat" which, like sugar, replaces more nutritious elements in the cereals. For further information contact Mary Gullberg, Consumers Cooperative of Berkeley, 1805 Virginia Street, Berkeley, California 94703.

In another episode as part of a continuing story, representatives from San Francisco Consumer Action (SFCA) told an Assembly Ways and Means Select Committee that a major restructuring of the California Department of Consumer Affairs is imperative if the state is going to meet its consumer protection responsibilities. Kay Pachtner, SFCA's Executive Director, told the committee that "the state licensing system is a sham which rarely even considers the public interest. These boards are nothing more than government-sanctioned lobbying groups for the industries they are supposed to regulate." The SFCA testimony was the latest development in the organization's year long investigation of the Department of Consumer Affairs.

The introduction of Supervisor Ronald Pelosi's proposed legislation for a Consumer Protection Agency for the City of San Francisco marks the renewal of another old battle for SFCA. According to SFCA attorneys and staff, Mr. Pelosi's draft bill appears to be totally ineffective. It is their opinion that the proposal lacks provisions for enforcement powers for the Consumer Commission, as well as lacking powers of intervention in the consumer proceedings of other governmental agencies. Consumer Action's Executive Director, Kay Pachtner, at a recent public hearing stated that unless the bill was drastically amended to provide real protection for consumers, SFCA would have to continue to work for its defeat. She continued to say that this would be sadly ironic in terms of the confusion that could be created in the public view, and the massive effort it would take to make the public understand why ostensibly "consumer" legislation has to be defeated.

In more news from San Francisco Consumer Action, it was announced that they have received a \$20,000 grant from the San Francisco Foundation to help finance the operation of their complaint resolution department during 1975. The new \$20,000 will allow the group to broaden the base of its grievance resolution efforts. SFCA will continue its two fold approach to consumer problems, providing telephone advice and referral services while at the same time expanding a program begun last August of organizing consumer self-help groups in Bay Area neighborhoods where interest has been shown. Last year Consumer Action operated the service with funds and memberships only, helping 8,000 disgruntled consumers over the course of the year.

Colorado

On December 11, 1974 the Colorado Public Interest Research Group (CO-PIRG) won their suit against the Environmental Protection Agency (EPA) in the United States Tenth Circuit Court of

Appeals. This decision places a nondiscretionary duty on the EPA to control discharges of radioactive materials into navigable waters. The new ruling strikes down an earlier District Court decision.

The suit is a landmark decision which compels the EPA to enforce the 1972 amendments to the Federal Water Pollution Control Act. It also forces the EPA to set pollution standards for all nuclear facilities across the country. In Colorado, the installations affected would be the Rocky Flats nuclear weapons plant and the Public Service Company nuclear generating station in Plattville.

District of Columbia

The Washington Area Food Federation has organized citizen opposition to a Giant Foods proposal that the District lower property values to match those of the surrounding suburban areas. The Food Federation claims that "such a proposal can only be to enable Giant to buy the land necessary to make huge profits in the District at a time when low-income families spend over 35% of their income on food alone." As it is now, over seventy percent of retail food distribution in the District is controlled by only three companies. With larger food chains such as Safeway and Giant abandoning communities, especially low income communities, in the District the Council of Governments, a body responsible for making policy recommendations to the decision making bodies of the District, Maryland and Virginia decided to hold hearings on what has become a major food supply problem for area consumers. The Food Federation opposes the Giant proposal to solve the problem saying "food chains get tax breaks for their never ending advertisements while food prices rise faster in Washington than in any other American city. The consumer has always come up short." The hearings were held on the weekend of January 24th and 25th.

Georgia

In a series of rather complicated maneuvers the Georgia Power Company has obtained a \$35 million dollar increase from the Public Service Commission (PSC). Granted December 19, the increase came after The PSC had passed a motion on the 16th to dismiss hearings on an "emergency" \$86 million rate increase Georgia Power requested on the grounds that the company had not presented enough information to warrant their claim of emergency. Although the hearings had been postponed until January 20, a surprise request by Georgia Power for \$45 million to collect unrecovered fuel cost was reviewed December 17 and heard on December 19 with little or no public notice being given. Charging "shady back-room politics" on the part of both the PSC and Georgia Power Company, the Georgia Power Project describes in much greater detail the events around the increase in their January 1975 newsletter. The Power Project presented the Commissioners with petitions signed by six thousand Georgians, protecting the original \$86 million emergency rate increase request. For the new year, the Georgia Power Company is planning to request a \$305 million permanent rate increase. The Power Project believes that if this increase were granted it would mean an average of a 4% increase on the average electric bill, costing each consumer about \$60 more per year.

Maryland

In response to the first use of a computer-assisted check-out system in an area supermarket, the Maryland Citizens Consumer

Council, Inc. (MCCC) announced on January 21, 1975 a two-pronged campaign to combat the potential loss of price marking on individual items. In an effort to educate the public to this issue, handbills have been printed and distributed by volunteers of both the Maryland and the Virginia Citizens Consumer Councils. This effort began on January 23 at the new supermarket, built by Giant Food and located in Severna Park, Maryland.

MCCC has also drafted legislation to require that groceries be price-marked. It is designed as an amendment to Maryland's new unit pricing law, with the same penalties and exemptions as are now contained in that law. The bill shall be introduced by two General Assembly delegates.

Ellen Haas, MCCC President, and Diane Iredell, MCCC Food Marketing Co-Chairman explained the reason for the campaign in their belief that: "Prices marked on grocery items are a non-negotiable right of consumers, and their loss would deny consumers essential price information."

In a memo from the Maryland Public Interest Research Group (MaryPIRG), information is requested on the progress of state actions concerning the banning of the use of freon in aerosol spray cans and refrigerants. The possibility of freon chemicals soon destroying part of the stratospheric ozone layer has received much attention lately. MaryPIRG is attempting to act as a clearing house on state and federal actions and scientific investigations in progress in this area.

Scientists theorize that freons pass unreacted through the lower atmosphere to the stratosphere where radiation breaks them down. The reactive free radicals containing chlorine are formed, and these can react with the ozone in the air. The importance of the stratospheric ozone layer lies in the ability of ozone to absorb high-energy ultra violet radiation. Thus, the ozone acts as a protective screen for the lower atmosphere, and plays an important role in the earth's heat balance. The effects of ozone deterioration would be catastrophic. There is no definitive experiment that can immediately confirm or disprove the theory, a great change in the radiation balance of the earth is bound to produce serious effects including among them significant rises in the number of cases of skin cancer in the US as well as the unestimable effects on weather and sea plankton.

Materials and information on state activities concerning this subject can be obtained from:

Barry Castleman
Environmental Engineer
MaryPIRG
Room 0137, Armory
University of Maryland
College Park, Maryland 20742

Or

Center for Science in the Public Interest
1779 Church Street, NW
Washington, DC 20036

Massachusetts

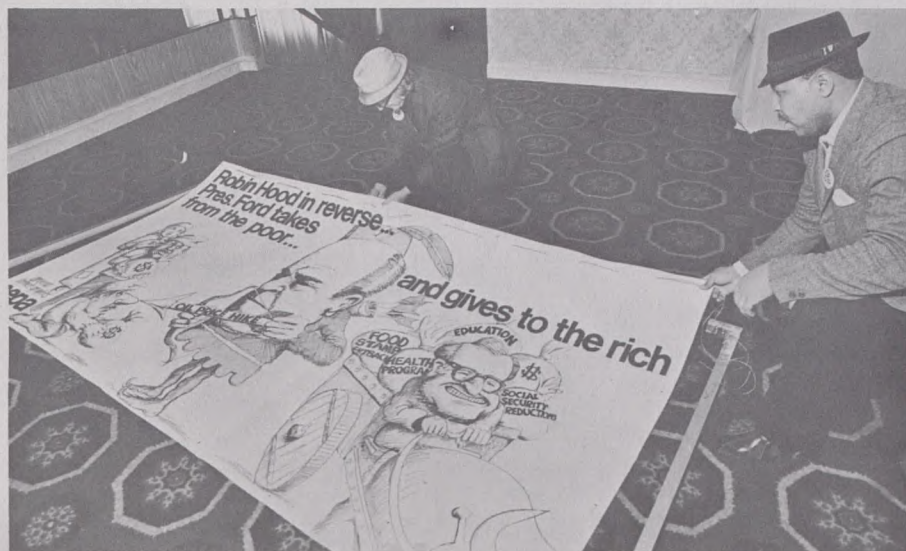
Following strong criticism by the Massachusetts Public Research Group (MassPIRG) that the state's Freedom of Information Act has done little to increase citizen access to public documents, State Secretary of Administration and Finance David Marchand has issued new Freedom of Information regulations for Massachusetts. MassPIRG's public criticism's came when their attorney David G. Burwell testified at a hearing before the Secretary on September 27, 1974. Further criticism was leveled by MassPIRG in a report on the effects of the new legislation. (That report was reviewed in this column last fall.)

MassPIRG has just released a comprehensive new survey of 155 banks which were cited as Truth-in-Lending violators in an October, 1973 report. The earlier report found 155 out of 470 banks surveyed which did not comply with the consumer protection provisions of the Massachusetts Truth-in-Lending Act. The results of the new study demonstrate that while the majority of banks which failed to comply with the Truth-in-Lending requirements in the initial survey are now complying with the law, 13 banks are continuing to confuse consumers. The law, along with parallel federal laws, requires banks and other lending institutions to state the finance charge rate in terms of a standardized "Annual Percentage Rate." It was enacted to enable consumers to compare credit terms offered by different lending institutions by the same statistical principles.

Missouri

An initiative petition campaign to get food and medicine taxes abolished in the state of Missouri has been launched by the Missouri Tax Reform Group. The goal is to get this tax issue on the November, 1976 ballot. It is also hoped that the petition drive will prod the Legislature into acting during the coming session. The initiative petition proposes to amend Missouri's Constitution to make it illegal to tax food and prescription medicines in the state.

The group feels that sales tax on necessities is "a very unfair way of getting state and local tax revenue. It creates a big burden on low and middle income families, individuals and those on fixed incomes." Most states do not tax food and medicines. The group holds that many Missouri families presently pay more in food tax each year than in state income tax.



Max Weiner and James Royal of the Consumer Education and Protection Association of Philadelphia set up their display at Consumer Assembly '75.

More state and local reports

Ohio

Oberlin College has established the first Public Interest Research Group in Ohio with 75% of that college's student body affirming their support for the PIRG on petitions presented to the school's Board of Trustees. Support from the faculty also helped in founding the group. Oberlin students have assessed themselves \$3 a semester in order to fund the PIRG on a mandatory refundable basis. A speech by Ralph Nader kicked off the 46 day petition drive which was co-ordinated by PIRG organizer Scott Canedy. "... the enthusiasm generated by Oberlin's students will be the impetus for organizing PIRG's in the rest of Ohio," Canedy said.

Pennsylvania

Recently Governor Shapp appointed Herbert Denenberg to the Pennsylvania Public Utility Commission. This appointment faces substantial opposition in the State Senate and an attempt is being mounted to organize public support to insure that Denenberg stays on the PUC. His accomplishments as Pennsylvania Insurance Commissioner shook up the insurance industry and brought him national acclaim as a protector of the rights of consumers. His appointment is a crucial component in an attempt to make the Pennsylvania PUC the most progressive board in the country, promoting fair utility rates and a nuclear moratorium. A woman in Harrisburg has kindly offered to coordinate a statewide campaign to support Denenberg. She is:

Kim Fellner
Penn. Social Services Union
2903 N. 7th Street
Harrisburg, PA 17110
Phone: (717) 234-4113 (day)

Virginia

Virginia Citizen Consumer Council, Inc. (VCCC) members Jill Baxter and Charlet Newton have been active in helping to establish safety standards for bookmatches. They are involved in a group of government, industry and consumer representatives formed to hammer out a new mandatory safety standard for the bookmatch. Other consumer groups involved include the National Consumers League, Maryland Citizens Consumers Council and the Delaware County Consumer Sounding Board. A grant of \$500 has been made to VCCC for its participation in this effort.

Legislative Programs

The Oregon Consumer League and the Missouri Association of Consumers both announced their respective state lobbying programs for 1975 in their January newsletters. OCL is planning to put a great deal of effort into their legislative program for the '75 session and they are holding a lobbying workshop on February 11th to help train more of their members for this work. Twenty-one bills are included in their legislative package. Included among them are bills requiring unit pricing, interest rate ceilings, the abolition of private

debt consolidating agencies, ingredient labeling of food products as well as a land development consumer protection act.

The MAC kicked off their legislative actions with a Meeting on the 21st of January. Several Missouri representatives attended in order to discuss issues vital to the public interest with those consumers in attendance.

Health Care Reports Issues

Consumer groups in Connecticut and New York are taking major strides in educating the public about health care. In Hartford, the State Dental Association and the Connecticut Citizen Action Group (CCAG) have jointly published a booklet warning patients to steer clear of slipshod or irresponsible dentists and advising against "Undue trust in our dental care system." According to the *New York Times*, the booklet was made possible by a change last year in the American Dental Association code of ethics which had previously forbidden criticisms of its member's work. The booklet explains how to care for teeth, how to avoid poor or unnecessary dental work, and how to complain about a dentist, if that becomes necessary. The booklet even goes so far as to advise "as a final resort, if your complaint is serious enough, consult an attorney." The booklet, plus a table of suggested fees is available for 25¢ from:

The Connecticut Citizen Action Group
PO Box 6465
Hartford, Conn. 06106

In New York, the Public Interest Group has released a "Consumer's Guide to Queens Doctors" which lists the office hours, billing practices and hospital affiliations for 335 of the 900 general internists presumed to be practicing in the county. The intent of the Guide is to aid consumers in making intelligent and economical health care decisions. Virtually no information is now available for citizens to make informed decisions regarding choice of health care alternatives. The guide, which is based on a survey, reveals, among other things, that the cost of an initial visit to a doctor's office can vary from \$7 to \$30, depending on the practitioner that you choose. It also reveals that 68% of those doctors who answered the survey still make house calls. The guide can be obtained for \$1.50 by writing to:

NYPIRG
College Union 307
Queens College
Flushing, NY 11367

The September, 1974 issue of *Consumer Reports* magazine contains articles on how to find a doctor for yourself, and on how to develop your own local directory. A sample questionnaire for the directory of doctors is included. Should you be interested in these articles, the September issue is available from the State and Local Organizing Project free of charge to all members of the Consumer Federation.

Resources

The Seattle Regional Office of the Federal Trade Commission offers a series of consumer handbooks to encourage consumer action. There are presently two handbooks in this series: 1) Availability

of Advertised Items at Advertised Prices and 2) Prescription Drug Prices. Handbooks may be obtained by writing:

Federal Trade Commission
28th Floor, Federal Building
Seattle, Washington 98104

Southern Exposure magazine has just published a special double issue entitled "Our Promised Land." This is an excellent collection of articles dealing with all sorts of public interest issues in the South, but it is written broadly enough so as to be relevant to consumers all over the country. Covering issues of food and fuel from many different angles, it is especially strong in describing the problems of land-use and ownership and outlining land reform alternatives that are present in the South and the nation today. This book is **HIGHLY RECOMMENDED**. So even if your budget is small you might consider sending the \$3.50 and getting a copy. Write to:

Southern Exposure
PO Box 230
Chapel Hill, North Carolina 27514

The Consumer Information Center of the General Services Administration publishes a guide entitled *Consumer Information... An Index of Selected Federal Publications of Consumer Interest* four times a year. The "Index" lists these publications by topic with short descriptive information about each one. A wide range of consumer topics are covered and a large portion of the materials are available free or at a small cost. For your copy, write:

Consumer Information Index
Public Documents Distribution Center
Pueblo, Colorado 81009

The Center for Consumer Affairs of the University of Wisconsin/Milwaukee has recently issued two new publications. These materials are especially useful for consumer education classes and libraries. Their *Annual Report, 1973-74* surveys the Center's educational programs and services to consumer organizations and the business and public interest sectors of the economy. The *Proceedings of the Second National Seminar for Consumer Representatives in State and Local Government* is a complete report of the national seminar convened by the Center in 1974. The *Proceedings* is priced at \$10.00 per copy with a copy of the *Annual Report* coming free with that order. Write for these publications, or for a list of the Center's other publications to:

Center for Consumer Affairs
Univ. of Wisconsin-Extension
929 North Sixth Street
Milwaukee, Wisconsin 53203

The Georgia Power Project has a play in production. Written by the Federal Writers Project during the last Depression, "Power" describes various aspects of the electric business. "Power" can be performed in about an hour, and is available to groups of any size. For an entertaining and educational event at your next meeting (if you're near Georgia) or for information as to where copies of the play can be obtained call or write:

The Georgia Power Project
PO Box 1856
Atlanta, Georgia 30301
(404) 524-6867



CFA News

PRESIDENT	STATE AND LOCAL PROJECT
Eileen Hoats	Nick Apostola
EXECUTIVE DIRECTOR	ENERGY POLICY TASK FORCE
Carol Tucker Foreman	Ellen Berman
EDITOR	EDITORIAL ASSISTANT
Midge Shubow	Randi Chavis

PHOTOGRAPHER

Mike Moloney
STAFF

Jeff Howard, Sarah Wald, Jim O'Donoghue

The CFA News is a publication of the Consumer Federation of America,
1012 14th Street, N.W., Washington, D.C. 20005

© 1974 by Consumer Federation of America. CFA should be credited for material.
All Rights Reserved.

Bulk Rate
U.S. Postage
PAID
Washington, D.C.
Permit No. 44772