

The House of Representatives passed the Consumer Protection Agency Bill, H. R. 13163, by a vote of 293 to 94 on April 3, 1974.



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consumer federation of america

WASHINGTON, D. C.

APRIL, 1974

## HOUSE COMMITTEE APPROVES CPA BILL

The House Government Operations Committee, March 21 beat back numerous attempts to weaken H.R. 13163, the Consumer Protection Agency Act, and completed work on the bill.

The bill must then be scheduled for floor action by the Rules Committee and approved by the House. Floor debate may begin as early as April 3. However, further attempts to prevent creation of a strong Consumer Protection Agency—either by delaying Rules Committee action or by weakening amendments on the floor—are expected.

### Leadership Praised

CFA Executive Director Carol Tucker Foreman praised the Committee's work and the leadership of Representatives Holifield (D.Ca.), Horton (R. N.Y.) and Rosenthal (D. N.Y.). "Although H.R. 13163 is not perfect, it comes close to meeting the requirements set forth in CFA's policy statement adopted in January. The consumer interest has been well served by the wisdom and judgment of three key committee members and by the joint efforts of a coalition of consumer and consumer-related groups. I think we are beginning to persuade the Congress that this legislation is of vital interest to a broad range of Americans. Petitions to the Committee urging approval of a strong bill were signed by 65 different groups, showing the broad base of support. However, business and the Administration are still intent upon stripping as much power as possible from the proposed agency and their lobbying is sure to intensify. Consumers must be willing to continue pressing for the best bill."

Both the White House and business lobbyists attempted to strip or weaken key provisions of the bill during consideration by the Government Operations Committee. Several of the amendments defeated by the committee had been rejected earlier by the Subcommittee on Legislation and Military Operations. These included the so-called "dual prosecutor amendment" and an amendment to delete the provision allowing CPA judicial review of

decisions by other federal agencies that substantially affect the interests of consumers. After H.R. 13163 was reported by the Subcommittee on March 27, the White House and business groups launched a major attack on the bill. Late in the afternoon of the day before the Committee was to begin marking up the bill, Roy Ash, Director of the Office of Management and Budget, sent a letter to Chairman

Holifield urging numerous changes in H.R. 13163. These included:

1. Deletion of the *interrogatories* Section, or at a minimum, shift the burden of proof to CPA to show that the information substantially affects health or safety, is relevant and is not excessively burdensome,

2. Require the CPA to show that permitting him to obtain judicial review would "further the interests of justice"

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## NO FAULT MOVES TO SENATE FLOOR

Proponents of no-fault insurance won a majority victory when the Senate Judiciary Committee voted 8-7 to bring legislation to the floor as constitutional on March 20.

In summary, the bill (S. 354) establishes minimum federal no-fault standards which states are required to meet. These include the right of all automotive accident victims to recover first-party insurance benefits for most economic losses (medical costs, income loss, replacement service loss and survivors loss). Second, the bill restricts the right to sue for economic and noneconomic losses (pain and suffering). Finally, it prescribes a minimum benefit package to be adopted by all states, with wage loss protection varied in accord with a formula framed in terms of the states per capita income.

The decisive Judiciary Committee vote was cast by Senator Charles McC. Mathias, Jr. (R-Md.) to reject a report by ranking Republican Roman Hruska (R-Neb.) declaring it unconstitutional and to support a report by Senator Philip Hart (D-Mich.) in favor of federal no-fault legislation.

The vote means that no-fault insurance will go to the Senate floor with the support of both the Commerce Committee that produced the bill and the Judiciary Committee which scrutinized the legality of restricting the right of an individual to sue.

### House developments are positive

In the House, there have been several recent developments favorable to no fault insurance. The Commerce and Finance Committee of the House Commerce Committee has scheduled hearings for April 1-5 and 22-26 on the National No Fault Motor Vehicle Insurance Act introduced by Rep. John Moss (D-Cal.) and other no fault bills pending in the House. House Commerce Committee Chairman Harley Staggers (D-W.Va.) has recently been quoted in the Washington press as determined to go ahead with no fault on April 1 "whether or not they (the Senate) gets their bill over here by that time or not." (Continued on p. 5)

## CONSUMERS GET AMMUNITION TO FIGHT ENERGY AD BLITZ

If the public is to make the critical decisions necessary in the face of the energy crisis, it is essential to present an alternative to the oil company propaganda which is flooding our nation's media. To this end, Public Interest Communications of San Francisco working with CFA vice president Kay Patchner of San Francisco Consumer Action, has prepared a media campaign designed to present the consumer and environmentalist view of the current crisis in an effort to educate and mobilize public opinion.

The television, radio and print advertising package is a precise, hardhitting counterattack to the multi-million dollar campaigns of the oil companies. However, the ads must be placed in public media if anyone is to benefit from them.

In an attempt to get media access, a group of 16 Congressmen led by Representative Benjamin S. Rosenthal (D-NY) recently appealed to the nation's 7000 radio and television broadcasters to give those with divergent views an opportunity to respond to the campaign being waged by the energy industry. Joining the Congressmen are five consumer and environmental groups. They called on the broadcasters to exercise their responsibility under

"The fuel crisis will require some sacrifice by all Americans."

—RICHARD NIXON

After-tax oil profits—1973 (millions of dollars)		
	First nine months of 1973	Percentage increase over 1972
Exxon	1,656	59.4
Mobil	571	38.3
Texaco	839	34.9
Gulf	570	60.1
Standard Calif.	560	39.7
Standard Indiana	390	32.2
Shell	253	40.6
Continental	153	23.4
Atlantic-Richfield	178	36.9
Total all nine	5,170	45.2
All oil companies	52,600	30.3

Well, almost all.

the Federal Communications Commission's "Fairness Doctrine" to assure that all sides of the controversial story are told.

"This is particularly important," Rosenthal noted, "in light of industry's switch in advertising from product promotion to political advocacy aimed at convincing the public that oil companies are not responsible for the energy crisis. The average citizen simply has not been afforded an equal opportunity to hear the other side. We must combat the gross imbalance created by the industry's energy advertising blitz if the public is to make intelligent and well-informed decisions about the current situation and future energy policy."

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## ENERGY TASK FORCE PRESSES FOR FEDERAL FUELS CORP.

One of the more effective offerings of the Public Interest Communications counter advertising package (see story on page 1), depicts a man on a bicycle wearing a gas mask and riding up to an *air* pump. (AUDIO) Attendant: Hi Joe, what'll it be today? Man: Fill it up with regular please. Attendant: Sure thing. (VISUAL) Attendant connects *air* hose to man's gas mask and fills it up. (VOICE OVER) Think how absurd it would be if a few corporations controlled the world's air supply. Think about it for a moment. Now think about oil.

It is largely due to the foolishness of the above scenario, that Lee White, Chairman of CFA's Energy Policy Task Force was prompted to say, "We can no longer permit ourselves to be totally dependent for basic energy supplies on private industry that has failed to develop our resources in a way that meets national needs and protects consumers."

In an attempt to remedy the situation, White, when resigning as Chairman of the Federal Power Commission in 1969, suggested the establishment of a Federal Oil and Gas Corporation, somewhat similar to the reasoning behind TVA in the 30's. This suggestion was taken out of the abstract stage in Nov. 1973, when Senator Stevenson introduced this proposal as an amendment to what was then called the Natural Gas Regulatory Act (S. 2506).

The Federal Oil and Gas Corporation (FOGCO) has basically five thrusts:

1. To explore for, develop, and produce the large deposits of oil and natural gas on federal lands, in order to meet the national fuel needs.
2. To develop and use the most advanced techniques for producing oil and gas with minimal impact on the environment.
3. To provide for government and public review, complete and accurate information about costs of producing oil and natural gas. As such, the data would serve as a "yardstick" against which to measure cost and performance of the private oil companies.
4. To manage national petroleum reserves designated by the President, minimizing our dependence on foreign petroleum sources.
5. To provide a greatly needed competitive spur to the privately owned petroleum industry.

Right now, the two key words are "notice" and "momentum". In recent weeks, the concept of a Federal Oil and Gas Corporation (FOGCO) has been examined and discussed and endorsed in national newspapers, television programs and publications. Editorials have endorsed the concept. The Los Angeles *Times* recently published in its Sunday "Opinion" section a major article by Lee White on the Corporation. White's article has subsequently been reprinted in papers across the country. Additionally, White, speaking on behalf of the Task Force, on national television and in public forums has taken advantage of every opportunity to talk up our commitment to the proposal. In the past few weeks he has spoken to a dozen groups around the country, including universities, the World Affairs Council, legislative conferences sponsored by labor unions, and he has appeared on half a dozen national television shows advocating the Corporation.

Perhaps the truest test of whether a piece of legislation is being noticed is reflected in the reaction of the opposition. The oil industry has been beefing up its statements against the Corporation. Frank Ikard, President of the American Petroleum Institute (the oil industry trade group) has said of FOGCO, "I'm not sure where a federal petroleum bureaucracy would find initiative and expertise, but I do know where it would find the money — in the pockets of the nation's taxpayers." Were this the intention of FOGCO, it could certainly learn from no better masters than the large oil companies, they having written the roadmaps

charting the straightest course to the consumer's pocket.

The point is, this attention by the opposition is a direct result of their fears of some competition in an industry, where they presently hold all the cards—not to mention all this nation's people.

All this activity has not merely served as an entity in itself, but has resulted in a growing momentum for the FOGCO concept. An increasing number of unions and organizations, including the AFL-CIO, UAW, Common Cause, United Steelworkers, Conference of Mayors, the Machinists Union, APPA, APGA, NRECA, National Farmer's Union, to name only a few, have all voiced their support for the concept.



Lee White, Chairman of the Energy Policy Task Force, works on consumer energy legislation. (photo credit: David Hume Kennerly)

Backing of the proposal is also growing on Capitol Hill. In the Senate, the proposal has been introduced by Senators Warren Magnuson (D-Wash) and Adlai Stevenson III (D-Ill.), as part of the comprehensive Consumer Energy Act. On the House side, a number of separate but similar FOGCO bills have been introduced, and cosponsorship for the corporation is gradually increasing. Moreover, with the introduction of HR 12104 by Silvio Conte (R-Mass) and Thomas (Tip) O'Neill (D-Mass), the corporation received major bi-partisan support.

Public interest is growing. A survey recently conducted by Congressman Sidney Yates (D-Ill), based on responses of 24,000 urban constituents showed the following. "The federal government now leases its oil resources on public lands to private oil companies for development and takes a royalty. Do you think it would be better if Congress were to establish a government corporation like TVA to develop such publicly owned resources for the public, as:

	% Men			% Women		
	yes	no	undecided	yes	no	undecided
a. oil and gas . . . . .	56	36	8	62	27	11
b. oil shale . . . . .	55	37	8	61	24	15

To date the proposal, along with the entire Consumer Energy Act is in the Senate Commerce Committee undergoing some redrafting. To briefly sum up the intent of the comprehensive energy package, the Act's "principal thrust is to create incentives towards a gradual and orderly restructuring of the natural gas and oil industry, by enlarging the market share and influence of the independent producer. . . It provides special incentives to the independents—access to Federal lands and oil pipelines, and protection from both independent and franchised dealers. The Consumer Energy Act also proposes new incentives for the major oil companies. The premise of this Act is that the free market system is the

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## THE NUMBERS GAME — ARE YOU STRONG ENOUGH TO PLAY?

When your washing machine, television or refrigerator breaks down, the repair man will want to know the model number before he can fix it. He wants to make sure he brings the necessary equipment and the proper replacement part if the problem is readily identifiable. However, according to a recent survey by Mrs. Rosemary Hendrickson for the Oregon Consumer League, many model numbers are illegible, incorrect or located in hard to find, hard to reach places.

While the model numbers of small

appliances are not always visible, they are relatively easy to handle and locating the number does not present much of a problem. However, on large appliances such as washing machines, refrigerators or stoves, the visibility of the model number becomes more important.

A survey of repair men found that they feel very strongly that the accessibility of model numbers needs correcting. Mr. Phillip McKenny of the Hecht Co. in Washington, has 25 years in appliance repair. He reports, "We do have

trouble servicing housewives who cannot find the correct number. This is especially true when, for example, a refrigerator has to be moved in order to locate it. Putting model numbers in a convenient and standardized location would be a great help to the consumer and servicemen on a nationwide basis.

The argument given by salesmen and manufacturers for not having visible model numbers is that they feel housewives buy appliances to last many years and they do not need to locate model numbers that often. Once is often enough. They also state that housewives do not want model numbers visible for cosmetic reasons. While

this is true to an extent, many consumers indicate that while they would not want the number in the middle of an appliance, they felt it could be placed on a plate on the top or side.

Because of mass production and quality control it would perhaps take a little more time and money to put durable, legible identification numbers in a convenient standardized location. But it would also solve problems for both consumers and repairmen. Unlike so many consumer problems, this one seems relatively easy to rectify if appliance manufacturers are informed and influenced by concerned consumers throughout the country.



## Special Report

# energy policy task force

## The Natural Gas Explosion

The energy crisis has a great variety of scapegoats. The Arabs, the Administration, big oil companies and environmentalists have all been blamed in one way or another for current shortages. In the case of the natural gas shortage, the Administration has joined with industry in trying to pin the blame on price regulation. Industry recognizes the existence of vast potential gas reserves in this country, but it claims that without an unhampered profit picture, natural gas cannot be developed.

### Background of regulation

Since the 1930's, when natural gas was becoming widely used as a fuel, Congress has recognized the need to protect consumers against a largely non-competitive industry. The Natural Gas Act was passed in 1938 to provide for price regulation by the Federal Power Commission. But for 16 years after the passage of the Act, wellhead prices were still not regulated. Finally, in the Phillips case of 1954, the Supreme Court ruled that by law the FPC was required to start regulating the sale of gas at the wellhead.

For the next six years, the FPC tried to regulate producers on a company-by-company basis. This approach, however, amounted to no regulation. Because of the difficulty of individually regulating thousands of producers, the FPC, almost without exception, allowed producers to sell gas to pipelines at the contract (i. e. market) price.

In 1959 the Supreme Court again stepped in. The Court ruled in the Catco case that permitting high prices based on contract rates instead of cost-based rates inevitably resulted in a "windfall for the natural gas company with a consequent squall for the consumers." In effect the FPC was ordered to start providing consumers with the protection afforded them by the Act.

In the sixties, wellhead gas began to be regulated on an area-rate basis. After full hearings on the record, the FPC set just and reasonable, cost-based rates by geographical area rather than by individual producer. The rates were calculated to cover all costs, including dry hole costs, plus a fair rate of return. In 1968, the Supreme Court affirmed this approach in the Permian decision.

Although industry began to argue for deregulation "in order to avert a gas shortage" shortly after the Permian case, the Commission and gas producers seemed to have arrived at an incentive price with the Second Louisiana decision in 1971. At that time 26 cents per mcf (thousand cubic feet) was judged by the industry, both gas producing companies and the gas distributing companies, in the settlement proposal to "provide incentive for the exploration and for the development of gas reserves in the South Louisiana area." Unfortunately, industry later decided 26 cents was too

low, and today industry claims that even a price of 55 cents per mcf cannot provide adequate incentive; deregulation, it claims, is the only solution.

### The Natural gas situation

According to the industry and the Administration, regulation in the 1960's was unduly harsh. Current FPC Chairman John N. Nassikas alleges that gas well drilling began to decline in 1961. But what both the Administration and industry fail to point out is that production increased after World War II at an annual rate of about 6% until 1968, and the increase in consumption or demand in 1968 jumped to over 8%, the first year we consumed more gas than we added to our reserves.

If, as industry claims, the supply of natural gas is price-responsive there should have been some increase in the amount of reserves. American consumers paid over \$2.5 billion more for gas in 1973 than in 1969. And yet it was during those same years that reserves have decreased. During the period of "artificially low" prices (1963-1967), there were approximately twice as many new additions to the supply of natural gas than there were in the next five years (1968-1972) — despite the fact that the price for new gas was about 40% higher in 1972 than in 1963.

The "incentive" argument for deregulation comes at an awkward time for the petroleum industry. Not only has the FPC been granting price increases for natural gas, but industry profits for 1973 have set all time records. Exxon, the nation's largest major integrated oil company reported profits of \$2.4 billion in 1973 — 59% higher than in 1972.

Certainly the Administration could not be more responsive to industry's needs than it has been in the past few years. Recent FPC policies indicate a course of *de facto* deregulation without Congressional action. The "optional procedure" method of setting prices is simply a means of allowing the producer and purchaser (usually pipeline companies) to settle on price, with but cursory FPC approval. Moreover, the FPC has literally abolished wellhead regulation by administrative fiat for six-month contracts.

The FPC's policies of higher and higher prices and ultimate deregulation have themselves been the strongest deterrent to the required commitment of funds to exploring for gas. Why should massive investments be made for gas to be found today if "deregulation is right around the corner"? James T. Halverson, director of the Federal Trade Commission's Bureau of Competition, has accused the oil industry of understating reserves — an indication that the gas shortage may have been at least partially contrived to push for deregulation. The FPC's own Office of Economics believes that the

greatest disincentive for the commitment of gas to the interstate market has been FPC promises of price increases. Most likely, the Commission's success in bringing some gas to interstate markets through short term contracts has only discouraged long term commitments by industry.

### Non-competition in the gas industry

The idea that deregulation will bring more gas to markets is based on the assumption that the industry is workably competitive. Advocates of decontrol point out that there are thousands of gas producers and claim that pipelines can effectively bargain for lower prices.

But the actual number of gas producers in the industry is deceptive. Producers are tied together by a web of interties, interlocks and interdependence. Small companies cannot afford to enter offshore areas without becoming junior partners of the major corporations. FPC figures show that 10 of the 16 major oil companies with an interest in federal offshore oil own 80% or more of their producing leases jointly. Gas producers are further tied together by joint ownership of pipelines, joint participation on international ventures, and banking and directorate interlocks.

More serious perhaps than the ties between producers is the pervasive vertical integration in the producing, transporting, processing and marketing of natural gas. Gas distribution companies used to have a stake in keeping prices down and would strongly oppose unjustifiable price increases. But today many distributors have themselves become producers by forming affiliates and participating in joint ventures with other producers. Shortage has meant that gas-hungry pipelines that can easily pass on cost increases will pay any price to contract for reserves, but the fact that many pipelines are themselves producers has made them even more than willing to do so. Moreover, pipelines and distribution companies no longer have any incentive to restrain gas prices because they can automatically pass those costs on to their consumers through their "purchase gas adjustment" clauses.

Even without taking into consideration the interdependence throughout the natural gas industry, there is a high degree of concentration among a few major companies. It is generally accepted by anti-trust specialists that when the eight largest firms in an industry have 50% or more of the sales, they have monopolistic power. Concentration in the natural gas industry far surpasses this mark. According to FPC studies, the concentration of control by eight corporations over supply, by virtue of new gas contracts entered into from 1965-1970, ranged from 61% to 87% for any one year in Southern Louisiana, 76% to 94% in the Permian Basin, and 72% to 99% in the Gulf Coast Area.

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## The Natural Gas Explosion (Continued)

Aside from market control within the gas industry, it is important to realize that the major integrated oil companies which dominate the natural gas business are now becoming full-line energy companies. While increasing their control of oil and gas in recent years, the major oil companies have also been steadily increasing ownership of coal and uranium reserves — with a remarkable lack of interest by the Justice Department's Antitrust Division. The major integrated oil companies' control of gas and oil now threatens to expand to cover the whole range of energy resources.

### The Impact of Deregulation

While industry plugs deregulation as the solution to the gas shortage, it also refuses to estimate possible increases in gas supplies if deregulation does occur. Again, the consumer is simply to take industry's word for it and assume that increased production will follow higher profits.

In a competitive industry such an assumption might be valid. The lure of high profits should attract new companies to the industry or encourage big companies to drill in marginal areas. But in a monopolistic industry, big companies can realize high profits simply by constraining reserves in order to keep prices up. The incentive for increased production does not exist in a non-competitive industry. Quite recently, the Middle Eastern oil producing countries demonstrated to the entire world this basic point of economics. Put differently, the law of supply and demand gets out of whack when the product is essential in character and the supply is under close control by monopolists motivated to extort higher prices by taking advantage of a relatively fixed demand.

But even if there were some question as to whether or not the industry is competitive, the incentive argument seems to have been disproved in recent years. Far from encouraging production, the price increases of the Nixon Administration seem to have discouraged it. Though the price of natural gas has more than tripled since 1969, reserves have diminished.

Those who claim the decline in drilling for natural gas is a result of "artificially low" rates have the burden of explaining why the decline in drilling for oil during the same period, as depicted on graphs charting the level of drilling activity, result in very nearly identical patterns. And the price of oil was never regulated. This is even more significant when it is recalled that the decline in domestic drilling for oil occurred while the Government kept crude oil prices "artificially high" by the Oil Import Quota Program, instituted by President Eisenhower in 1959 and lifted by President Nixon in 1973, three years after his Cabinet-level Task Force had recommended discarding the import quota plan.

There is no guarantee of more gas as a result of deregulation, but one assured result is skyrocketing prices. The National Petroleum Council estimates a 250% increase in natural gas prices by 1985. But considering the fact that gas prices tripled in four years under *regulation*, this estimate is ridiculously conservative. Some producers claim that the wellhead price of gas should be determined by the cost of imported supplies, i. e. \$1.00 to \$1.50 per mcf. The big companies have argued that, as an especially desirable fuel, the

price of natural gas should arbitrarily be set higher than oil and coal. Clearly, if this were the case, the cost of production would have *nothing* to do with the price of deregulated gas.

This Administration claims that under its bill for deregulation, prices will just rise gradually because only "new" gas will be affected and existing long-term contracts will remain the same. But the bill contains no assurances against immediate increases. The bill provides that gas drawn from "wells commenced" after April 15, 1973 will be deregulated — a provision which can be easily bypassed by drilling a new well to divert gas from the old. Most important to the consumer is the fact that there is no provision prohibiting renegotiation of old contracts. Pipelines competing for gas from producers with whom they already have contracts would probably soon find it wise to renegotiate the old contracts.

Even assuming a gradual price rise, the Administration has underestimated the cost to the consumer. Natural gas has so far served to hold down to some extent the prices of other fuels. The major integrated oil companies with holding in oil, gas, coal and uranium are sure to use gas price boosts to justify increases in the price of other fuels. Fuel price increases are also the most dangerous in terms of general inflation. When fuel costs more, all goods and services will cost more.

For the producers, the stakes in deregulation are extraordinarily high. For each 10 cent per mcf increase in the old gas price, industry adds \$25 billion to the value of its present "proved" reserves. For the consumer, the stakes are also high — except the consumer stands only to lose. According to an FPC economist, the prices paid by consumers in the event of deregulation would increase by as much as \$4.5 to \$9 billion a year. **The consumer will inevitably bear the brunt of industry's windfall profits.**

### Consumer Policies Relating to Natural Gas

The interest of the consumers of the Nation in both the supply of natural gas and in being able to purchase it at fair and reasonable rates requires Congress to consider the various proposals that have submitted to it and to reach prompt and wise decisions. The Energy Policy Task Force supports the concept of fair and vigorous regulation of the natural gas industry and specifically supports the following policy positions:

1. **Defeat of all efforts to decontrol natural gas rates.** Cost-based regulation, providing for a reasonable rate of return, is absolutely necessary — especially during periods of shortage — to protect against excessive and unreasonable prices for a commodity that is essential to the health and well-being of millions of consumers across the country.
2. **Extension of Federal regulation to intra-state markets.** Natural gas is a national resource and must be treated as such. This resource should be available throughout the country for the superior uses that it provides, namely, residential space heating, heating of hot water, and cooking. Its use as a feed stock, especially where there are no suitable substitutes, should also be on a national basis.
3. **The creation of an independent governmental agency to gather, evaluate and dis-**

**seminate information regarding the national energy situation is essential.** Probably the greatest national frustration in so far as the energy situation is concerned rests on the lack of confidence consumers have in information that has been offered to them. The Federal Government seems to be not much better off, and it should welcome and support an independent agency to serve this very vital function.

4. **A Federal Oil and Gas Corporation should be created.** A government owned entity is needed to provide a yardstick for determining the costs for producing oil and gas; to develop oil and gas reserves as a means of reducing our national dependency on foreign sources; to develop and use the most advanced and environmentally sound methods and technologies in all authorized activities; and to ensure that independent refiners and marketers are retained as a viable and valuable force in preventing excessive prices for oil and gas.

5. **A well financed research and development program for developing alternative sources of energy is required.** The finite fossil fuel resources must ultimately be replaced by alternative energy sources. A national commitment of \$2 billion annually to this purpose is required and should be enacted without delay.

### WHAT CAN YOU DO?

This Nation is about to make some significant energy policy decisions. Unless the consumers of this country make their views known to their legislators, their interests are not likely to be adequately considered. Consumers can help their cause and that of their children and their children's children by becoming informed and by communicating their thoughts and recommendations to members of the national Congress. This can be done individually and through consumer organizations, but unless it is done, the risk is great that the course of the next two decades will be ruinous. The point is: consumers *must* get their story across.

*"The Natural Gas Explosion" was prepared for the Energy Policy Task Force by Mary Speck.*

The Energy Policy Task Force was established by the Consumer Federation of America in early 1973. As a public interest lobby, its mission is to represent consumers in national energy policy decision-making in Congress, the Administration and in public forums.

The Task Force regularly testifies on Capitol Hill and before government officials, conducts research, disseminates information to the public through publications, the media and personal speaking appearances. EPTF depends on contributions by organizations and individuals to sustain its efforts. Your help is needed, too.

The Task Force, under the direction of former Federal Power Commission Chairman Lee C. White, is a leading advocate of regulation of natural gas as the best means of protecting consumers.

For additional copies of this special report (twenty-five cents), or other informational materials, write to:

### ENERGY POLICY TASK FORCE

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## SPEAK OUT!

Each month the CFA News will feature a guest column by a consumer leader involved in a timely and meaningful endeavor. We are happy to initiate this new series with a closer look at the medical profession by Sidney Wolfe, M.D., and Robert McGarrah, Esq. of the Public Citizen's Health Research Group, Washington, D.C.

Most people can find out more about a new car they plan to buy than they can about a doctor who may hold their life in his hands. Anyone who has ever had to find a doctor, whether he suddenly becomes ill, is new in town or needs a type of specialty care, knows just how difficult it is.

Neighbors and friends can be helpful if one is lucky enough to get a good recommendation. Sometimes the local medical society has a referral bureau that will release the names of a few doctors—but they never say if the doctor is good or whether he charges so much for a five minute office visit that you would be better off in a hospital emergency room. The Yellow Pages of the telephone book usually list all the doctors practicing in an area.

### It's your health!

With over \$80 billion going to medical care in this country, you would think it should be easy to find a doctor and learn a little about his practice before entrusting your health to his care and your bank account to his bill.

The whole problem takes on critical dimensions when statistics reveal that nationally over half of all prescriptions for antibiotic drugs are completely unnecessary; that an estimated 25% of all hysterectomies are not essential; and that there are a total of at least two million needless surgical procedures performed each year.

On top of all this, the American Medical Association itself estimates that 5% or 15,000 doctors in this country are either drug addicts, alcoholics or mentally disturbed. Doctors are not even required to be re-examined each year, so the majority of these unfit physicians keep practicing on innocent victims. Would you ride on an airplane if the pilot never had to be relicensed or if 5% of them were drug addicts, alcoholics or mentally ill?

It is time consumers knew more about their doctors. That is why the Public Citizen's Health Research Group published the nation's first consumer's directory of doctors, listing fees, office hours, participation in Medicare and Medicaid, training, and other information for Prince George's County, Maryland. Our experience provides guide-

lines for consumer groups across the country who may want to compile a local directory of their own.

Our guide cannot tell who is a top quality doctor, because that kind of information is just not available to the public. It can help consumers to make an informed choice of a doctor who meets certain needs. Hopefully, consumers publishing future directories will have the right to get enough information to know who is a top quality doctor. Laws that now do more to protect doctors from bad reputations than to protect the public's health must be changed.

### Code of Ethics?

We want to warn you that the information about doctors is hard to find. Doctors are very careful not to reveal critical information about their profession to the public. The AMA Code of Ethics goes to great lengths to keep things quiet. The executive director of the Medical and Surgical Society of the State of Maryland informed us that any directory of doctors that contains "information that would point out differences between doctors" is prohibited by Maryland law. It is apparently against medical ethics and even the law is list information about medical practices in a directory such as ours. The medical profession calls it advertising; we call it public consumer information. No matter what it is called, the patient-consumer is the one who suffers, unable to either compare accessibility, qualifications and fees, or to shop around for a doctor.

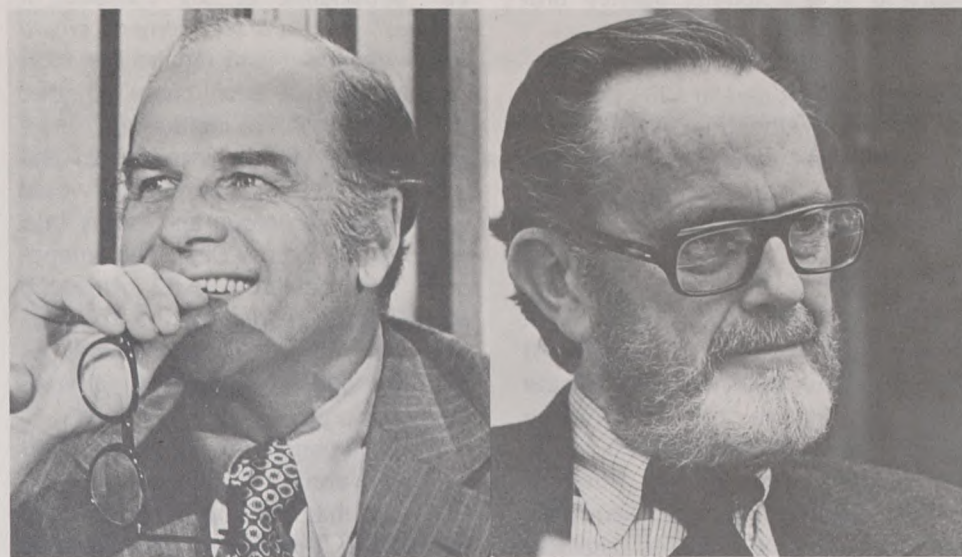
Obviously, all doctors are not alike. Some have had more training than others. Some have flexible office hours. Some are affiliated with university teaching hospitals, are subject to peer review and are more likely to keep abreast of the latest developments in their field. Some doctors make housecalls. Some make it easy to ask questions and to air complaints. Some accept patients on Medicare and Medicaid. Yet there is no way for a consumer to find out which doctor does what unless he or she calls all the doctors in practice and asks each the same questions.

### Ignorance is . . .

Keeping the public ignorant—this is the predictable result of the advertising prohibition in the medical profession. The less the public knows about their doctors, the easier it is for them to set high fees, to do away with housecalls, and to make the consumer too embarrassed to ask questions.

Our consumer directory is an important first step in making it easier to find a doctor. It is also a challenge to the medical profession. The day we

## CFA RATES CONGRESS ON CONSUMER VOTES



100% CLUB—

Senators Philip Hart (D-Mich.) above right, and Gaylord Nelson (D-Wisc.) above left, were the Senate's only members to score 100% on the CFA consumer vote tally for 1973. Twenty-nine members of the House joined them by voting for the consumer on all issues that came before them. To find out how your Congressmen voted, write to CFA for a complete 1973 voting record.

## SUPREME COURT DENIES REVIEW IN OIL COMPANIES CASE

On February 25, the United States Supreme Court declined to review the decision of the D.C. Court of Appeals in *National Petroleum Refiners Association v. FTC*, thus leaving in effect the Court of Appeals decision holding that the Federal Trade Commission has the power under the FTC Act to promulgate trade regulation rules. The case will not be remanded to the District Court for additional hearings on the validity of the rule itself, which would require posting of octane ratings on gasoline pumps at service stations.

CFA, Consumers Union and the Environmental Defense Fund, through attorney Gladys Kessler of the Washington law firm of Berlin, Roisman and Kessler, which is counsel to CFA, were successful intervenors in the case.

Ms. Kessler hailed the Supreme Court refusal to review the case as "a major victory for consumers and for the use of rulemaking authority by federal agencies to implement broad consumer protection programs. The rule to be drawn from this case is that the FTC can issue across the board rules against activities which are considered anti-consumer, anticompetitive or deceptive and unfair. Had the Supreme Court granted review, and held that the Commission had no power under the FTC Act to promulgate trade regulation rules, the FTC would have been restricted to issuing complaints on a case by case basis, with the attendant delay and inefficiency of that remedy, and would have been forced to obtain additional legislative authority."

published the directory, we simultaneously filed a major test case in Federal District Court in Baltimore to overturn state laws that ban doctors from listing such information in consumer directories.

If your consumer group wants more specific information on how to prepare a directory for your area, how to obtain physical lists, conduct a telephone survey (written requests are often tossed in the wastebasket), what information to include, how to overcome medical society resistance, and how to begin legal action, if necessary, contact the Health Research Group, 2000 P Street, N.W., Washington, D.C. 20036, (202) 872-0320.

### No-Fault (Continued from p. 1)

Staggers was responding to what he described as "some people (who) are passing the word around in the Senate that there is no point in passing the Magnuson-Hart no fault bill because we won't act on it over here." Also, Congressman William Stuckey (D-Ga.) who had favored leaving no fault to the states has changed his position and now favors the federal standards approach. He has introduced a no fault bill similar to S. 354, the Magnuson-Hart bill. Stuckey's change of position is important because he may be a swing vote in the Subcommittee on Commerce and Finance which will be holding the no fault hearings.



**CPA bill (Continued from p. 1)**

where CPA had not intervened or participated in the federal agency proceeding or activity.

Give federal agencies a reasonable time to respond to CPA petitions for Rehearing rather than 60 days.

3. *Self Representation* - Allow the Justice Department to represent the CPA in court proceedings.

**Industry lobby fails**

Both Holifield and Rep. Frank Horton, ranking minority member of the Committee, blasted the last minute effort to weaken the compromise bill they had worked out with representatives of citizen groups, business and the Administration. Subsequently Ash sent another letter to Holifield praising the work of the Committee and Virginia Knauer, White House Consumer Adviser, spoke in favor of a strong and independent agency. However, Ash did not withdraw from his position in favor of the amendments and this, plus heavy industry lobbying, appeared to be responsible for the large number of Republican votes to weaken or strip the CPA's powers.

Five major amendments were offered and defeated by record votes.

These included:

1. An amendment to section 6(d) by Rep. Jim Wright (D. Tex.) to limit the CPA's right to intervene in the judicial review of some agency actions. In those cases where CPA was not a party or a participant prior to judicial review, H.R. 13163 allows the CPA to intervene or institute judicial re-

view unless the court determines that such institution or intervention would be "detrimental to the interests of justice." Wright's amendment would have changed this to require the court to determine in such cases whether CPA intervention or institution "would be necessary to the interests of justice." The Wright amendment would have placed a unique and heavy burden of proof on the CPA. The amendment was defeated 15-22. Although Mr. Wright's record on the CPA bill has been mixed, his sponsorship of this and another weakening amendment was unexpected.

2. An amendment to section 6(f) by Rep. John H. Buchanan (R. Ala.) to require that the CPA be represented by Justice Department attorneys in court proceedings. H.R. 13163 allows the CPA to represent itself in agency and court actions. The CPA's independence and ability to represent consumers would be severely restricted by a requirement to rely on the Justice Department for representation in court proceedings. The amendment was defeated 4-32.

**Information for Health & Safety**

3. An amendment to section 10(a) (1) by Rep. Wright to limit the CPA's ability to gather the information required to protect the health and safety of consumers. The amendment would have required the CPA to prove that its request sought information that substantially affects health or safety, or is relevant or is not unnecessarily or excessively burdensome to the Federal Agency or the persons speci-

fied in the proposal. H.R. 13163 requires the host agency to forward CPA's requests for information *unless* the agency proves they do not seek information affecting the health or safety of consumers, or are not relevant or are unnecessarily or excessively burdensome. The Wright amendment would have made it even easier for the "host agency" to delay CPA requests. The amendment failed 15-26. Consumers had urged the Committee to allow CPA to send information requests directly to business without going through a host agency.

**Courts shortstop denied**

4. An amendment to section 10(a) (1) by Rep. Paul McCloskey (R-Calif.) to require the courts to decide in each case which requests for information are relevant and not burdensome. This would further increase delays in securing information. The amendment was defeated 11-21.

5. An amendment to section 10(b) (6)(B) by Rep. Buchanan to broaden the ability of federal agencies to deny CPA access to certain kinds of business information. The amendment was defeated 9-32.

Virtually all of these amendments are likely to be repeated on the House floor. Consumers should contact their members of Congress urging quick approval of H.R. 13163 without weakening amendments.

In addition, H.R. 13163 still does not meet all of the tests for a strong, independent CPA. Consumer representatives hope that the bill can be strengthened as it moves through the

legislative process to include:

1. CPA power to intervene in agency proceedings seeking to impose a fine or forfeiture.

2. CPA authority to intervene in judicial proceedings where the U.S. or any federal agency is a party, other than judicial review.

3. CPA authority to use the host agency's subpoena power in informal proceedings and activities.

4. Fixed term of office for the CPA, with removal only for cause.

5. Required submission of CPA budget and legislative recommendations to Congress at the same time they are submitted to the Office of Management and Budget. (Such an amendment was introduced in the full Government Operations Committee by Rep. John Moss (D-Calif.) but failed on a voice vote.)

6. Provisions of a consumer protection grants program to help states and localities establish comprehensive consumer protection programs.

**What's Next?**

The next step in consideration of the Consumer Protection Agency Act is for the House Rules Committee to schedule it for floor action. Attempts will be made to stall or stop the bill here.

The Subcommittee on Reorganization, Research and International Organizations of Senate Government Operations Committee has scheduled a markup session for the CPA bill March 28. The Senate Commerce Committee is expected to markup the bill soon.

**WRITE YOUR CONGRESSMEN TO SUPPORT H.R. 16163****House Rules Committee Democrats**

Ray J. Madden, Indiana, Chairman  
James J. Delaney, New York  
Richard Bolling, Missouri  
B. F. Sisk, California  
John Young, Texas  
Claude Pepper, Florida  
Spark M. Matsunaga, Hawaii  
Morgan F. Murphy, Illinois  
Giillis W. Long, Louisiana  
Clem Rogers McSpadden, Oklahoma

**Republicans**

Dave Martin, Nebraska  
John B. Anderson, Illinois  
James H. Quillen, Tennessee  
Delbert L. Latta, Ohio  
Del Clawson, California

**Senate Government Operations Committee Democrats**

Sam J. Ervin, Jr.,  
North Carolina, Chairman  
John L. McClellan, Arkansas  
Henry M. Jackson, Washington  
Edmund S. Muskie, Maine  
Abraham Ribicoff, Connecticut  
Lee Metcalf, Montana

James B. Allen, Alabama  
Lawton Chiles, Florida  
Sam Nunn, Georgia  
Walter Huddleston, Kentucky

**Republicans**

Charles H. Percy, Illinois  
Jacob K. Javits, New York  
Edward J. Gurney, Florida  
William V. Roth, Jr., Delaware  
Bill Brock, Tennessee

**Senate Commerce Committee Democrats**

Warren G. Magnuson,  
Washington, Chairman  
John O. Pastore, Rhode Island  
Vance Hartke, Indiana  
Philip A. Hart, Michigan  
Howard W. Cannon, Nevada  
Russell B. Long, Louisiana  
Frank E. Moss, Utah  
Ernest F. Hollings, South Carolina  
Daniel K. Inouye, Hawaii  
John V. Tunney, California  
Adlai E. Stevenson, Illinois

**Republicans**

Norris Cotton, New Hampshire  
James B. Pearson, Kansas  
Robert P. Griffin, Michigan  
Howard H. Baker, Jr., Tennessee  
Marlow W. Cook, Kentucky  
Ted Stevens, Alaska  
J. Glenn Beall, Jr., Maryland

**Ads (Continued from p. 1)**

Rosenthal and his colleagues are asking the nation's broadcast media to allow consumer and environmentalist groups and others with divergent views on the energy crisis to utilize the most effective format possible, the short (30 or 60-second) spot announcement during prime viewing time which has been used so heavily by the energy industry.

Congressman Rosenthal's office reports that to date, over 120 stations have asked for and are running these ads.

Public Interest Communications is offering print ads, radio and television spots for use by local as well as national organizations that would like to join in the effort to get the truth out to the public. As they do not have a multi-million dollar advertising budget, they emphasize that the key to this campaign is active involvement by citizens on a local level. One meeting with the sta-

tion manager or publisher can open access to thousands or even millions of Americans through the use of free public service time and space.

Public Interest Communications is a media resource center working on behalf of groups and viewpoints which have been denied adequate access to the nation's media. The entire campaign was produced on a budget of less than \$5000 thanks mainly to the donated labor and resources of numerous West Coast film-makers and actors.

The print ads and broadcast spots are available to any media outlet interested in using them or to any organization wishing to present them to local station managers or newspapers. For the ads and information on how to get your local television, radio and newspapers to carry them, write: Public Interest Communications, 1300 Sansome Street, San Francisco, California 94111, or call (415) 397-9961.



# CFA GETS GRANT TO AID STATE AND LOCAL GROUPS

With the acquisition of a grant from Consumer Union, CFA is beginning a major program of informational, technical and organizational assistance to state and local consumer organizations.

The grant, which is for a total of \$100,000 over 3 years, will provide \$33,300 in 1974. If satisfactory progress is recorded the grant will be renewed for two additional years. Starting this spring and over the next three years, CFA will establish a clearinghouse where the proven successful programs of state, local and national groups will be made available to other consumer groups wishing to implement similar programs. Information will also be on hand for consumers who wish to start new groups.

CFA Executive Director Carol Tucker Foreman, stated, "For the first time in its history, CFA has the financial resources to begin aiding state and local groups. However, the experience that state and local groups need cannot be manufactured from our national office. We can best serve as a conduit for transferring the experience of one group to another and for seeking expert technical advisors. If the project is to be successful, we must be able to involve successful consumer advocates. We'll publish their experiences and make sure they get to those who need and can use them. The key element in this is learning what experience is out there and what local groups need to know. Our members must tell us what kind of help they can give and what kind of help they need."

In order to find out the strengths and needs of our members groups, the accompanying chart has been prepared. We would appreciate it if you will complete the information, indicating which materials you have available and which you would be interested in obtaining. This will assist CFA in establishing priorities based on your needs.

Grassroots consumer groups have stated that their needs include useful information and skills. CFA hopes to meet the needs by compiling and making available substantive and organizational material based on case studies of successfully implemented programs of other groups.

Substantive case studies will include guidelines for a variety of projects such as, how to initiate and carry out a utilities rate case and the key elements that should be included in a good no-fault bill. Organizational case studies will tell how to set up a tax-exempt arm, how to lobby the state legislature and how to raise money.

## Different cases for different places

Because the issues have been handled differently by different groups and because different locales present different problems, at least two and preferably three studies will be prepared on each issue. However, an identical format will be used for the presentation of each study in order to emphasize key similarities and differences. If outside expert help was used, these names will be listed and experts will be asked if they are available to other groups.

The Consumers Union grant also includes provisions for a series of leadership seminars to start next year, which would be held in a range of geographic locations. These seminars will provide for exchange of information and problem solving.

The immediate goal of CFA's state and local project is to strengthen consumer organizations and help improve their effectiveness in positively influencing marketplace and public-policy decision making. Effective state and local consumer organizations have often made progress in protecting citizens from unethical business practices, unfair rate increases and unjust laws.

# MEMBER INTEREST QUESTIONNAIRE

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Director \_\_\_\_\_

Subject Area	Interested	Expertise or Willing to do Depth Research
1. How to set up bylaws and incorporate	_____	_____
2. How to set up a tax-exempt arm	_____	_____
3. How to Raise Funds	_____	_____
4. How to Prepare newsletters, fact sheets and publications	_____	_____
5. How to handle complaints	_____	_____
6. How to organize an effective conference	_____	_____
7. How to gather and publish voting records	_____	_____
Substantive		
1. How to perform a consumer-interest survey (drug prices, food-prices)	_____	_____
2. How to counter arguments against no-fault insurance	_____	_____
3. How to prepare a utility rate case	_____	_____
4. How to work for public representation on state licensing, professional and regulatory boards	_____	_____
5. How to sue the State Board of Pharmacy to allow prescription drug advertising	_____	_____
6. How to organize a pre-paid legal service	_____	_____
7. Consumer rights in planning a funeral	_____	_____
8. Counter-advertising, where to get ads and how to get them on the air	_____	_____
9. What is a good insurance plan	_____	_____
10. What to do about the new computer check-out system	_____	_____
11. How to use small claims court	_____	_____
12. What to look for when buying on credit	_____	_____
13. How to read warranties and get repairs	_____	_____
14. Other _____	_____	_____

## REGIONAL MEETINGS

A regional Conference sponsored by CFA and San Francisco Consumer Action will be held in San Francisco on Monday, April 1. The themes are Energy and What to Do About Product Safety. Eileen Hoats, CFA vice president and Executive Director of the New York Consumer Assembly and Commissioner David Pittle of the Consumer Product Safety Commission will speak. For more information, contact San Francisco Consumer Action,

312 Sutter Street, San Francisco, California 94108, (415) 982-4660.  
A mid-west Regional Conference will be held on Tuesday, April 18 at 6 p.m. at the Cleveland Sheraton Hotel. It will be an opportunity for consumers from Wisconsin, Michigan, Minnesota, Illinois, Ohio and Indiana to get together and discuss issues from a grassroots level. For further information, contact the Consumer Protection Association, 118 St. Clair Avenue, Cleveland, Ohio 44114, (216) 241-0186

Return To: Consumer Federation of America  
1012 - 14th Street, N.W.  
Washington, D. C. 20005



## DOUGLAS CENTER GETS OEO GRANT

The Paul Douglas Consumer Research Center has recently received a grant from the Office of Economic Opportunity to provide information and methods of dealing with the energy situation to groups and organizations concerned with energy-related problems of low income people. The Paul Douglas Center is the tax-exempt education and research foundation of the Consumer Federation of America.

The OEO grant has provided funds for a new handbook entitled *The Energy Crisis and the Consumer - A Practical Guide to What Community Action Agencies, Consumer Groups and Voluntary Organizations Can Do*. The handbook will include detailed components of energy projects including securing supplies of and conserving home heating oil, hotlines and crisis centers, credit arrangements and insulation programs.

Specifically, the OEO grant will allow specialists at the Paul Douglas Center to continue to develop extensive guidance materials for low-income people and community agencies, which will enable them to more effectively deal with Federal Energy Office regulations and programs and help them monitor energy suppliers and document abuses. Since it is indisputable that the energy crisis is disproportionately hurting low and lower-middle income Americans, there is a serious need for this type of education and information.

Because of the extremely complex nature of the federal energy program, it is necessary to supplement the guidance materials with direct training of community action agency personnel along with legal services attorneys with whom they may work. Accordingly, through the Paul Douglas Center, training sessions in each of OEO's ten

regional offices are being planned.

The guidance material developed for community agencies will also be geared for consumer groups at the state and local level. They will be available to CFA members upon publication later this spring. The next issue of CFA news will have further information for those who wish to obtain copies.

## SHUBOW JOINS CFA

Ms. Midge Shubow has joined the staff of CFA as Information Director. She will be responsible for writing the monthly CFA news, issuing press releases and conducting media relations.

A graduate of the Boston University School of Public Communications, Ms. Shubow comes to CFA from the Public Relations department of Beth Israel Hospital in Boston. Prior to that, she was publications editor for Youville Hospital in Cambridge, Massachusetts.

"I hope the CFA news will be a valuable means of exchange to facilitate communication throughout the membership of CFA," she notes. "I invite input from all state and local chapters and will strive to keep our membership abreast of noteworthy happenings throughout the country and in Washington, D.C."

## \$20,000,000,000

"American's will pay at least \$20 billion more for fuel this year than they did in 1973," according to the American Public Gas Association. As an indication of what \$20 billion actually is, were it distributed equally among every man, woman, and child, of this country, each would receive a fat \$100, or these days, 3-1/2 gallons of gas.

## NATIONAL CONSUMER LEADER PERSIA CAMPBELL, DIES

Dr. Persia Campbell, a director of the Consumers Union, emeritus professor of economics at Queen's College and a leading consumer advocate, died recently in New York at the age of 75.

Dr. Campbell had made consumer protection her chief professional concern since the 1930's, when she became executive secretary of the Consumers National Federation and chairman of consumer activities in New York for the American Association of University Women. She was later a consumer affairs advisor to city, state and Federal governments.

She served on President Kennedy's Consumer Advisory Council in 1962, President Johnson's Committee on Consumer Affairs in 1963 and the National Advisory Committee of the President's Representative on International Trade in 1964.

In 1954, she was named by Gov. Averill Harriman of New York to the newly created cabinet post of Consumer Counsel to the Governor. Much of her work during her four-year term was in encouraging legislation in such areas as protection against "bait advertising" and fraud in radio and tele-

vision repair services. The state's first law on general installment buying was considered her achievement.

For many years, since the early days of the International Organization of Consumer Unions, her energy and perseverance were dedicated to the cause of consumers in developing countries. As chairman of the Development Committee she tirelessly explored the needs and problems of consumers in the third world. Despite her illness, she remained closely involved in the preparations for the first regional seminar in Asia; fortunately, she was able to attend this seminar and made her own, invaluable contribution to its success.

Persia Campbell's other special interest was the United Nations and its agencies. Without her we would not have the standing with these organizations that we have today. On IOCU's behalf she made numerous submissions to the UN, in particular to the Human Rights Commission and the Environmental Programme. She was an excellent ambassador at UN headquarters.

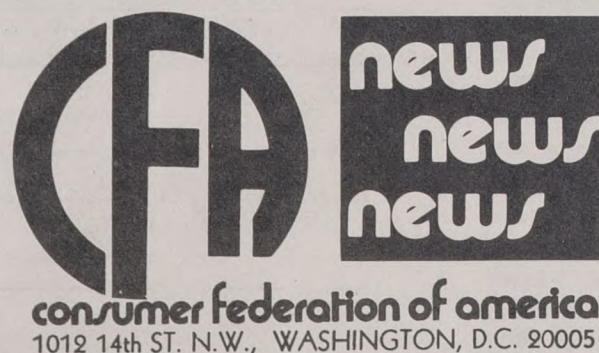
We have not only lost a courageous and unique colleague but also a great friend.

FUELS CORP. (Continued from p. 2)

best allocator of scarce resources, but for the free market system to work properly, multinational oil companies must be structured competitively. . . The Act proposes for the major companies a firm, fair, streamlined and workable system of price controls and incentives to encourage maximum efficient levels of production of oil and gas at reasonable prices. This goal would be achieved by a reformed system of FPC oversight and the establishment of a Federal Oil and Gas Corporation."

Members of the Task Force have been up on the Hill making our positions known, in the hope that the final version which goes to markup, will be as strong and sound as possible. As it looks now, the Senate Commerce Committee should have a bill ready for markup within a matter of weeks.

What are the overall chances for FOGCO becoming law? Right now White feels "prospects have improved to the point where it's now even money." But we'll keep you informed.



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