

# Consumer Federation of America

# NEWS

WASHINGTON, DC

JUNE-JULY, 1977

## ACP Nickel Campaign Targets Representatives

Consumer Federation of America is confident that June 29 will long be remembered as the day on which the highly successful "Nickel Campaign" was launched. Or the day on which an unprecedented grassroots lobbying effort in support of the Agency for Consumer Protection (ACP) sprung up in more than eighty Congressional districts across the country.

The Nickel Campaign, led by CFA and Congress Watch, represents an all-out effort by a broad coalition of consumer, labor, farm, Common Cause, environmental, coop, senior citizen and other public interest groups. It was announced at a major national press conference in Washington, D.C. held by Ralph Nader and CFA President Lee Richardson. Five regional press conferences took place simultaneously in Boston, New York City, Chicago, Louisville and Philadelphia. Leading the Philadelphia rally was CFA Executive Director Kathleen F. O'Reilly. CFA's Legislative Director Linda Hudak helped dispatch Louisville's volunteer "Nickel Brigade."

Other CFA staff members set out to work with local district organizers in New York, New Jersey, Tennessee and West Virginia. They will be setting up information tables at shopping centers,



county fairs, churches and other strategic locations and asking consumers to send "a message and a nickel" to their representatives in Congress. The nickel was chosen as the symbol of the campaign since the ACP would cost each taxpayer about five cents per year. It also provides a striking contrast to the countless business dollars being spent to defeat the bill.

Indeed, the proposed agency has been the object of the most intensive business opposition in years. Driven

by a concern to preserve its dominant relationship with federal agencies, big business is devoting huge chunks of million dollar budgets and hundreds of its lobbyists to assure the defeat of this bill.

Some 300-400 businesses and associations are members of an ad hoc coalition chaired by Emmet Hines, Washington representative for Armstrong Cork. The group is financed by those businesses most interested in the bill's defeat. The National Association of Manufacturers, for example, has frequently paid the costs of the meeting rooms where the coalition gathers. The Chamber of Commerce has subsidized most of their publication costs. The Business Round-

table, an organization comprised of the chief executives of the nation's major corporations, has provided funds for legal expenses. The Business Roundtable is also known to have paid former Watergate prosecutor Leon Jaworski for his services in preparing committee testimony and his widely publicized letter in opposition to the bill.

The Nickel Campaign is imperative at this time to combat the well-financed business campaign against the bill and to force Congress to listen to constituents rather than big campaign contributors.

Furthermore, every major reliable survey has shown widespread public

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## Supreme Court Decision Guts Citizen Access to Courts

CFA sharply criticized the Supreme Court for its June 9, 1977 ruling in the *Illinois Brick Co. v. Illinois* case. "This case is the latest in a growing series of Burger Court opinions which have step by step continued to close the courtroom doors to the citizens of this country," said Kathleen F. O'Reilly, Executive Director of CFA.

Judicial restrictions on class actions and the legal concept of "standing" for individual citizens have become commonplace since 1969. In the *Illinois Brick* case, however, the Supreme Court nailed the door shut for most citizen suits against price-fixers. Essentially, the court ruled that only those who are the direct purchaser of a product or service from the price-fixer have the ability to seek redress for price-fixing. By way of contrast, a customer who buys directly from a supplier (or retailer) which is not a party to the price-fixing, cannot sue the manufacturer if the manufacturer engaged in price-fixing because the customer has had no direct dealing with the manufacturer.

If, for example, a customer buys a tire from a department store which has not been a party to the price-fixing by the manufacturer, the customer cannot sue the manufacturer. Only the department store can sue. Typically the customer does not deal directly with the manufacturer/price-fixer and since the retailer with whom the consumer does deal passes on the higher fixed price to its customers, the retailer obviously has no incentive to file suit against the manufacturer. The result? The consumer victims are deprived of recovery, and the price-fixer is encouraged to engage in that practice since the chances of being held liable are slim.

Consumer frustration with the

*(Continued on page 2)*

## Energy Task Force Faults Carter Plan

The Energy Policy Task Force (EPTF) of the Consumer Federation of America recently published a 100-page analysis of President Carter's National Energy Plan. This analysis closely examines the main features of the proposed Plan, the assumptions upon which it was based, the impact the Plan would have on consumers and the kinds of alternatives to the Plan which should be considered.

EPTF's report concluded that the President's Plan will:

1) Cost consumers approximately \$11 billion in 1978, increasing to \$100 billion in 1985, if all the price and tax proposals are passed without rebates. The average cost per family would start at \$200 in 1978 and increase to \$2,000 by 1985.

2) Further erode the consumer's purchasing power and transfer billions of dollars from low and middle-income

families to the major oil companies and other concentrated industries.

3) Reinforce and expand the monopoly power of the major oil companies over coal, uranium, geothermal steam, other energy resources, and particularly the development of synthetic fuels.

4) Legitimate the arbitrary, non-competitive prices set by the Organization of Petroleum Exporting Countries (OPEC) which is encouraged and supported by the major oil companies and block any effort to bring down the price of OPEC oil.

5) Increase unemployment and the rate of inflation.

6) Result in little additional conservation, despite higher prices and various tax credit proposals.

7) Fail to encourage the development of non-polluting, renewable energy sources, such as solar power.

The report concluded that the President had over-dramatized and exaggerated the likelihood of imminent energy shortages and had claimed that recent oil and natural gas shortages were linked to the eventual depletion of hydrocarbon reserves, when in fact recent shortages were primarily the result of actions taken by oil companies to constrain supplies and drive up prices.

Most of the economic and energy projections made public by the Carter Plan were found to be inaccurate and questionable. The projections were based on assumptions which were highly speculative. In order to appear beneficial to the economy, the projections for the Carter Plan were derived from a computer model, the parameters of which were repeatedly manipulated in order to arrive at numbers to fit the

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## Speak Out!

# McKinney Nomination — Disaster to Consumers

By Kathleen F. O'Reilly  
Executive Director  
Consumer Federation of America

CFA has launched an all-out drive to defeat the nomination of Robert H. McKinney as Chairman of the Federal Home Loan Bank Board (FHLBB). Submitted by the White House on June 23rd, the nomination of Jimmy Carter's former classmate at the Naval Academy will be the subject of Senate Banking Committee hearings on July 15th and 18th. The three-member FHLBB is an independent federal agency which supervises and regulates the activities of the savings and loan industry—some 6,000 federal and state chartered banks with assets of over \$400 billion.

In early May, speculation about the proposed McKinney nomination brought the swift and vigorous opposition of Ralph Nader, CFA, Common Cause, the Congressional Black Caucus and a number of consumer and civil rights groups. That opposition expanded as the staff of the House Subcommittee on Commerce, Consumer and Monetary Affairs confirmed and exposed evidence of Mr. McKinney's conflict of interest. CFA's opposition is based on the following factors:

1) *Robert H. McKinney comes from the very industry which the FHLBB regulates.*

In his book *Why Not the Best?* Jimmy Carter said: ". . . Regulatory Agencies must not be managed by representatives of the industry being regulated and . . . no personnel transfers between the industry and agency should be made for a period of four years."

Mr. McKinney is Chairman of the Board of First Federal Savings and Loan, Inc. of Indianapolis, Indiana, the third largest savings and loan institution in that state. His nomination makes a mockery of Carter's expressed commitment to end regulation by the regulated and in a two-hour discussion with me, McKinney refused to discuss his post-FHLBB plans or to deny an intent to return to First Federal.

2) *Robert H. McKinney's Savings and Loan institution has a deplorable track record on red-lining.*

Robert H. McKinney proudly identifies himself as "Director of Policy" at First Federal. This institution made less than 5% of all its loans to the older neighborhoods which comprise seven zip code areas and one-third of the population of Indianapolis. He acknowledged that mortgages for downtown Indianapolis are issued for 25 years—whereas 30 year mortgages are issued for suburban loans. Community groups had to stage a sit-in at First Federal before Mr. McKinney would even discuss red-lining and other racially discriminatory practices.

3) *Robert McKinney is a classic case of the conflict of interest syndrome which pervades the Savings and Loan industry.* He is Chairman of the Board of First Federal—an S&L which just happens to be a client of McKinney's law firm, Bose, McKinney and Evans. The same law firm acts as attorney for "virtually every First Federal closing" according to McKinney.

Other Bose, McKinney and Evans clients include the Indiana Savings and Loan League, title companies, mortgage companies, realty companies, etc. Simultaneously, Robert McKinney receives \$91,000 (and his brother receives \$99,000) in annual salary from the Jefferson Corporation which has a life insurance subsidiary and a subsidiary which is a building materials company that is a major supplier of construction materials in the Indianapolis area. McKinney has his tentacles in every piece of the pie.

In two official letters to the Federal Home Loan Bank Board, McKinney expressed *strong opposition* to proposed FHLBB conflict of interest rules. In fact McKinney made it clear that if such regulations were adopted, eight out of eleven First Federal directors would have to be replaced. Several First Federal directors have direct economic interests in construction activities.

Under industry pressure (such as McKinney's) the FHLBB backed away

from its initial conflict of interest regulations and instead opted for a weaker approach: disclosure. McKinney even *officially opposed the disclosure proposal* as "unwise and unwarranted."

4) *Robert H. McKinney is ignorant of and/or uncommitted on major consumer issues.* During our lengthy discussion, McKinney (when asked about Electronic Funds Transfer Systems [EFTS]) expressed no concerns about necessary consumer safeguards to accompany that technology. It was clear he was *totally unaware* of consumer concerns.

In that same discussion McKinney was questioned as to his position on Variable Rate Mortgages (VRM's). McKinney first indicated that he thought consumers would be reluctant to utilize VRM's. Asked what his reaction would be if most consumers polled wanted VRM's, he responded, "Then I'd be all for them (VRM's)." Again, McKinney (Chairman of an S&L for 16 years) had to be educated on consumer concerns with VRM's such as its discriminatory effect on women, the elderly, racial minorities and those on fixed incomes.

He also lacked a sensitivity to the shift of risk VRM's represent, and an unawareness of suggested alternative approaches for relieving the industry's problems with cyclical boom and bust.

McKinney had not formulated any cogent position on a host of issues which are bread and butter matters in any S&L—Regulation Q, the desirability of increased competition for thrifts, the history, advisability and results of RESPA (Real Estate Settlement Procedure Act), the effect of the ECOA (Equal Credit Opportunity Act), TIL (Truth In Lending), the degree of enforcement and consumer impact as to consumer protection laws, etc.

What can you do? CFA urges you to immediately write the President urging withdrawal of McKinney's nomination. Write your Senator voicing strong opposition to McKinney and exert extra efforts with respect to those Senators on the Senate Banking Committee who have the power to defeat this nomination. They include:

**Democrats:** Chairman Wm. Proxmire (Wis), John Sparkman (Ala), Harrison Williams (NJ)\*, Thomas McIntyre (NH)\*, Alan Cranston (Calif)\*, Adlai Stevenson (Ill)\*, Robert Morgan (NC), Donald Riegle (Mich), Paul Sarbanes (Md).

**Republicans:** Edward Brooke (Mass)\*, John Tower (Texas), Jake Garn (Utah), H. John Heinz (Pa)\*, Richard Lugar (Ind)\*, and Harrison Schmitt (NM).

Eight votes are needed to defeat the nomination, so please help. Urge friends and organizations in those key states to get busy!

\*particularly crucial vote

## Social Security: Restoring Financial Integrity

By Joseph A. Califano, Jr.  
Secretary of Health, Education and Welfare

For three years in a row, the social security system has been paying out more than it has been taking in, and drawing on reserves to make up the difference. Unless we do something, the major trust funds will run dry in the early 1980s. The current deficits are largely a reflection of our recent economic difficulties—the recession has cut receipts and inflation has boosted benefits. But the system also faces the prospect of deficits over the long-term, as the decline in the birth rate increases the ratio of retired people to workers.

### Court—

(Continued from page 1)

opinion is further aggravated by its striking inconsistency with the recently passed *parens patriae* legislation which allows state attorneys general to sue for antitrust violations on behalf of the citizens of their state. CFA has joined with others in urging a legislative overturn of the *Illinois Brick* case by means of legislation which specifically keeps intact the *Hanover Shoe* case which bars retailer intermediaries from defending themselves in a price-fixing case on the basis that they "passed through" the increased fixed price to their customers.

President Carter has asked Congress to enact a series of measures that would guarantee the fiscal integrity of the social security system for the rest of the century—without hurting the economy or those Americans already hit hardest by high unemployment, inflation and payroll taxes. Under these proposals:

- No one now making \$16,500 or less would pay more in social security taxes than the law already contemplates.

- There would be no increases before 1985 in the tax rates on workers' wages, beyond those already in the law.

- Employers would pay nearly \$4 billion less in social security taxes than under a more conventional method of dealing with the current deficit.

- We would no longer be faced with the painful prospect of raising payroll taxes to fill revenue gaps caused by recession—an action that could make the recession worse.

One of the President's major proposals would establish a special "counter-cyclical" mechanism that, instead of raising payroll taxes, would take out of general revenues the receipts lost when the unemployment rate exceeds 6 percent. This would enable us to offset the impact of recessions on revenues

without taking more money out of workers' paychecks. Another measure would tax employers on the entire earnings of their employees. Employers as a whole would pay less under the Carter proposals than under a more conventional approach which would raise both tax rates and the amount of wages taxed. Moreover, employers can—as employees cannot—deduct the extra social security taxes from income subject to Federal tax, which they would otherwise have to pay on it. The vast majority of small businesses—such as the corner grocer, the drug store, the gas station—would not be affected by this proposal since they are already paying tax on all of their payroll.

The only alternatives to the President's proposals either fail to deal adequately with the entire financing problem or would involve huge increases in social security payroll taxes which, for many workers, already exceed their income tax. By avoiding such increases, the President's proposals would make the system more equitable and, at the same time, take care of social security financing for nearly a generation. For many Americans they would amount—almost literally—to a lifetime guarantee.



## Consumer Federation of America Seventh Annual Awards Dinner

Photography by  
Mary Claire Molony (NRECA)

Photos, clockwise from top left: • NRECA's Executive Vice President and General Manager, Robert Partridge, is applauded by (l to r) Roy Alper, Morton Mintz, Edith Barksdale Sloane and Esther Peterson. Partridge was the recipient of CFA's Outstanding Service to Consumers Award. *Washington Post* reporter Mintz was honored for his Outstanding Service to Consumers Through the Media. • Senator Edward Kennedy displays his Philip Hart Public Service Award, a character sketch by Vint Lawrence. • Former

CFA Executive Director Carol Tucker Foreman shares with the audience of 400 her first impressions as USDA's Assistant Secretary for Food and Nutrition Services. • Philip Hart Public Service Award recipient, Representative Frank Annunzio and Dinner Chairperson, Evelyn Dubrow. • Senator Kennedy and Ralph Nader at the June 9 event. • D.C. Superior Court Judge Gladys Kessler is helped into her first judicial robe, a gift of appreciation from CFA for her services as legal counsel.



### Folks

## Seattle's CAMP Consumer Action Project

SEATTLE, WA—The county sheriff no longer "serves" a three-day eviction notice on tenants behind in rent (that's the landlord's responsibility) . . . case workers and outreach counselors in a two-county area are receiving in-depth consumer advocacy training so they can better assist their clients . . . the Utilities Commission for the first time has held public hearings throughout the state on a proposed telephone rate increase.

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The first community-based consumer program in the state of Washington continues to lead the way in advocacy for low and moderate income consumers in the Seattle area. Now three years old, the CAMP (Central Area Motivation Program) Consumer Action Project has doubled its original staff of five and broadened its scope of activities to better address the consumer issues of the community.

Funded by the Federal Community Services Administration, the project offers a variety of free services to Seattle residents. Project Director Michael Stil-

well explains, "We process complaints, speak out on issues affecting consumers, offer wide-ranging education activities, sponsor public information spots and media programs in the consumer interest, and offer organizational and technical assistance to interested citizen's groups."

### Complaints

Handling grassroots, consumer inquiries and complaints is the foundation of the CAMP Consumer Action Project's varied activities. Advocates process 300-400 calls per month ranging from landlord/tenant and utility complaints to credit and collection problems. Recent problems with public assistance and other benefits has prompted the staff to advocate for low-income consumers within the welfare system.

"Techniques for resolving complaints can range from simply fostering better communication between both parties, to arranging a negotiating session, to calling for a public hearing on an issue," according to Gwen Dixon, as-

sistant director. "While the Project has no lawyers on staff and tries to see that complaints are settled quickly on an informal basis, referrals to Small Claims Court or a private attorney are necessary at times," she added.

### Advocacy

CAMP Consumer Action Project has been active in fighting local and statewide utility rate increases and continues to try to broaden the state consumer "utility bill of rights." Repealing the sales tax on food, defending consumer rights in the area of product liability, and creating a residential utility consumer action group (RUCAG) are other current issues receiving special attention at the state level. On the national scene, the project is a strong advocate for the creation of the Agency for Consumer Protection, regulation of debt collection practices and the National Consumers Cooperative Bank bill.

The Federal Trade Commission (FTC) provided a grant last year to the consumer group to study the funeral industry and the possible need for federal

regulation. Based on investigation and consumer surveys, the project concluded that the proposed federal regulation—with slight alteration—was necessary to curb unfair practices in the industry and to better protect those "for whom the bill tolls."

To insure that the consumer viewpoint is heard on all levels, staff members of the CAMP Consumer Action Project sit on local advisory committees and boards serving the municipal electric utility, a neighborhood housing rehabilitation project, the cooperative extension service, the local school council, a senior citizens organization and the legal services corporation.

### Education

"The best way to protect your consumer rights is to first know them—then use them," states Pam Piering, education director. To this end, the project has developed a variety of education efforts to meet the community needs.

One of 66 programs in the country to receive funding last year under  
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## *Low Savings, High Cost*

# Energy Policy Task Force Faults Carter Plan

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Plan. According to EPTF, "This not only necessitates questioning the premises on which the Administration's Plan is based, but underscores the shaky foundation of its basic legislative proposals."

EPTF's report also revealed that "the President's oil pricing proposals are premised on the arbitrary, administered prices set by the Organization of Petroleum Exporting Countries (OPEC) which has been encouraged and supported by the major oil companies. The President has accepted the claim that higher prices will stimulate additional production, but has overlooked the fact that between 1972 and 1976 average domestic oil prices increased 173% while production actually decreased by 14% and reserves fell 15%. At the same time the profits of the 22 largest oil companies increased 50%." According to the report the combination of the President's proposals for higher crude oil prices, decontrol of gasoline, crude oil equalization and gasoline taxes, and oil and natural gas consumption taxes pose enormous burdens for consumers, especially for poor and low-income families.

The report found that President Carter has abandoned cost-based pricing of natural gas and relies instead on an arbitrary price that has no relationship to the cost of production, but instead is tied to the "Btu-related" price of domestically-produced crude oil. In suggesting

that even higher prices are necessary to increase natural gas production than those determined by "just and reasonable" regulation, the President has again ignored recent historical evidence which demonstrates that "despite a price increase of 445% for new gas between 1972 and 1976 in the interstate market, gas production decreased 12 percent and reserves declined 19 percent."

With respect to major oil companies increasing their domination of alternative fuels, the report found that "President Carter has not kept his campaign commitment to support and propose horizontal divestiture of the major oil companies. Moreover, the data regarding the ownership and production of coal and uranium presented in his 103-page National Energy Plan grossly understates the actual ownership and production of coal and uranium reserves by the major oil companies." The report concludes that "President Carter implicitly accepts oil company domination over the major fuel and energy markets."

The Carter Plan's conservation proposals would only result in energy savings of 4% by 1985 even if the entire Plan is implemented. According to the EPTF report, the Carter program "relies primarily on a combination of higher energy prices and taxes to reduce consumption. Clearly, the Administration energy planners have not under-

stood the cruel lessons resulting from the dramatic 1973-74 OPEC oil and domestic energy price increases. Consumers have not forgotten. Many are still reeling from the adverse impact of the combined inflation and recession caused by those price increases. It is important to note that energy prices in the United States increased 62% from 1972 to 1976, while under the President's Plan energy prices would increase 74% from 1976 to 1980."

"Instead of mandating tough efficiency standards in new homes and building construction; instead of requiring certain levels of insulation in retrofitted homes and buildings; instead of banning inefficient automobiles, etc., the Administration relies primarily on higher prices and taxes to enforce reduced consumption. Such a policy is clearly regressive because high prices impact disproportionately on consumers, especially those with low and fixed incomes.

The Task Force proposed a number of alternatives and recommendations to be included in a fairer, more rational energy policy. Among these are: mandatory conservation standards; vertical and horizontal divestiture of the major oil companies; a Federal Energy Corporation which will explore for and develop energy resources on Federal lands and act as a competitive yardstick against which to measure oil company performance; cost-based regulation of natural gas; prohibition of gas guzzling cars; recycling programs; and increased research and development funds for solar power and fuel allocation and rationing authorities.

EPTF's 100-page report is available for \$5.00 by contacting Ellen Berman, EPTF Director, Consumer Federation of America, 1012 14th Street, N.W., Washington, D.C. 20005. Checks should be made payable to Energy Policy Task Force.

## *U.S. Court of Appeals Strikes Blow to Consumers*

The U.S. Court of Appeals for the D.C. Circuit on June 16 upheld the Federal Power Commission's Opinion 770 which sets the rate for new gas at \$1.42 per thousand cubic feet. Ellen

Berman, director of CFA's Energy Policy Task Force, termed the decision "a shock and a blow to consumers."

Berman pointed out that the decision only serves as a new impetus to both President Carter, who is seeking to set new gas prices at \$1.75 per thousand cubic feet and to the deregulation forces who see in the Court's decision a vindication of their position. The Court did not rule on the merits of the \$1.42 rate. Instead, it allowed the FPC, appointed by a pro-deregulation Republican Administration, to have "flexibility" in setting rates.

While concurring with the Court opinion, Senior Circuit Judge Fahy did write a very strong dissent criticizing both the Court majority and the FPC for allowing the rate to include 43¢ for taxes which were determined "by relying on models as a substitute for substantial evidence." CFA and other consumer groups argued that there was insufficient evidence to suggest that the oil companies paid taxes on their natural gas production and therefore should not be compensated in practice for an amount they only pay in theory.

Ironically, even though the Court approved a rate CFA believes to be excessive, the Court was critical of the FPC for its dependence on the American Gas Association's gas reserve statistics which the Court termed "essentially unverified industry data." CFA, American Public Gas Association and others are now considering asking for a hearing before the full nine-member Court of Appeals (a three-member panel ruled on CFA's suit) and/or an appeal of the decision to the U.S. Supreme Court.

### *Federal Officials Address Conferees*

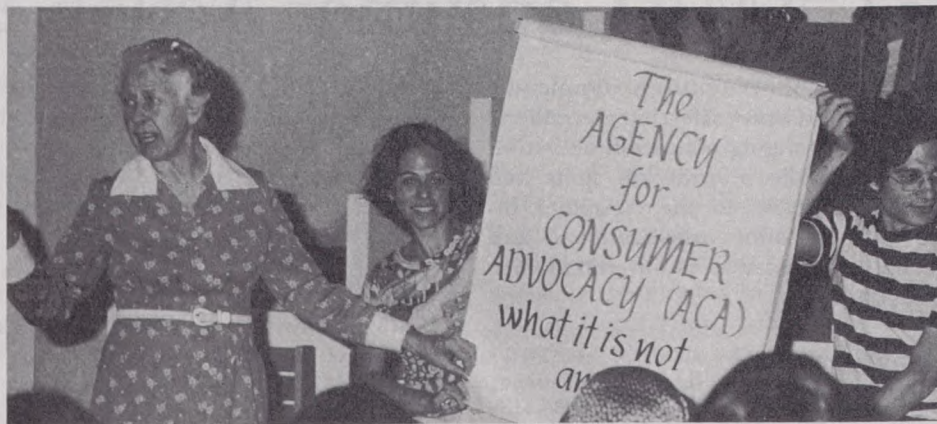
## Consumer Education Conference Draws 250

Consumer representatives from 38 states gathered June 5-7 at Mount Vernon College in Washington, D.C. for a national conference on consumer education. The conference, "Consumer Education at the Grassroots," was sponsored by CFA's Paul Douglas Research Center through a grant from HEW's Office of Consumers' Education. It provided a unique opportunity for 250 consumer activists and educators to exchange ideas, sharpen skills and develop new resources.

Conference activities opened with a picnic supper featuring live Irish folk music by the "Fast Flying Vestibule." Conferees were then welcomed by CFA executive director, Kathleen F. O'Reilly. The keynote speaker for the evening was Esther Peterson, Special Assistant to the President for Consumer Affairs.

Other speakers at the conference included U.S. Consumer Product Safety Commissioner David Pittle and Carol Tucker Foreman, USDA Assistant Secretary for Food and Nutrition Services.

The residential setting of Mount Vernon College provided an informal atmosphere for exchange of ideas. Con-



Esther Peterson and press secretary, Midge Shubow, former CFA Information Director and staff attorney Ed Cohen at Consumer Education Conference.

ference workshops included discussion of four general topics of consumer interest: food and nutrition; utilities; tenants' rights; and electronic funds transfer systems. Other workshops focused on such subjects as developing communications skills and consumer education materials; using public service announcements; planning and evaluation; building your organization; fundraising; and making your organization work.

CFA's updated and expanded Directory of State and Local Consumer

Organizations, compiled by the State and Local Organizing Project, is ready for distribution. The directory includes private, nonprofit consumer and consumer-related organizations in every state, and is a valuable resource for organizations and individuals working for social change. The directory is available for two dollars from Consumer Federation of America, 1012 14th Street, NW, Rm. 901, Washington, D.C. 20005 (free to CFA member organizations and information service subscribers).

## Coalition Seeks Uniform Policy

# Officials Asked To Shun Discriminatory Facilities

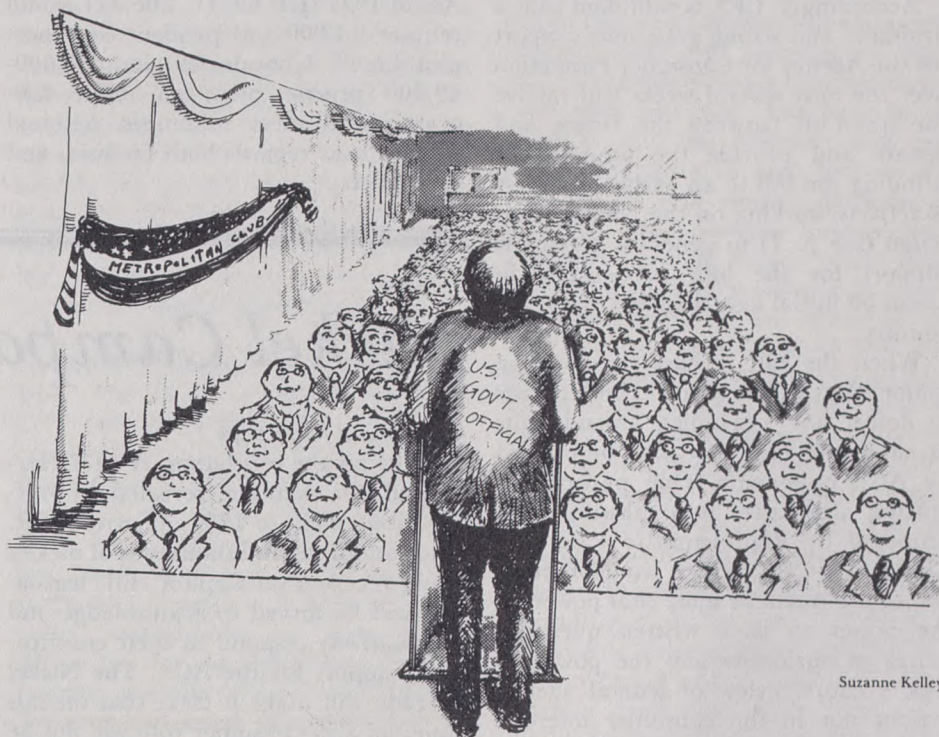
In a February 8 letter to all Cabinet members, and heads of independent and regulatory agencies, Consumer Federation of America was joined by 16 other organizations in soliciting a commitment that "any official appearance (e.g., delivery of a speech) that is made before a private organization, trade association or industry will only be made in a facility (e.g., private club) which has a membership policy which does not discriminate (e.g., on the basis of sex, race or religion)."

"It is bothersome enough that agency and department heads devote the overwhelming number of their public appearances to industry or trade association groups as opposed to consumer, civic and public interest organizations," commented CFA Executive Director Kathleen F. O'Reilly in explaining the move. "Intensifying that frustration is our conviction that appearances held at discriminatory facilities are most inappropriate for government officials who are symbols of the government's attitude toward the principle of equality of opportunity."

The following organizations have joined CFA in the effort:

American Civil Liberties Union, Association of Massachusetts Consumers, Inc.; Center for Womens Policy Studies; Common Cause; Federation of Organizations for Professional Women; Mexican American Legal Defense and Educational Fund; NAACP Legal Defense and Educational Fund, Inc.; National Association of Commissions for Women; National Council of Jewish Women; National Organization for Women; National Student Association; National Urban Coalition; National Women's Political Caucus; Public Citizen/Congress Watch; Women's Equity Action League; and Women's Lobby.

To date, more than forty responses to the group's request have been re-



Suzanne Kelley

"It gives me great pleasure to address a true cross-section of America."

ceived by CFA. Most of these officials have expressed a commitment to appear on behalf of their agencies only at non-discriminatory facilities. A number of such agencies adopted the policy in direct reaction to our letter.

Secretary of Labor Ray Marshall expressed his concern: "I will make every effort to assume that appearances by all Department officials will be only at facilities whose membership policies reflect nondiscriminatory policies. It would, indeed, be inappropriate for me and other Federal Department officials to appear at a private facility whose practices are counter to the policies and responsibilities of this Department."

The International Trade Commission passed a motion in response to the re-

quest, "That it is a statement of the policy of the Commission that any public appearance in an official capacity by the Commission or staff should be made in a facility (e.g., private club) which has a membership policy that is nondiscriminatory (e.g., on the basis of sex, race or religion)."

The Nuclear Regulatory Commission, the Securities and Exchange Commission, the Energy Research and Development Administration and the Postal Rate Commission issued equally comprehensive statements of policy that all employees appear only at those private facilities with nondiscriminatory membership policies. The Small Business Administration responded that it has and will continue to fol-

low the described policy: "The SBA subscribes completely to the premise that federal agencies be a symbol of a commitment of nondiscriminatory policies in all areas."

The Federal Energy Administration not only issued such a substantive policy, but also prescribed a procedure of requiring certification of a facility's nondiscriminatory policies before accepting an invitation.

Other responses stated that the policy was presently under consideration in that Department or agency. Some similar replies noted that the decision on the suggested policy had not yet been made due to impending change in the office's administration.

A few responses, intentionally or unintentionally, managed to evade clearly answering the specific request.

For example, Federal Reserve Board Chairman Arthur Burns stated that he would not appear before audiences in facilities known to him to have discriminatory practices.

It is CFA's position that such an answer is essentially a cop-out. Minimally, officials should be expected to inquire about a club's discriminatory policies when arrangements for the event are scheduled.

Furthermore, CFA vigorously disagrees with the contention advanced by Richard Dunham of the Federal Power Commission that, for example, Washington, D.C.'s University Club is not discriminatory. This club refuses to reveal its membership policies or the number (if any) of racial minorities or Jewish members. As for women, only the wives or widows of club members may join—a policy which is clearly discriminatory.

The Department of State expressed assurances that Secretary Vance would "keep in mind" his strong commitment

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Agency responses were as follows:

**A. Agencies which expressed commitments to such a policy:**

- Administrative Conference of the United States
- Board for International Broadcasting
- Department of Commerce
- Department of Housing and Urban Development
- Department of Labor
- Department of State
- Department of the Treasury
- Energy Research and Development Administration
- Equal Employment Opportunity Commission
- Federal Energy Administration
- Federal Home Loan Bank Board
- Federal Maritime Commission
- International Trade Commission of the U.S.
- National Labor Relations Board
- National Science Foundation
- Nuclear Regulatory Commission
- Postal Rate Commission
- Public Health Service, National Institute of Health (HEW)
- Securities and Exchange Commission
- Social Security Administration (HEW)
- U.S. Postal Service.

**b. Agencies which expressed general policies of prohibiting appearances before audiences which are segregated but with exceptions allowable.**

- U.S. Commission on Civil Rights
- U.S. Information Agency

**C. Agencies which responded but have not yet made a commitment to such a policy**

- 1) due to change in administration:*
- Arms Control and Disarmament Agency
  - Civil Aeronautics Board
  - Community Services Administration
  - Federal Trade Commission
  - Veterans Administration

- 2) due to pending consideration of policy within Agency:*
- Consumer Product Safety Commission
  - Federal Communications Commission
  - Indian Claims Commission

**D. Agencies which expressed a commitment to a policy of nondiscrimination but were unclear as to the specific policy described in the letter:**

- ACTION**
- Railroad Retirement Board

**E. Agencies which explained that they subscribed to a policy of nondiscrimination but would not commit themselves to such a policy on the grounds they never make appearances at private facilities:**

- Export-Import Bank of the United States
- National Credit Union Administration
- National Endowment for the Humanities
- Occupational Safety and Health Review Commission

**F. Agencies which expressed a policy of now knowingly appearing at discriminatory facilities but which are not willing to accept an affirmative duty to require adequate assurances of a facility's nondiscriminatory character before making appearances:**

- Federal Reserve Board, Board of Governors
- Pension Benefit Guaranty Corporation

**G. Agencies which claimed they did not sanction discrimination but are not willing to impose inflexible restrictions on communications with the public:**

- Civil Service Commission
- Department of Justice

**H. Agencies which have not responded to the request:**

- Advisory Commission on Intergovernmental Relations (ACIR)
- American Revolution Bicentennial Administration (ARBA)
- Commodity Futures Trading Commission (CFTC)
- Department of Agriculture
- Department of Defense
- Department of Interior
- Department of Transportation
- Environmental Protection Agency (EPA)
- Farm Credit Administration (FCA)
- Federal Deposit Insurance Corporation (FDIC)
- Federal Elections Commission (FEC)
- Federal Labor Relations Council (FLRC)
- General Services Administration (GSA)
- Interstate Commerce Commission (ICC)
- National Aeronautics and Space Administration (NASA)
- National Commission on Water Quality (NCWQ)
- National Endowment for the Arts
- National Mediation Board (NMB)
- National Transportation Safety Board (NTSB)
- Overseas Private Investment Corporation (OPIC)
- Selective Service System (SSS)
- Smithsonian Institution

# CFA Legislative Wrap-Up

Agency for Consumer Protection (ACP). The Congressional leadership has not yet settled on a timetable for the ACP vote. Senate Majority Leader Robert Byrd (D-WVa) fears that an anticipated filibuster by Senator James Allen (D-Ala) would absorb up to three weeks of limited floor time. Byrd is therefore reluctant to allocate this time to the ACP bill until the House has already completed action on the legislation. Most ACP supporters, however, would prefer the first vote to occur in the Senate where anti-ACP lobbying has been less intense, where fewer weakening amendments are expected, and where a wider margin is expected. House Speaker O'Neill does not plan to

schedule a floor vote until he is sure that he has the votes to pass the legislation by a comfortable margin.

Accordingly, CFA is confident that a dramatic and strong grassroots support for the Agency for Consumer Protection over the next several weeks will resolve the stand-off between the House and Senate and provide the impetus for bringing the bill to an early vote. CFA is actively working on the Nickel Campaign (see p. 1) to generate grassroots support for the bill, particularly in about 80 initial key districts around the country.

When the bill reaches the floor, a major effort will be made in both houses to defeat any weakening amendments or substitute bills that may be offered by ACP opponents. One particularly gutting alternative is a substitute bill proposed by Representative Paul McCloskey (R-Calif) which would remove two of the Agency's most vital powers—the power to issue written questionnaires to businesses and the power to seek a court review of federal agency actions not in the consumer interest. While the substitute is being promoted as a reasonable compromise, it would actually create a worthless agency. Indeed, it would be worse than doing nothing because it would create the expectation of helping the consumer and yet be powerless to do so effectively.

**Clinical Laboratories Improvement.** On June 14 CFA Information Director Kathleen Sheekey testified before the Health and Environment Subcommittee

of the House Interstate and Foreign Commerce Committee in support of the Clinical Laboratories Improvement Act of 1977 (HR 6221). The Act would require 14,000 independent and hospital-based laboratories and 50,000-80,000 private physician office laboratories to meet minimum national standards as regards both facilities and personnel.

Since the House version of the bill is nearly identical to the Senate version, Sheekey's testimony focused on the need to strengthen the bill in the same areas covered in her Senate testimony of March 30 (See April-May CFA News).

Two days after the House hearings were completed, the Senate version (S. 705) was marked up by the full Senate. (Continued on page 7)



## Nickel Campaign Underway

(Continued from page 1) support for the legislation. A 1977 Harris poll, for example, revealed an overwhelming 63% to 17% majority for it. With hundreds and thousands of nickels being received on Capitol Hill, legislators will be forced to acknowledge and affirmatively respond to their constituents' support for the ACP. The Nickel Brigade will make it clear that on this issue, an anti-consumer vote will not be forgotten at election time.

The Nickel Campaign's lobbying has been aided by the June 1 formation of a National Coalition for the Consumer Protection Agency. Composed of labor, business and public interest leaders, the coalition was established to meet what members term "an urgent need for clarification of misinformation about the proposed agency."

The need for support is urgent and the time to give it is now. Please contact CFA if you know of any conferences, conventions or state fairs at which nickels and signatures from tar-

geted districts could be gathered. Meetings such as these have proved to be the most effective and efficient means of obtaining signatures and, in targeted districts, nickels as well. At a recent senior citizens meeting, for example, more than 700 flyers were signed within the course of a few hours.

A list of targeted representatives appears below. Each name is preceded by the corresponding congressional district number. Please do not send a nickel to your representative if you do not live in a targeted area. The success of the Nickel Campaign depends on the heavy influx of nickels from selected districts. A trickle of nickels from untargeted areas would be counter-productive.

Call or write us to find out who the district coordinator in your area is and how you might join the Nickel Brigade. Help us demonstrate how powerful the cumulative impact of consumers' nickels can be in fighting business millions and in winning the vote in this long sought after agency.

## CNI Announces Conference On Nutrition, Food System

Consumer, food industry, food producer and government representatives will take a collective look at the relationship of nutrition to the American food system in a national conference July 27 and 28.

The conference, sponsored by the Community Nutrition Institute in cooperation with Food Marketing Institute and Family Circle Magazine, will be held at the L'Enfant Plaza Hotel in Washington, D.C.

Titled "Nutrition and the American Food System: A New Focus," the conference represents an unusual opportunity for participants with diverse interests in the food system to explore together how nutrition relates to that system at crucial points: in the community, the supermarket, the factory and the farm.

The conference is based on the premise that the way these diverse elements come together determines the access to and availability of adequate nutrition in this country and, ultimately, the sustenance of active, healthy lifestyles for all Americans.

In issue panels and working sessions, conferees will discuss how today's food

system meets America's nutrition needs and formulate recommendations for change, both for the food industry and for policy makers.

Conference speakers will include leading nutrition experts, consumer advocates and government officials. In addition to the two-day working meeting, conferees will participate in a preliminary opinion survey on the issues to be discussed. The results of the survey will be presented at the conference.

Conference coordinators invite all interested persons to participate in the workshop. A registration fee of \$75.00 includes a reception on July 27 and a luncheon on July 28, as well as a copy of the conference proceedings.

Because the participation of consumers is critical to any discussion of today's food system, a limited number of scholarships will be available for consumer representatives who need them.

Registration forms and further information about the conference may be obtained from Ellen Haas, CNI Conference Coordinator, 1910 K St., NW, Room 700, Washington, D.C. 20006. Phone (202) 833-1730.

<b>Alabama</b> 5. Flippo	<b>Indiana</b> 1. Benjamin 8. Cornwell 9. Hamilton	<b>Montana</b> 1. Baucus	<b>Oregon</b> 3. Duncan
<b>Arkansas</b> 1. Alexander 4. Thornton	<b>Iowa</b> 1. Leach 2. Blouin	<b>Nevada</b> Santini	<b>Pennsylvania</b> 1. Myers 3. Lederer 6. Yatron
<b>California</b> 11. Ryan 14. McFall 42. Van Deerlin	<b>Kansas</b> 2. Keys 4. Glickman	<b>New Hampshire</b> 1. D'Amours 2. Cleveland	11. Flood 13. Coughlin 15. Rooney 17. Ertel 18. Walgren 24. Marks
<b>Colorado</b> 1. Schroeder 2. Wirth 3. Evans	<b>Kentucky</b> 1. Hubbard 2. Natcher 3. Mazzoli 7. Perkins	<b>New Jersey</b> 2. Hughes 5. Fenwick 9. Hollenbeck 14. Le Fante	<b>South Carolina</b> 6. Jenrette
<b>Delaware</b> Evans	<b>Louisiana</b> 5. Huckaby	<b>New York</b> 4. Lent 17. Murphy 23. Caputo 25. Fish 26. Gilman 28. Stratton 32. Hanley 36. Lafalce 37. Nowak 39. Lundine	<b>Tennessee</b> 3. Lloyd 4. Gore
<b>Georgia</b> 5. Fowler	<b>Maine</b> 2. Cohen	<b>Texas</b> 10. Pickle 14. Young 20. Gonzalez 22. Gammage	<b>Virginia</b> 10. Fisher
<b>Hawaii</b> 1. Hefstel	<b>Massachusetts</b> 1. Conte 10. Heckler	<b>North Carolina</b> 11. Gudger	<b>Washington</b> 6. Dicks
<b>Illinois</b> 2. Murphy 16. Anderson	<b>Michigan</b> 2. Pursell 5. Sawyer	<b>Ohio</b> 13. Pease 18. Applegate	<b>West Virginia</b> 1. Mollohan 3. Slack 4. Rahall
	<b>Missouri</b> 3. Gephardt 4. Skelton 6. Coleman 9. Volkmer 10. Burlison	<b>Oklahoma</b> 4. Steed	

# CFA Legislative Wrap-Up

(Continued from page 6)

ate Committee on Human Resources. As unanimously approved by the Committee, S. 705 now contains several strengthening amendments recommended by CFA:

- Provision is made for reimbursement for citizen participation in agency (HEW) proceedings, (including attorneys' fees and expert witness fees).

- Citizens are allowed to file suit for alleged violations of regulations or alleged failure to regulate laboratories under the law.

- Through an Office of Clinical Laboratories (OCL), a \$1 million a year program to study and improve laboratory methodology and utilization is authorized.

- HEW must do an analysis and evaluation of problems encountered by rural laboratories in recruiting qualified personnel. Under the original provisions of the bill these laboratories are permitted waivers.

The House version of the bill is scheduled for mark-up within the next few weeks.

**Debt Collection Practices.** On May 12, CFA's Executive Director Kathleen F. O'Reilly testified before the Subcommittee on Consumer Affairs of the Senate Committee on Banking, Housing and Urban Affairs in support of Senator Riegle's Debt Collection Practices bill, S. 918 (see April-May *CFA News*). The bill will be marked up on June 30. Senator Riegle plans to introduce a substitute for his own bill which represents a

compromise between the House passed bill and S. 918. The substitute, which has union and debt collector support, is stronger than the House bill in that it will cover repossession companies, be more restrictive regarding contact with third parties, and provide for stricter enforcement by the Federal Trade Commission. However, it provides neither for mental nor emotional distress nor for state enforcement of its provisions. Therefore, CFA is endeavoring to have the stronger provisions of the initial Riegle bill reinstated.

**National Consumer Cooperative Bank Bill.** The House substitute bill, HR 2777 (see April-May *CFA News*), received a favorable rule from the House Rules Committee on June 15 and will come to a vote on the House floor soon. With nearly 100 co-sponsors, the bill has excellent chances for passage, but supporters anticipate a series of weakening amendments to provide the stiffest test for the legislation. There is a strong possibility that a Department of Treasury-sponsored substitute may be offered which would authorize only a small pilot project of grants to cooperatives rather than establishing a full-scale cooperative bank. Representatives need to be reminded to vote for the Committee-passed version of the bill and to oppose any weakening amendments or substitutes. Please write your elected representative now!

The Senate Banking Committee has taken no further action on the Senate

version, S. 1010.

**No-Fault Automobile Insurance.** In mid-June the House Commerce Subcommittee on Consumer Protection and Finance conducted hearings on legislative proposals to enact compulsory no-fault auto insurance. The focus of the hearings was the dramatic and persuasive testimony of auto victims who highlighted in a specific fashion the humane and economic impact such legislation would have. The much waited-for DOT (Department of Transportation) study on the effects of no-fault has just been released and confirms the position of the pro-no-fault forces (more details in the next issue of *CFA News*). It is expected that the DOT study and upcoming Senate hearings will provide the catalyst for vigorous Administration support for the legislation which CFA has long backed.

**Product Liability.** The Consumer Subcommittee of the Senate Committee on Commerce, Science and Transportation is considering the National Products Liability Insurance Act, a bill which would deprive consumers of many significant rights to which they are currently entitled under the existing tort system of consumer redress for product related injuries. The bill, S. 403, was introduced in reaction to unresponsive pleas by manufacturers that they are being confronted by a products liability "crisis." The alleged "crisis" is in some situations the unavailability of product liability insurance and in other situations, the recent soar in product liability premiums.

Yet according to the Commerce Department's Interagency Task Force Report on Product Liability, the product liability premium is a mere 1% of the product price. Ironically, those industries which have been most adamant (the auto manufacturers, chemical companies and pharmaceutical companies) have experienced no difficulty finding significant financial returns for their shareholders. For the first quarter of this year, they provided hefty returns of 14%-20%.

At April 27 hearings before the Subcommittee, Kathleen F. O'Reilly, Executive Director of CFA, contended that the legislation was premature. The extent to which the "crisis" has been brought on by insurance company practices such as imprudent reserve decisions and investments, or by the manufacturers' inadequate care in designing and manufacturing products, has yet to be established. Consumers also question how much money the affected industries are spending on consumer education to enhance safety compliance versus the amount they spend on advertising and promotion of the product.

In her testimony, O'Reilly forcefully objected to the proposed new defenses which industry could assert when sued for product liability claims. The provisions of the Act would, for example, allow a manufacturer or seller to completely escape liability for a product-related injury if he/she could show that the product conformed with the "cur-

rent manufacturing standards and procedures" of the industry. Thus if an industry uniformly lagged behind in developing safety standards, its members could defend suits claiming they complied with the state of the art, i.e., the existing standards of the industry, and the adequacy of those standards or safety of that product could not be considered by the judge or jury. Obviously, no incentive would remain to improve or exceed existing safety standards.

By way of example, the typical power mower may only have a 10 second "stop" period within which the brake is activated. This is an enormously long period if an arm is stuck in the blade. Though a 3 second brake period is technically available and is utilized by the better machines, the 10 second "norm" would absolve power mower manufacturers from liability even if the average juror would have otherwise found that negligent.

(Continued on page 8)

## Discrimination

(Continued from page 5)

to nondiscrimination when making speaking engagements. Again, this type of response misses the point.

The President's Commission on Employment of the Handicapped objected to the policy described in the letter because facilities which do not accommodate the handicapped are not included in those facilities deemed inappropriate for appearances by federal agency officials. Although CFA strongly supports efforts by private facilities to accommodate the special needs of the handicapped, we see this as a totally separate issue from whether a private facility excludes a certain class of persons from membership simply on the basis of their belonging to that class.

*Editor's Note:* This CFA-led effort prompted President Carter to issue an executive order on June 2 to all federal departments and agencies. It said:

"It has been brought to my attention that Chapter 410, subchapter 8, paragraph 4 of the Federal Personnel Manual, entitled 'Nonparticipation in Segregated Meetings or Conferences,' addresses only discrimination based on race.

"It is this administration's policy that federal officials should not participate in private conferences or meetings held in facilities which discriminate on the basis of sex, religion, or national origin, as well as race. Accordingly, I request that you take whatever action is appropriate to amend the above cited provision to reflect this policy."

On June 17, *The Washington Post* prominently featured a story describing the order and the reactions of various officials.

## Consumer Action Project

(Continued from page 3)

HEW's Office of Consumers' Education, CAMP Consumer Action Project has developed a model client advocate training program. Case workers, outreach advocates, church workers, senior advisers, drug abuse and vocational counselors are all eligible to take the intensive one-day workshop highlighting specific rights of low-income and senior consumers.

"We train these advocates to return to the community as better teachers and resources to their clients," notes Annie Jones, education specialist.

Other efforts to get out the word include: a free monthly newsletter, *Payback*; a consumer resource library for local consumers and educators; a speakers bureau which offers everything from slide shows to skits; and ongoing radio and television talk show spots focusing on specific issues of community concern.

### Community Organization

While current crises, complaints and training needs can be handled on a daily basis, it often takes a more long range effort to resolve some problems. CAMP Consumer Action Project offers

technical and organizational assistance to any community group wishing to address a consumer issue.

For example, a number of tenants may be fighting the same battle with the same landlord. Only by collectively organizing and bargaining can major changes be made; and the Consumer Action Project offers the ongoing assistance which is needed.

An Inner City Farmers' Market has received aid from the project for the last three years. Located in a local church parking lot, the market enables area consumers to purchase inexpensive, locally grown fruits and vegetables each Saturday during the summer months.

One local independent citizens group the project has assisted is the Seattle Consumer Action Network (SCAN). Organized around unfair practices not adequately addressed by law (car sales and repair, Vega rust and defects, utilities, insurance), SCAN involves its volunteer members in direct action resolution of their own complaints, and pledges to continue to influence both business practices and lawmaking in the consumer's interest.

CAMP Consumer Action Project is located at 105 14th Ave., Seattle, Washington 98112, telephone (206) 324-1166.

# CFA Legislative Wrap-Up

(Continued from page 7)

Equally offensive is the limitation on the time within which individuals could bring product liability suits. Under the provisions of the bill, no action could be brought more than ten years after the product is put into commerce. Such claims would have to be submitted to arbitration, and the plaintiffs would be denied their right to a jury trial. Thus someone injured by a product *after* ten years, or whose injury caused by use of a product does not become *apparent* for more than ten years, would *not* be permitted to sue the manufacturer.

An example of the practical effect of that approach is the recently filed class action against Eli Lilly & Company. In 1951-52 a number of women, including plaintiffs Patsy Mink (ex-Congresswoman from Hawaii) and others, took the chemical DES under prescription to help assure safe pregnancies. The effectiveness of DES in preventing miscarriages is still questionable, but scientific evidence has demonstrated that the female offspring of women using DES have a statistically higher incidence of cervical cancer and the male offspring have statistically higher incidence of impotency. Only recently were these women alerted to the dangers they and their offspring faced. The risks and dangers had not been previously disclosed to them. If S. 403 had been law, they would have been *deprived of a right to sue!*

The Subcommittee is holding the bill pending the imminent completion of a study of causes and potential solutions to the product liability "crisis" by the Interagency Task Force on Product Liability. Because similar legislation is pending in many state legislatures, consumers should scrutinize the bills carefully and assert their vigorous opposition.

**Public Participation Reimbursement.** Legislation to authorize reimbursement of consumers and consumer groups for participation in federal agency proceedings (see April-May *CFA News*) is pending in the Senate and House Judiciary Committees. The senate bill, S. 270, was reported out of the Subcommittee on

Administrative Practice and Procedure on May 3 and sent to the full Judiciary Committee. The bill was also referred to the Senate Governmental Affairs Committee, but so far no action has been taken there. The House bill HR 3361 was reported out of the Subcommittee on Administrative Law on May 6. However, during full House Judiciary Committee consideration of the legislation, opponents, including Jack Brooks (D-Tex), took advantage of the temporary absence of key committee supporters by successfully moving to recommit the bill to subcommittee. This delaying tactic requires the subcommittee to repeat its consideration of the bill. The Subcommittee on Administrative Law will once again vote on HR 3361 sometime during the month of July.

**Small Claims.** On May 7 CFA submitted a statement to the Consumer Subcommittee of the Senate Committee on Commerce, Science and Transportation in support of the Consumer Controversies Resolution Act (S. 957) which would establish national goals for the effective, fair, inexpensive and expeditious resolution of controversies involving consumers.

S. 957 was introduced in recognition of the gross inadequacy of small claims court systems in many areas of the country. AS CFA stated:

"Too often consumers, particularly low-income consumers, do not know where to turn when their rights have been infringed upon, particularly if the economic loss involved is not substantial enough to warrant the hiring of a lawyer. If consumers do attempt to use small claims courts they often find that either the courts are not available at hours when as a practical matter they are able to appear or that the jurisdictional limit is too unreasonably low to allow their claims to be brought. Even once in a small claims court, consumers unduly intimidated by or disadvantaged when pitted against the small claims "pro's" who regularly haunt the courts on behalf of their business clients may be treated unfairly. Too often successful consumers in small claims experi-

ence the extreme frustration of not being able to collect their judgment because of inequitable or nonsensical procedural hurdles."

The Consumer Controversies Resolution Act attacks these inadequacies through a procedure for federal aid to State consumer controversy resolution systems (e.g., small claims courts) which meet certain criteria. The bill calls for State surveys of existing consumer controversy resolution mechanism (ccrm) systems and State plans for improvement of such systems. With an authorized appropriation of \$15 million for the first year, it would provide for federal financial assistance for State systems which are responsive to the goals of the Act, i.e., an effective public communication program and sufficient number and availability of ccrm's with 1) reasonably fair and understandable rules, 2) assistance to consumers in pursuing claims and collecting judgments, 3) convenient hours, 4) arrangements for translation where appropriate and 5) reasonable limits regarding the size of claims allowed.

In spite of the apparently universal support for the bill at the Subcommittee hearings, Senators Hatch, Tower and Byrd are expected to introduce amendments which would gut the bill. In view of a total of 27 such anticipated amendments, please communicate your support to the Committee members:

Magnuson (D-Wash), Cannon (D-Nev), Long (D-La), Hollings (D-SC), Inoye (D-Hawaii), Stevenson (D-Ill), Ford (D-Ky), Durkin (D-NH), Zorinsky (D-Neb), Riegle (D-Mich), Melcher (D-Mont), Pearson (R-Kansas), Griffin (R-Mich), Stevens (R-Alaska), Goldwater (R-Ariz), Packwood (R-Oregon), Schmitt (R-NM), and Danforth (R-Missouri).

**Voluntary Standards.** The Senate Judiciary Committee's Subcommittee on Antitrust and Monopoly is considering legislation which would regulate voluntary standards setting organizations. Industrywide voluntary standardization has sometimes been misused by industry as a means of restricting competition or authorizing the use of unsafe prod-

ucts. Local governments often adopt privately developed standards in building and other codes.

S. 825, the Voluntary Standards and Accreditation Act of 1977, would establish a system of federal accreditation of private standards writing organizations in order to "(foster) competition and consumer protection policies in the development of product standards and the testing and certification of products." A national standardization program would be administered by the Federal Trade Commission, which would promulgate rules relating to the procedures and practices of standards development organizations, testing laboratories and certification agencies and the use of product listings and certificates of approval in marketing. The Commerce Department would administer an international standardization program as well as the accreditation of testing laboratories meeting criteria to be developed. A National Standards Management Board would be established to manage and coordinate the country's national standards-development activities.

CFA's Legislative Director Linda Hudak submitted a statement on behalf of CFA at the June subcommittee hearings on S. 825. She emphasized the need for government supervision of the industrywide voluntary standards organizations, but urged that S. 825 be revised by strengthening the consumer participation provisions, simplifying the complex testing laboratory accreditation procedures, and exempting certain organizations using testing standards on results primarily for product information publication and not for commercial purposes.

The bill is still pending in the subcommittee at this time.

## Help Wanted

Contact your Senators  
and Representatives  
urging them to vote for the  
Agency of Consumer Protection

# Consumer Federation of America NEWS

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