Consumer Federation of America
NEWS
WASHINGTON, DC NOVEMBER-DECEMBER, 1977

Announcing

Consumer Assembly 78

Consumer Federation of America
January 18-21 • Capitol Hilton • Washington, D.C.

INFLATION: CONSUMERS FIGHT BACK

A PROBING LOOK AT THE AVOIDABLE COSTS OF HEALTH CARE & FOOD

For more information on Consumer Assembly '78, see pages 15 and 16.

Warranty Conference Reveals Need for Reform

On January 4, 1975, the Magnuson-Moss Warranty Act was signed into law, after almost four years of Congressional hearings and debate. It was enacted as a warranty *disclosure* bill because politically it was unfeasible to gather the votes necessary to assure consumers of the *performance* standards of a full warranty which they reasonably expected from major purchases (particularly the automobile).

"The impetus behind the Magnuson-Moss Warranty Federal Trade Commission Improvement Act was the exasperation of consumers stuck with a lemon automobile," Kathleen F. O'Reilly, CFA's Executive Director, reminded the audience at the November 3 and 4 National Warranty Update Conference, co-sponsored by CFA, HEW's Office of Consumer Affairs and the U.S. Chamber of Commerce.

In an interview with the press, O'Reilly, one of 55 speakers at the conference, expressed the view that the consumer movement might eventually be willing to sacrifice some aspects of the warranty law (which now applies to *all* warrantors) if Congress would pass a tighter law aimed specifically at mandating a full warranty from the auto and major appliance industries.

Representative Bob Eckhart (D-TX), Chairman of the House Subcommittee on Consumer Protection, explained to the luncheon audience of 250 consumer, business, government and academic representatives, that Congress might be sympathetic to such a provision. Specifically referring to the automobile industry, Eckhart stated, "It seems that it is a sufficiently isolated area with specific enough problems that it could be treated with a specific provision."

Other conference speakers included former Senator Frank (Ted) Moss; Harrison Wellford, Executive Associate Director for Reorganization and Management, Office of Management & Budget; Simon Lazarus, Associate Director of the White House Domestic Policy Staff; William G. Van Meter, Senior Vice President of the U.S. Chamber of Commerce, and Frank E. McLaughlin, Acting Director of HEW's Office of Consumer Affairs.

The Magnuson-Moss legislation, as eventually passed, did not require that a warranty even be provided. Rather, the key to the federal legislation was the requirement that warrantors *disclose* the specific terms of warranties. By giving the consumer a clear understanding of what the product warranty means *prior* to the sale of the product, so the theory went, the consumer would thereby be able to make a comparison of the various warranty protections offered and know how to take advantage of the warranty. The act requires that warranties be labeled "full" or "limited" and sets minimum standards for the kind of promises a warrantor must make to label a warranty "full." Unfortunately, that ideal is rarely, if ever, realized in those segments of the marketplace where high concentration displaces competition—most notably the auto industry.

What the Magnuson-Moss Warranty

(Continued on page 2)

Vote Delayed on Consumer Agency

Dear Friends:

We at Consumer Federation of America are extremely grateful to you for your important contribution to the effort to pass the Office for Consumer Representation legislation (formerly called the Agency for Consumer Protection). The decision to postpone floor action on the bill came as a bitter disappointment to all of us who have worked so hard for eight years to give consumers a much needed voice in Washington. Due to an extraordinarily intense lobbying effort by a coalition of national, state, and local consumer groups, labor, farm, senior citizen, cooperative, religious and business organizations, and the dedicated efforts of Esther Peterson and her staff, we moved from an acknowledged underdog position last spring when we were some 50 votes down, to a position in which the vote was minimally a toss-up. That was no small victory considering our opponents are the U.S. Chamber of Commerce and the Business Roundtable—the Ivy League of conservative business lobbyists. The Administration and leadership, however, made the decision not to risk defeat, particularly because the closing hours of the session posed a threat of absenteeism which could have cut into the voting strength on both sides.

Our disappointment was intensified by the realization that friends like you had unselfishly committed so much time to a national and grassroots campaign which inspired numerous lobbying visits, the generation of telephone calls and letters to Congress (to say nothing of nickels!) plus widespread media attention to this issue.

We were particularly encouraged by the surge of support for the substitute bill, H.R. 9718, which was hammered out by supporters and critics of the legislation and co-sponsored by 25 representatives including many former opponents of the legislation.

CFA will push for early consideration of OCR when Congress convenes next year, and hope that you will once again be with us for that final push to victory. It is impossible to overstate how your enthusiasm and moral support continue to inspire us.

Warmest regards,

Kathleen F. O'Reilly
Executive Director

Richardson Takes HEW Post, Resigns as CFA President

Effective December 1, 1977, Dr. Lee Richardson will resign as CFA President to become Director of the Department of Health, Education and Welfare's Office of Consumer Affairs.

Richardson was elected CFA President in 1976. He was also an active member of CFA's Board of directors for four years and served as first President of the Louisiana Consumers League.

Prior to his soon-to-be-announced HEW appointment Richardson served as Chairperson of the Department of Marketing at Louisiana State University. In 1974 he resigned from a previous government position as first Director of the Federal Energy Administration's Office of Consumer Affairs, because of FEA's exclusion of consumer representatives from top-level decisionmaking. Richardson has also served as Director of Education and Finance at HEW's Office of Consumer Affairs, the office to which he is now returning as overall Director.

Lee will be sorely missed. The consistent substance and consumer sensitivity he brings to every issue have been instrumental in the enhancement of CFA's reputation throughout the country. Known for his low-key and refreshingly humble approach, Lee has been an articulate and effective spokesperson for the consumer movement. Much as we regret his departure from CFA's ranks, we rejoice at the realization that his influence and opportunities for contributing to the consumer cause will be even broader at OCA.

CFA Board member, Sarah Newman, will serve as Interim President until CFA's formal election takes place at its annual membership meeting on January 21.

Speak Out!

It's Time to Cut Homebuying Costs: The Title Insurance Rip-Off!

By Martin Lobel, Esq.
Lobel, Novins and Lamont
Washington, D.C.

When you go to complete the purchase of a home or as it is commonly known "go to closing," you are faced with a bewildering array of documents to sign and charges to pay. You walk into a room and sit around a desk and documents are passed back and forth between the "experts." There sits the deed, the note, the mortgage, the title report, the title insurance policy, and recordation forms, to name a few. While many of the forms are necessary, even though they could be simplified, there are two forms that need not be there: the report of title and the title insurance policy.

There is no reason why transferring title to land should be any more difficult or expensive than transferring title to a car. But, because consumers have been largely ignorant of the land recordation system's inherent irrationality and thus have not resisted the system, they are at the mercy of "experts" whose very economic existence depends upon the inadequacies of the present land title approach.

Closing costs, which run between $1 and 3 billion a year, prevent many families from buying homes. People who have the money to pay the monthly mortgage costs often do not have the cash to pay for all the closing costs and the down payment. According to a 1972 HUD report, closing costs (as a percentage of the sales price of a home) range from slightly more than 6% to more than 17% depending on the locality. Yet, the loss rate on title insurance which costs between 2.5 and 3.5% of the sales price is less than .01%. This means that for every $100 paid in title insurance premiums, $2.50-$3.50 is paid back to consumers for losses. This compares to $67 per $100 for workmen's compensation; $90 per $100 for group accident and health insurance, and $45 per $100 for automobile bodily injury liability insurance.

If you bought a house, you probably made an offer by signing a sales contract which was not examined by a lawyer but which bound you to the terms contained in it. You probably relied on the real estate agent who represented the seller, not the buyer. After the contract was signed, other experts got into the process. An expert had to examine the title records by reviewing a collection of public documents which are inadequate at best. As a matter of fact, many of the title insurance companies have to maintain duplicate title records to do an accurate search because the public records are so badly maintained and indexed. There is no justification for paying private companies to maintain records that public officials are being paid to maintain. Finally, you went to closing in which all these various and sundry documents were exchanged between the "experts" and you were called upon to sign documents which you did not understand and to pay fees for services which you did not need.

Rather than put a band-aid on a spurting artery (which is what most of the so-called reform proposals amount to) it is time to perform some radical surgery on our land recordation systems to eliminate needless costs and to make homebuying cheaper for more consumers. A mandatory title registration or Torrens System is required.

The Antitrust and Consumer Affairs Section of the District of Columbia Bar has proposed such a title registration system for D.C. Under its terms, each time land is sold it must be transferred by means of a title certificate. An owner of land would obtain an original title certificate by filing a petition with the Superior Court and notice would then be sent to all of those who might have an interest in the land so that they could protect whatever interests they might have. Owners would be deemed to have the title shown on a title insurance policy issued to them or to their lender. After a short period of time, assuming there were no claims against the owner's title, a title certificate would be issued to the owner. A title insurance fund would be maintained by the District of Columbia to pay off any claims to land that were cut off by the issuance of the certificate. Although the initial cost of entering the title registration system might be higher than the cost of transferring land now, every subsequent transfer would be much cheaper and quicker. If a claim to the land did not appear on the face of the title certificate, it would not legally exist. Under such a system someone searching title to land would not have to go back to the colonial land grants, but could rely upon the certificate of title filed with the Recorder of Deeds. Only one document would have to be examined to determine whether the seller had valid title. Once the buyer or his/her lawyer determined that the seller had valid title, the transfer of ownership could take place merely by signing over the title certificate and a new one would be issued. There would be no need for expensive, time-consuming, and laborious title searches or expensive title insurance.

Naturally, the title insurance companies are vigorously opposing this proposal since their livelihood would be eliminated. The American Land Title Association has been spear-heading the fight for the title insurance companies and is now trying to sell to the various state legislatures a so-called model title reform bill. Their alternative is an unacceptable solution. It limits their liability without cutting consumer costs.

A more detailed analysis of the D.C. Bar Title Registration Bill can be found on page 501 of the 1977 University of Richmond Law Review at your local law school or court house library.

Warranty Act Examined

(Continued from page 1)

Act does it to provide an outline of warranty requirements. Congress delegated to the Federal Trade Commission the authority to develop the details through the issuance of rules and regulations. Congress neglected, however, to provide the FTC with additional money or staff to carry out this tedious and complex assignment. Small wonder that delays have been so prevalent!

Vigorous debate has resulted from both the legislation and the rules issued by the FTC. Issues particularly subject to both consumer and business comment have been:

1) the vagueness of the law;

2) the priorities and timing of FTC rulemaking; and

3) the burdensomeness of some of the particular rules issued.

Workshops were held on each of the three specific rules under the Act during the two-day conference—1) disclosure of written warranty terms and conditions; 2) presale availability of written warranties; and 3) informal dispute settlement mechanisms.

FTC staff members, consumer and business representatives presented points of view regarding the effect of each rule and elicited comments from the audience. The disclosure rule was criticized by business representatives as ineffective in making warranties more understandable since it makes the warranty language longer and more complex. In addition, there was some industry resentment expressed at the requirement to label warranties "full" or "limited," since the title "limited" has definite negative implications, unmerited in the case of some warranties which may actually offer greater protection than a shorter-term "full" warranty. On the other hand, some business representatives claimed that they were able to use the warranty disclosures as effective marketing tools.

Consumer participants expressed general feelings of dissatisfaction and frustration with the rules. The ineffectiveness of the rules was seen as due to the lack of compliance with (and vigorous enforcement of) presale availability requirements and the inability of consumers to be benefitted by the rules because of a lack of adequately financed consumer education on the provisions. Specifically, consumers were frustrated that the disclosure requirements do not mandate the disclosure of the "lemon" provision so necessary if consumers are to realize their right to demand a refund or replacement of the defective merchandise after a reasonable number of attempts have been made to rectify the defect.

FTC representatives gave encouraging assurances that future rules to be issued in early 1978 on such issues as advertising will have come a long way with respect to simplification of terms.

There was general agreement that the Act's provision for informal settlement dispute mechanisms was a failure. Only one complying mechanism is operative at this time—that of the Home Owners Warranty Corporation. The reluctance of other warrantors to adopt complying mechanisms was largely attributed to the cost of establishing such a mechanism (albeit industry representatives offered no supporting cost data on that argument). Also cited were the complexity of the standards drawn by the Act, the requirement that disputes be resolved within 40 days, and the apprehension on the part of warrantors that informing consumers of the availability of such a mechanism would deter consumers from going to the actual warrantor to try to resolve any complaints through the warrantor's in-house complaint procedures, which are often more simple and less costly than a resort to such a mechanism.

The effectiveness and fairness of complaint settlement mechanisms not complying with the Act, such as that of MACAP (Major Appliance Consumer Affairs Panel) were hotly debated by business and consumer panels. Specifically, Tom Stanton, Director of Ralph Nader's Housing Research Group, questioned whether it was fair or equitable for MACAP to characterize as "public" or "consumer" panelists those persons who have past or present economic ties with the appliance industry. Stanton also challenged the legitimacy of MACAP mechanisms when too many consumers had simply given up their fight because of MACAP delays. "This is hardly 'consumer satisfaction'," said Stanton.

The performance of the FTC in enforcing the Act was the subject of much debate throughout the conference. Criticism that the Commission had not fulfilled its mandate by failing to issue many of the rules necessary to clear understanding of the Act's requirements was tempered with a widespread feeling of empathy for the FTC's monumental, if not impossible task. The Commission has been attacked from all sides for not coming up with the rules necessary for warrantors and consumers alike to know what a "full" warranty really means, what constitutes a "reasonable amount of time" to remedy a defect, what constitutes a "reasonable number of attempts" to have a product repaired be-

(Continued on page 12)

CFA Supports Petition To Ban Nitrites in Meat

On November 15 Community Nutrition Institute (CNI) petitioned the U.S. Department of Agriculture (USDA) to ban nitrite from all uses in the processing of meat food products intended for human consumption. The petition is supported by a coalition including Consumer Federation of America, National Consumers League, Consumer Affairs Committee of the Americans for Democratic Action, Virginia Citizens Consumer Council and Congressman Fred Richmond (D-NY).

The petition requests USDA to publish a proposed regulation which would declare nitrite, a chemical compound used as a meat preservative, a poisonous substance which leads to the formation of compounds which cause cancer and are a health hazard. Products containing nitrites would be considered as adulterated.

The compounds are nitrosamines, which are chemical substances which form in meat products during cooking and also in the stomach during the digestion process. Repeated scientific tests have demonstrated that nitrite combines with amines, which are chemically part of the protein in meat, to form nitrosamines, the CNI petition states.

There are many different chemical forms of nitrosamines, the CNI petition notes, and all have been demonstrated to cause cancer in different animal species.

The petition cites a range of studies which have shown that nitrosamines are formed when bacon, frankfurters and ham are cooked. Other studies are cited which show that these substances also can be formed internally when nitrite is consumed by humans.

The USDA, under the Meat Inspection Act of 1967 has responsibility over meat regulation, including the protection of the public from adulterated meat and meat food products. An adulterated product, under the law, "contains any poisonous or deleterious substance which may render it injurious to health."

The effort to ban nitrates and nitrites from use as food preservatives has been underway for more than five years, the CNI petition states. An earlier petition in February 1972 was denied by the USDA on the basis that no convincing evidence was provided that adding nitrites to meat constitutes an adulterated product.

A subsequent court challenge was turned back when the Federal district court found that the rule-making procedure was the proper channel for action.

In November 1975 the USDA issued a proposed rulemaking for reducing the permitted levels of nitrite, but has taken no further action.

The CNI petition states that USDA has indicated it would ban nitrites in uses only where it can be demonstrated that nitrosamines are formed during processing and preparation, and notes that the proposals to ban are in statements of policy and not in rulemaking proposals.

"Accordingly," the petition states, it is remedying the lack of a concrete proposal" by now proposing that nitrates and nitrites be banned from all meat and meat food products intended for human consumption.

CFA strongly urges you to write to USDA immediately in support of this petition. Contact: Hearing Clerk, Rm. 1077, U.S.D.A., Washington, D.C. 20250.

"I don't think we should get too deeply involved, Roxanne. You're a budget major-airline three-week notice, and I'm a one-way first-come-first-served day-of-departure."

Drawing by Stevenson; ©1977 The New Yorker Magazine, Inc.

According to Study . . . 'Not Much'

New Air Charters: What's the Consumer Being Told?

In a study conducted by George Washington University in Washington, D.C. and sponsored by the American Express Company in coordination with CFA and the Office of Consumer Affairs, HEW, it was found that consumers are receiving only small amounts of selected information concerning charter travel.

The study, *New Air Charters . . . What's the Consumer Being Told?*, was conducted to initially assess the availability and quality of information on charter flights contained in newspaper travel sections because that is predominantly the consumer's initial source of information on charter travel. Seven pieces of information were considered: 1) price; 2) penalties for cancelling the reservation or missing the flight; 3) rigidity of return date; 4) advance payment or commitment required; 5) basis for the price of land-related purchases; 6) possibility of cancellation on the part of the tour organizer; and 7) type of charter. While over 90% of the advertisements examined in 11 major city newspapers provided price information, 38.5% said "from" a certain low figure without providing the upper limit and less than 1% reported the risks involved in buying the low-cost charter ticket.

The study also found that only 4.4% of the advertisements in travel sections are for charter travel. This leaves the unanswered question of how consumers make intelligent decisions on charter travel if so little information is available.

A participant in this project, CFA's Executive Director Kathleen F. O'Reilly, in a recent news conference, said, "We hope to stimulate the charter and related industries to give more complete information and to make certain it is distributed imaginatively and effectively. Hopefully, travel agents and others who have a stake in air travel, can be persuaded that it would be in their best interests to minimally provide more information in ads. Cancellation insurance and novel marketing approaches beyond newspaper advertising should also be considered to spread information."

Following a second phase of the study, which explores consumer behavior patterns with respect to charter flights and the effects of travel ads on consumers, results will be analyzed and recommendations formulated. It is also likely that they will publish a pamphlet on the "cold hard facts" of charter flight options.

CFA has had a longstanding interest in air charter flights, stemming from its vigorous efforts spearheaded by Shelby Southard, Transportation Chairman, which in recent years resulted in more liberalized air charter regulations for consumers.

Estrogen Labeling Urged by CFA

By order of HEW's Food and Drug Administration (FDA) (effective October 18, 1977) every prescription of estrogen must be labeled as to its possible risks.

Estrogen, the controversial hormone used by an estimated five million consumers, is most commonly used to treat symptoms of menopause and in oral contraceptives. It has recently been linked to increased risk of uterine and breast cancer and the development of blood clots. When taken during pregnancy, there is an increased risk of birth defects and, in female offspring, of vaginal and cervical cancer. About 2.5 million estrogen prescriptions totalling $90 million are dispensed annually.

The Pharmaceutical Manufacturers Association (PMA) (joined by the American College of Obstetricians and Gynecologists, the National Association of Chain Drug Stores and the American Society of Internal Medicine) is still fighting the FDA order.

PMA's suit was filed July 29 in Delaware where a preliminary injunction was denied, and similarly in Louisiana and Oklahoma, where a decision on a preliminary injunction is still pending. CFA, Consumers Union, the National Women's Health Network, and Women's Equity Action League supported the FDA action as friends of the court in Delaware.

PMA claims that in ordering estrogen labeling, FDA exceeds its authority and interferes with the practice of medicine. The suit by PMA is the first legal challenge of the FDA's authority to require that drug information be given to patients. PMA also maintains that its members will be harmed by having to pay for printing and labeling, and that the regulation will impair the reputation of estrogens and reduce the sale of this drug.

In an informal telephone survey conducted two weeks after the effective date of FDA's order, pharmacists reported to CFA that they had not yet received the labeling. "I've read about it in the newspapers and seen it on T.V., but I haven't received anything from the companies," responded one local pharmacist. However, Abbot Laboratories, one of the larger manufacturers of estrogen, claimed they dispensed the labels on October 18 as ordered. "Every pharmacy we deal with should have their labels," said spokesperson Kay Morgan.

Consumers who purchase estrogen prescriptions without labels or know of a pharmacist who is dispensing the drug without them, are urged to contact their local or regional FDA headquarters or FDA's Bureau of Drugs, Division of Drug Labeling, 5600 Fishers Lane, Rockville, Maryland 20857. Phone: 301/443-1240.

Energy *Energy* *Energy*

Carter Meets With Consumer Energy Czars

While the House-Senate Energy Conference proceeded at a painstakingly slow pace, representatives of CFA's Energy Policy Task Force and other consumer groups involved in energy issues met on October 20 with President Jimmy Carter and Secretary of Energy James R. Schlesinger at the White House to present their views regarding Presidential actions on the National Energy Bill. Before President Carter joined the discussion, Secretary Schlesinger conceded to the group that a natural gas price of $1.75 was "a bonanza" for the oil companies and was more than adequate to encourage production.

Participants at the meeting included EPTF Chairperson Lee C. White, EPTF Director Ellen Berman and EPTF Board members William Winpisinger, President, International Association of Machinists, and Jack Sheehan, Legislative Director, United Steelworkers of America. Also present were: Marty Rogol and Bob Brandon of Nader's Congress Watch; James Flug, Director of Energy Action; Louis Knecht of Communications Workers of America; Gary DeLoss, Environmental Policy Center; and Greg Thomas, Sierra Club.

The consumers reiterated their opposition to any increases in the price of natural gas beyond that allowed under the House bill, stating that the House bill already took away far too much from the consumer. Furthermore, the group firmly opposed the Crude Oil Equalization Tax (COET), particularly without a full and permanent rebate of revenues to consumers.

Although the President expressed his support for the consumer position on natural gas pricing, consumer leaders were not satisfied with commitments from the President based on his answers to key questions. When asked to define what level of prices would be subject to Presidential veto, Carter declined to give a definite commitment. When consumers pressed the issue further, the President would only go so far as to say that he would not sign any legislation that was unfair to consumers, that unduly rewarded the oil companies, or that was not fiscally responsible. Both Carter and Schlesinger denied reports that the President would accept either natural gas prices in excess of $2.00 per thousand cubic feet, or partial diversion of COET revenues to encourage energy development, a position totally unacceptable to the consumer organizations represented.

While consumer advocates termed the meeting with the President "constructive" and were pleased that the President promised to meet again with consumer leaders before signing any legislation, they are wary of the great flexibility the President has given himself in signing an energy bill which may meet his definition of "fairness" yet run counter to the consumer's definition of "fairness."

CFA Energy Policy Task Force Leads Fight Against Crude Oil Tax

While initially heartened by Senate action defeating the Crude Oil Equalization Tax (COET) in the Senate Finance Committee on September 26, consumers were deeply disappointed when the full Senate refused by a vote of 30-47 on October 29 to go on record opposing COET in conference.

Considered to be the "centerpiece" of President Carter's National Energy Plan, COET has evoked heated debate throughout Congress, as well as intensive lobbying efforts by consumers and industry. At the center of such efforts lay the question of who shall bear the cost of meeting our nation's increasing energy demands. In testimony before the Senate Finance Committee on September 8 in opposition to COET, CFA's Energy Policy Task Force (EPTF) Chairperson, Lee White, stated that the central issue of COET was the "transfer of wealth" from consumers to the government, or, even worse, to the oil companies.

White and the EPTF helped to forge a strong coalition of members of Congress, consumer, labor and farm organizations to help defeat the tax in Committee. On September 19 EPTF and Senator Howard Metzenbaum (D-OH) co-sponsored a press conference urging defeat of COET. That same day the Senate Energy Committee voted 13-1 to recommend to the Finance Committee that COET be scrapped. The Finance Committee, chaired by Senator Russell Long (D-LA), who favors "plowbacks" of revenues to the oil companies to encourage greater production, voted on September 26 to reject the COET by a 10-6 margin.

The future of COET remains in the hands of the House-Senate Conference. While the President will be striving to develop a compromise in Conference, EPTF and other consumer advocates have vowed to forge a strong coalition of consumer-oriented organizations and members of Congress to oppose COET in Conference, particularly without full and permanent rebates. It appears that such a group is coalescing since 67 members of the House recently signed a letter to the President stating that they would vote against any energy bill which significantly deviates from the House Energy bill.

Consumer Coalition Petitions for Natural Gas Supplies

The Natural Gas Consumers Coalition, a broad-based coalition of over 90 members of Congress, state and local consumer groups, labor and farm organizations, public officials and state agencies, has petitioned the Federal Energy Regulatory Commission (FERC) to use its authority to take firm action to ensure adequate supplies of natural gas at reasonable prices throughout the nation this winter.

At a coalition press conference held November 14, Ellen Berman of CFA's Energy Policy Task Force, Jim Flug of Energy Action, and Marty Rogol of Congress Watch, charged that gas producers have withheld gas from the regulated interstate market, while siphoning off huge quantities to be sold on the intrastate market at unregulated prices. Such actions, the group contends, forced consumers to pay "blackmail prices" for emergency gas supplies last winter. Declaring that "The nation should not have to face another winter of threatened gas cutbacks until every possible step has been taken to assure timely delivery of available supplies of natural gas at reasonable prices," the petitioners have urged FERC to use its authority to allocate sufficient quantities of natural gas to the interstate market.

Furthermore, the petition asks FERC to prohibit producers from diverting offshore gas produced on the Outer Continental Shelf (OCS) for use in their own refineries and other low-priority uses. Since the OCS is public domain, the group contends that it is grossly unfair that as much as 4 trillion cubic feet of offshore gas has been reserved by producers for their own use, thereby depriving consumers served by interstate pipelines of desperately needed supplies.

In addition to producers reserving gas for their own use, the petitioners have charged that gas shortages stem, in part, from federal policy allowing gas producers to circumvent their delivery commitments through the "prudent operator" clause. Under this clause, gas producers do not have to deliver quantities in excess of what a "prudent operator" would deliver. Thus, the coalition is pressing FERC to force producers to deliver at least the quantity of gas contracted to the interstate pipelines.

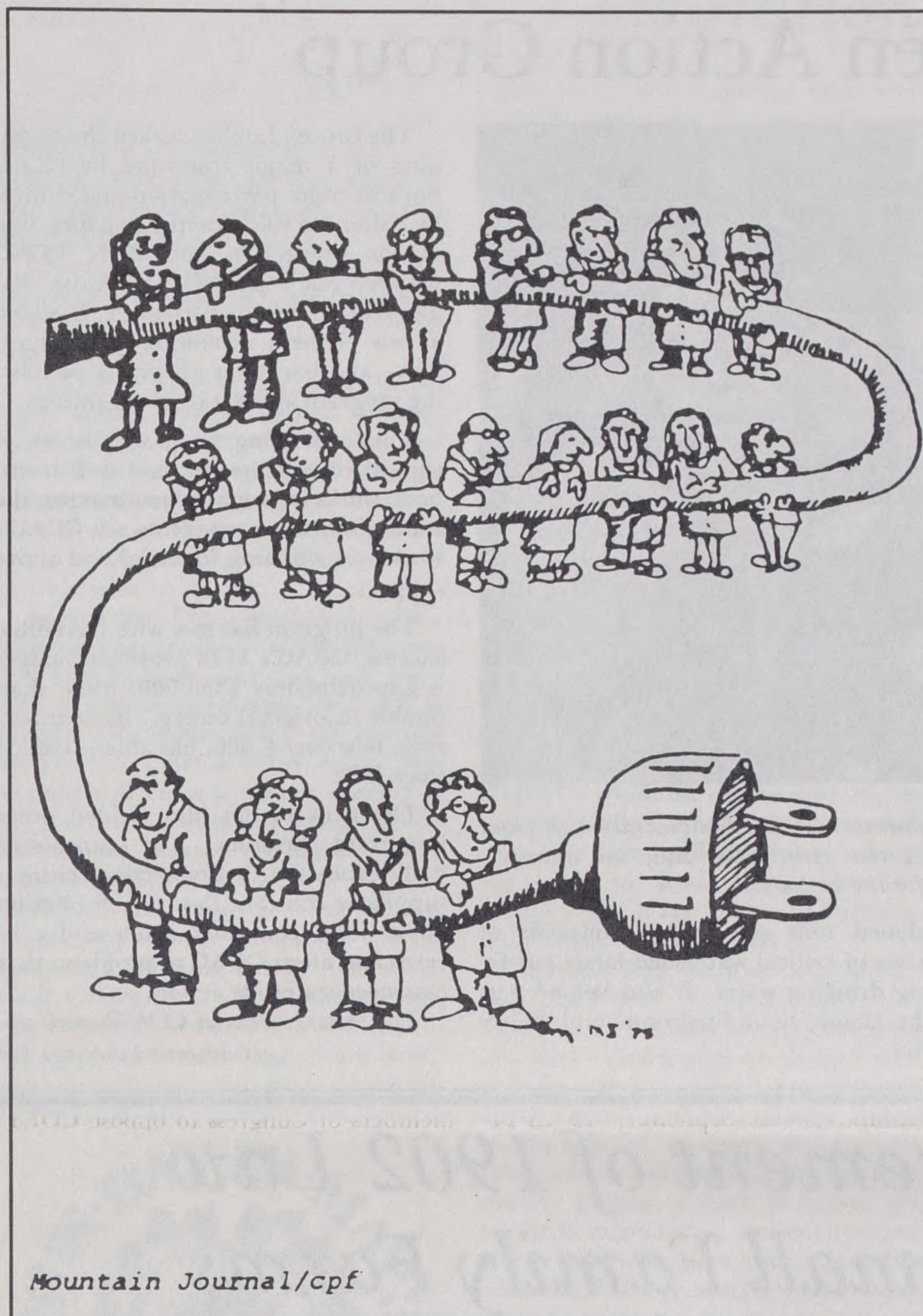
While seeking to insure adequate supplies, the coalition also asked the FERC to reconsider the July 1976 decision by its predecessor agency, the Federal Power Commission, to increase natural gas prices from $.52 to $1.42 per thousand cubic feet (MCf). If FERC enforces the actions advocated in the petition to prevent withholding and diversion of supplies, the group suggests that FERC should no longer feel compelled to force interstate prices up to the unregulated intrastate prices in an attempt to increase supplies.

While the House/Senate Energy Conference Committee will soon be considering a new natural gas pricing system, the coalition leaders expressed doubt that Congressional action would be taken before the weather turns cold, if at all. Moreover, the group contends that "supply problems will remain even if a new price is set."

According to EPTF Chairperson Lee White, FERC could act on the petition within 30 days. Administration support for the petition was sought by coalition leaders at a November 15th meeting with David Bardin, Administrator of the Economic Regulatory Administration.

Coalition coordinators, Berman, Flug and Rogol, were enthusiastic about the broad range of support for the petition. Coalition members include 19 U.S. Representatives, nine U.S. Senators, 19 Public Interest Research Groups, the American Hospital Association, the National Urban League, the Governor of Wisconsin, the Attorney General of North Carolina, the Public Service Commissions of Wisconsin and New Jersey, the UAW, Machinists, Steelworkers, Service Employees, ILGWU, IUD, AFT and Teamsters unions, Americans for Democratic Action, the National Council of Senior Citizens and a host of other organizations.

Energy *Energy* *Energy*



Mountain Journal/cpf

Senate Gas Deregulation A Blow to Consumers

After one of the most dramatic and raucous sessions in Congressional history, the Senate delivered a major setback for consumers as well as for the Carter Administration by narrowly passing the Pearson-Bentsen natural gas deregulation amendment. This was one of the most crucial votes in the Senate debate over the Energy Bill and will significantly affect the outcome of the President's entire energy package which is now before a House-Senate Conference.

As the drama over the vote unfolded, it readily became apparent that deregulation advocates had a much greater influence in the Senate than in the House where President Carter's Plan was adopted by a 28-vote margin (227-199). After the Senate Energy Committee reached an impasse on a deregulation measure, the Plan was forwarded to the full Senate without amendments and recommendations, setting the stage for the marathon debate that ensued. After the Senate voted 77-17 to invoke the cloture rule to limit debate, Senate liberals, led by Senators James Abourezk (D-SD) and Howard Metzenbaum (D-OH) began the first all-night Senate filibuster since the Civil Rights Debates of 1964.

As the filibuster continued, both sides sweetened their offers in an attempt to lure a few votes away from the opposition and break the deadlock. However, neither side displayed a great willingness to compromise.

In the meantime, CFA's Energy Policy Task Force joined an orchestrated campaign with Congress Watch, Energy Action and other consumer-oriented organizations and Senators to prevent passage of the Pearson-Bentsen amendment, including helping to coordinate an anti-deregulation rally of several hundred people on the Capitol steps on October 4. Although the rally provided a shot in the arm for the anti-deregulation forces, time had already run short. In an incredibly acrimonious session by Senate standards, anti-deregulation forces were shocked when Vice-President Walter Mondale appeared on the Senate floor and began ruling their motions out of order, thereby effectively breaking the filibuster.

That same day, the Senate passed a revised Pearson-Bentsen amendment by a vote of 50-46. Since House Conferees are opposed to deregulation and President Carter has vowed to veto any deregulation legislation presented to him, the future of the deregulation battle is uncertain. However, in light of the President's apparent unwillingness to specify what price he considers acceptable, it is unclear just how high gas prices may go in Conference without a Presidential veto.

Debate Slows Senate-House Energy Report

Energy Conferees Debate Coal Conversion

After having reached a compromise on the bulk of the non-tax provisions of the energy conservation bill (HR 5037), the House and Senate Conferees have begun wrangling over the complex coal conversion bill (HR 5146). The Conferees still face the monumental task of reaching agreement on the controversial issues of natural gas pricing, utility rate reform, and tax provisions of the National Energy Plan. The Conference on the tax portions started on November 9, while Conferees on the non-tax portions thrashed out coal conversion legislation and then moved on to utility rate reform.

Experts now estimate that the Conference may last until Christmas due to the prolonged negotiations. The protracted pace has caused President Carter to postpone a 9-nation tour, scheduled to begin November 22, in order to be on hand while the Energy Bill is hammered out.

Tentative accord has been reached by the Conferees providing numerous exemptions from the necessity to convert to coal, severely weakening the impact of the overall coal conversion plan.

Conferees agreed that an exemption would be granted to a new power plant if the burning of coal would violate federal or state environmental regulations. Exemptions would also be granted if an applicant adequately demonstrated that coal conversion was not feasible due to potential impairment of service, nonfeasibility of compliance with state or local laws, or the impossibility of locating at another site.

The Conferees also reached tentative agreement to exempt new plants using nonboiler combusters from prohibitions against using oil or natural gas. While new plants must switch to coal if technologically feasible, there is a distinct possibility that those exemptions would impair the viability of the whole coal conversion attempt since it may encourage some industrial users to use nonboilers when building a new plant as an alternative to the ban against oil and gas.

After much debate, Conferees agreed that industrial processes which use natural gas directly were exempt from converting to coal. Furthermore, Conferees agreed that an Environmental Impact Statement (EIS), which is required under the National Environmental Policy Act (NEPA), would be applied to consideration of any application for exemption. However, a stipulation was included which exempts the EIS: (1) where an EIS was already required under a federal law, (2) where categories of existing plants were permanently exempted under the bill; and (3) where a temporary exemption of less than 5 years duration is already under consideration by the federal government. This was a hard fought compromise by the Conferees, since the House bill had stipulated that an EIS was required in all circumstances, while the Senate Bill made no reference whatsoever to the NEPA provisions.

On November 10 Conferees also approved a section of the House bill which calls for a complete analysis of the free market mechanisms and the level of competition in the coal industry. A similar amendment had been proposed in the Senate by Sen. James Sasser (D-TN) but was withdrawn due to insufficient votes. EPTF had strongly supported this amendment, arguing that such an evaluation of the coal industry was critically needed, particularly if large scale conversions are required.

The Conferees finished coal conversion on November 11 and began to consider tough utility rate reform questions. Bitter debate has marked discussions over utility rate reform in both Houses of Congress and a great battle now looms in Conference.

FOLKS:

Connecticut Citizen Action Group

Founded in 1971, the Connecticut Citizen Action Group (CCAG) is the nation's first statewide, full-time citizen action organization. Not surprisingly, Ralph Nader, a former Connecticut resident, had a hand in its creation.

Skeptics said it would never work. They claimed the group lacked expertise, an experienced staff, and steady funding.

CCAG's critics were dramatically silenced in 1972 when the group released the results of an investigation into activities at Colt Fire Arms Company in Hartford. Their report revealed that workers were ordered to cheat on safety tests for the M-16 rifle.

The Colt Arms investigation was rapidly followed by CCAG intervention in a phone company rate hike request. CCAG documented hiring and job placement practices that discriminated against minorities and women.

That same year CCAG published its first "General Assembly Project," an in-depth profile of the views and records of all members of the Connecticut General Assembly. The project was acclaimed by the *New York Times* as "the only one of its kind in the country" and prompted Ralph Nader to comment, "Never before in this country has there been prepared and publicly released such detailed descriptions and data about each individual legislator."

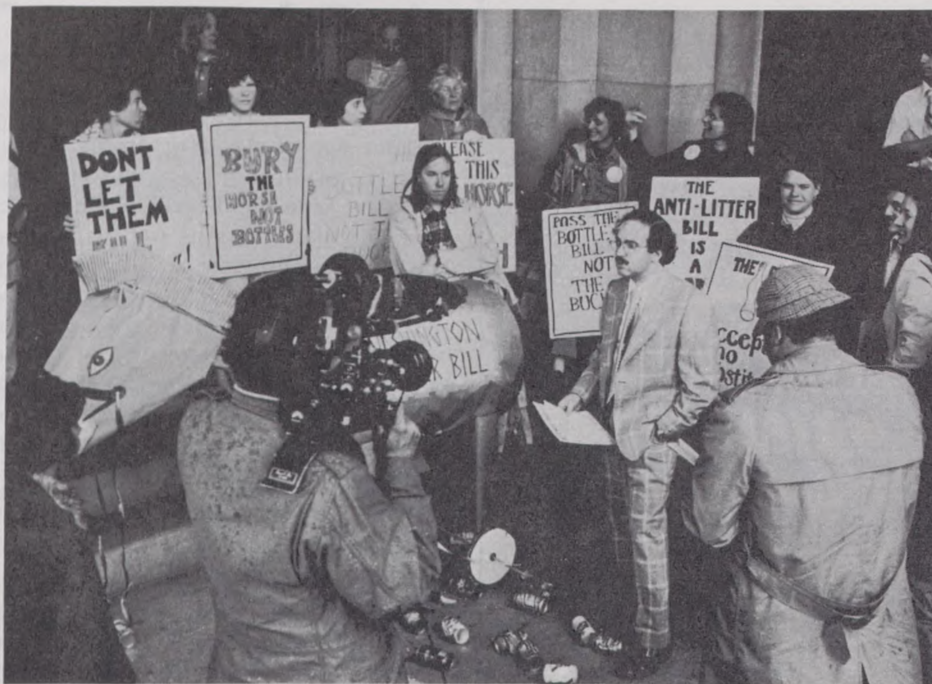
The skeptics were proven wrong concerning both the future of CCAG and the general concept of forming a statewide citizen group. CCAG is now one among scores of citizen action groups across the country. Many of those groups, including the numerous student-funded Public Interest Research Groups (PIRGs) and the four other statewide CAG's, were conceived in the Nader mold.

The formula was simple. Take an energetic, professional staff, get them to do quick but reliable research on a critical state consumer or environmental issue, and follow up their findings with a push for legislative action or intervention.

It didn't take long for CCAG and other groups, however, to discover that while that formula worked well in Washington, D.C., there was an important component missing at the statewide level—grass-roots organization.

To fill this gap CCAG organized a statewide "Citizen Lobby." A network of 3000 citizens, the Lobby can literally be mobilized in minutes by means of an elaborate "phone tree" system to produce letters, phone calls, and citizens to pressure state legislators.

Since its 1972 inception, the Citizen Lobby, in concert with regular staff lobbyists, has been directly responsible for an impressive string of legislative victories. Among them is passage of legislation allowing generic substitution of drugs including a measure requiring pharmacies to post the prices of the 100 most commonly prescribed drugs.



CCAG Director Marc Caplan (in suit) orchestrates CCAG demonstration in front of the Connecticut State Capitol to ridicule the "Anti-Litter Bill," an industry-written measure designed to defuse support for the bottle bill.

In addition, CCAG helped pass a ban on utility advertising that could be charged to ratepayers, repeatedly defeated proposals by utilities to burn polluting high-sulphur fuels, and championed bills preserving thousands of acres of critical watershed lands purifying drinking water. It also helped pass the Connecticut Environmental Policy Act.

The Citizen Lobby marked the beginning of a major transition by CCAG towards more participation and control by citizens in the activities and direction of the group. In late 1975, CCAG mapped out a plan for the group that altered the formula even more. It added a new element—community organization—and backed it up with a canvassing program and a staff of organizers.

The canvassing program, which is comprised of teams of paid staff members, works in neighborhoods across the state, informing residents of CCAG's work and soliciting financial and active support.

The program has met with incredible success. CCAG's 1978 projected budget is approximately $350,000, more than double its original budget. Its membership, now over 8,000, has almost tripled since 1972.

The canvass has also yielded other important benefits. The canvassers' daily contact with Connecticut citizens supplies a constant flow of information about local consumer issues and concerns and alerts CCAG to problems that may need statewide action.

The effectiveness of CCAG's new ap-

(Continued on page 13)

Strict Enforcement of 1902 Law To Benefit Small Family Farms

The Bureau of Reclamation, Department of the Interior, has recently proposed rules and regulations re-implementing the Reclamation Act of 1902. Under the Reclamation Act federally-subsidized irrigation water is limited to 160 acres in project areas in the 17 western states. The limitation is fully consistent with the frequently stated commitment of the U.S. Congress to the family farm system of agriculture. This commitment was re-affirmed most recently in the Food and Agriculture Act of 1977 which declared that "the maintenance of the family farm system of agriculture is essential to the social well-being of the Nation, and the competitive production of adequate supplies of food and fiber."

Large farming interests have been working against enforcement of this law, arguing that 160 acre farm units are not economically viable units in this day and age and that forcing farmers to work on limited-size farms would put them out of business. In fact, the 1974 U.S. farm census showed the average irrigated farm in the 17 western states to be 184.04 and in California, the average for 48,000 farms was 157.10 acres. These figures are far below the limit set by the Reclamation Act which is 160 acres per person (or 320 acres per couple). These farms are economically viable and efficient.

The Economic Research Service of the U.S. Department of Agriculture published a study of the one-man farm in 1973. This study reported that "The fully mechanized one-man farm, producing the maximum acreage of crops of which the man and his machines are capable, is generally a technically efficient farm. From the standpoint of costs per unit of production, this size farm captures most of the economies associated with size. The chief incentive for farm enlargement beyond the optimum one-man size is not to reduce unit costs of production, but to achieve a larger business, more output, and more total income." In addition, farm enlargement limits competition and reduces the variety of goods offered so the consumer pays more and has less choice in what he pays for. CFA and the National Farmers Union strongly support the Bureau of Reclamation's proposals.

CFA has traditionally had a policy of promoting small family farmers. Consistent with that policy CFA's Board of Directors at its November 5 meeting adopted the following resolution:

"We recognize the increasing concentration of monopoly power in the food economy threatening our family farm system of agriculture which is the most efficient producer of an adequate and stable supply of food and fiber for American consumers. CFA calls upon the Department of Interior to issue and vigorously enforce regulations implementing the 160-acre limitation upon the supplying of federally-subsidized irrigation water contained in the Reclamation Act of 1902."

To ensure proper implementation, the Bureau must hear from more consumers and small family farmers in order to outweigh the heavy lobbying being done by large farming interests. We urge you to write Honorable Cecil D. Andrus, Secretary of the Interior and Honorable R. Keith Higginson, Commissioner of Reclamation, at the U.S. Department of the Interior, Washington, D.C. 20240, of your support for the concept of small family farms as economically viable and efficient units and the implementation of the 160-acre limit for the supplying of federal irrigation water.

In addition, Senators should be notified of your views, since Congress is considering a resolution (SJR 93) to postpone implementation of the 160-acre limitation until January 1979, and is likewise being heavily lobbied by large farming interests. For more information, write the National Farmers Union, Suite 600, 1012 14th Street, N.W., Washington, D.C. 20005.

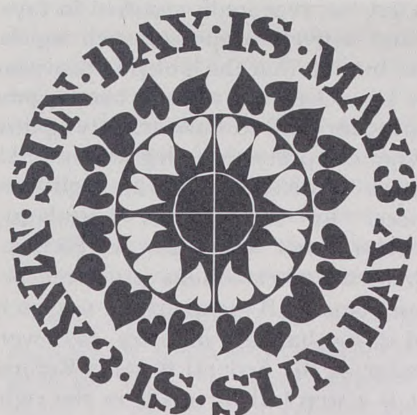
Solar Advocates To Stage May 3 'Sun Day' Celebration

On November 29 a broad coalition of environmental, labor, farm and consumer groups, including CFA, announced they were joining forces to "lead the United States into the solar era" next spring.

The climax of the group's efforts will be called "Sun Day" and will take place on May 3 in thousands of communities across the nation.

According to Sun Day coordinators Peter Harnick and Richard Munson, "Solar energy is technically feasible and economically sound right now. To begin the transition to a solar era, we need only an educated market and an organized political constituency. Sun Day will help provide both."

Among Sun Day events in the planning stage are teach-ins, demonstrations and energy fairs. The day will begin with a sunrise celebration on Cadillac Mountain in Maine, where the sun first hits the U.S. Later in the morning, New Yorkers will enjoy a sunrise concert at the United Nations. Citizen groups in Boston and Atlanta are already planning solar fairs, while people in Martinsburg, West Virginia, are developing a solar home tour. Montanans are organizing a traveling energy road show, while Californians will coordinate literally dozens of events, from demonstrations and fairs to showings of sun paintings. In addition, thousands of schools and colleges will organize teach-ins and conferences. It is expected that communities across the country will create their own ingenious events to celebrate the sun.



As public sentiment increases for a safe, non-polluting and decentralized energy source, the solar options of wind, falling water, biomass and direct sunlight are becoming very attractive.

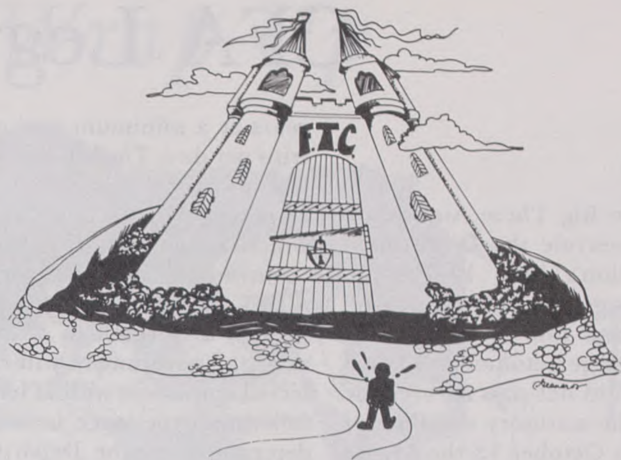
"The sun's appeal is enormous," explained Peter Harnick. "Sunlight is delivered to your doorstep (or rooftop) every morning without power lines or fuel trucks; it doesn't pollute; it won't run out; and it can't be diverted by hijackers, terrorists or international cartels. It's the people's energy source."

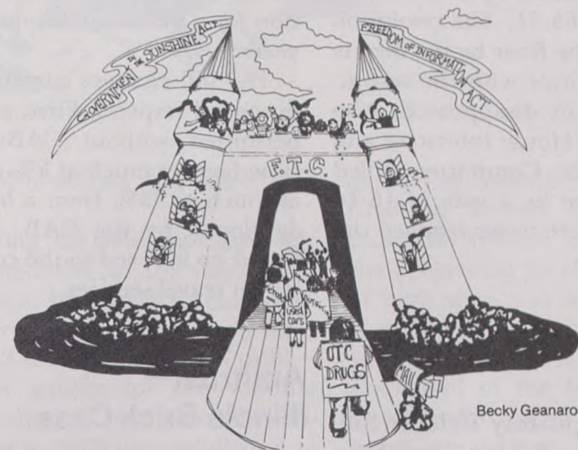
Experiments in solar energy are just beginning. The United Auto Workers Union has installed solar panels to heat the large indoor swimming pool at its conference center near Black Lake, Michigan. The enterprising residents of a New York City tenement recently erected a windmill on the roof to provide electricity for hall lights. On windy days the windmill produces enough electricity to send power into Con Edison's system and make the building's electric meter run backwards!

The Sun Day coalition represents a powerful new political force. Its members have a wide variety of interests in solar development. Solar technologies, for example, provide safe, secure jobs for labor unions; reduce energy bills for consumers and farmers; create energy self-sufficiency for community groups; reduce pollution and resource exploitation for environmentalists; and eliminate the reliance on centralized power sources that concern civil libertarians.

CFA is actively represented on the Sun Day Board of Directors by its Executive Director, Kathleen F. O'Reilly.

For additional information, contact Sun Day, 1028 Connecticut Ave., N.W., Room 1100, Washington, D.C. 20036. Phone: (202) 466-6880.





Becky Geanaros.

CFA Publishes Guide to FTC

In recent years the Federal Trade Commission (FTC) has played an increasing role in the area of consumer protection. Now, thanks to legislation enacted by Congress in 1975, consumer groups can play a greater role in FTC decisionmaking. That legislation authorizes the FTC, within strict guidelines, to compensate eligible individuals and groups for the costs of participating in FTC proceedings, including attorneys fees, expert witness fees, and the costs of conducting research.

The Paul Douglas Center's National Community Consumer Education Project has just released a new booklet designed to encourage and facilitate citizen participation in FTC proceedings. Entitled *A Consumer's Guide to the Federal Trade Commission,* it describes the types of proceedings within the FTC's jurisdiction, appropriate ways for the public to participate in these proceedings, and methods for obtaining funding to cover the costs of participation. The booklet was prepared by Elizabeth Williams, the Project's research director, under a grant from the U.S. Office of Consumers' Education.

A Consumer's Guide to the Federal Trade Commission is available (free) to nonprofit groups and educators from the National Community Consumer Education Project, Paul H. Douglas Consumer Research Center, 1012 14th Street, N.W., Washington, D.C. (Copies are currently being mailed to individuals and groups on THE ACTION FACTION mailing list.)

HEW Renews CFA Grant; Project Staff Expanded

CFA's education and research foundation, the Paul H. Douglas Consumer Research Center, is pleased to announce that it has received a $134,940 grant from the Office of Consumers' Education, U.S. Office of Education, to support its National Community Consumer Education Project (NCCEP) for a second year. The project was established in September 1976 under a 12-month award from the Office of Consumers' Education to develop resource materials and conduct workshops for state and local consumer leaders and educators.

During its first year, NCCEP sponsored a national conference for grassroots consumer activists and educators and prepared two booklets, one on consumer participation in the Federal Trade Commission (see related article) and a second, to be published in late November, on credit insurance. NCCEP also publishes a monthly newsletter, *The Action Faction: Resource Materials for Consumer Education and Action.*

The new grant provides funds for a significant expansion of the project's workshop program. In addition to sponsoring a second national conference in Washington, D.C. (tentatively scheduled for next June), NCCEP will hold three regional conferences in 1978. Like the national, these conferences will be designed to offer opportunities for consumer leaders and educators to share ideas, hone skills, and develop new resources for bringing consumer education to the public. The award also includes funds for publication of *The Action Faction* and other resource materials.

In October, the first month of the second grant year, two new staff members were named. Janet Jernigan, formerly CFA office manager, is the project's first resource/conference coordinator. The responsibilities of the new position include supervising on-site preparations for the regional conferences, as well as assisting with the development of the resource library, begun by and now shared with CFA's State and Local Organizing Project. Jernigan received her B.A. degree from Ouachita Baptist University in Arkansas, and worked as a volunteer with Arkansas Consumer Research.

Marci Greenstein, the project's new staff assistant, has worked with a number of special projects, most recently for the National Women's Political Caucus (NWPC) and the National Organization for Women. In addition to administrative duties, she will assist with research and writing for *The Action Faction.* Greenstein has a B.A. in English from Oberlin College, and is the author of several recent articles appearing in NWPC newsletters.

Marci Greenstein

CFA Legislative Wrap-Up

Air Bags

Attempts by the Big Three Auto Manufacturers to overrule the Department of Transportation's June 1977 order requiring air bags or other passive restraints in all new cars by model year 1984 (1982 for large automobiles) failed when Congress did not pass an override resolution by the statutory deadline of October 15. On October 12 the Senate defeated the resolution to override the order by a vote of 65-31. The resolution had been sent to the floor by the Senate Commerce Committee with the recommendation that it be disapproved. Also on October 12 the House Interstate and Foreign Commerce Committee killed a similar resolution by a vote of 16-14 and thus the measure never reached the House floor.

Airline Deregulations

The Airline Regulatory Reform Bill was voted out of the Senate Commerce Committee by a vote of 11-2 on October 28 and will reach the Senate floor in early 1978. The bill is more modest than previously proposed airline deregulation bills due to the numerous compromises necessary to gain much needed Senate support. However, the major thrust of the bill is intact. It affords airlines more freedom to set rates and enter new routes. The airline industry is almost unanimously opposed to the bill, stating that the industry is competitive enough now and further claiming that the change would lead to chaos, airlines going out of business and ultimately less competition.

The major unions representing airline employers oppose the bill, fearing that it would lead to "no holds barred" competition resulting in fewer jobs because some airlines might be forced out of business. Supporters of the bill, including the CAB, insist that the change is a mild one with adequate safeguards to avoid the dangers described by the airline industry and affected labor unions.

CFA testified before the Senate Subcommittee on Aviation on April 6 and stated that it would not endorse the legislation unless it were amended to provide:

1) adequate subsidies to continue service to consumers in small communities until such time as alternate means of transportation are available; and

2) adequate job retraining and relocation benefits to assure that airline industry workers will not bear an inequitably disproportionate share of the economic burdens of deregulation. (For more information see CFA *News*, April-May, 1977.)

The bill reported out of the Senate Commerce Committee contains amendments addressing both these issues. The bill guarantees that the government will provide subsidies sufficient to maintain air service to all communities which currently have air service for the next ten years at a minimum rate of two round trips per day. The bill also contains a labor provision, sponsored by Senators Danforth (D-MO) and Cannon (D-NV) which states that if there is a major "contraction" of a company (defined as a 15% reduction in employees or bankruptcy) as a result of airline deregulation, the government will reimburse affected employees with at least four years full time experience in amounts to be determined by the Department of Labor and the Department of Transportation for a period of not more than three years.

The bill changes current CAB policy in several respects. First, airlines will be permitted without CAB approval to raise fares as much as 5% or lower them as much as 35% from a baseline figure developed by the CAB. The baseline would be indexed to the cost of producing air travel services.

Antitrust— Illinois Brick Case

Hearings were held on July 21 and 22 before Senator Kennedy's Antitrust and Monopoly Subcommittee on legislation to restore the consumer's right to sue for antitrust violations in cases where the consumer did not purchase the goods directly from the price fixer. The bill, S 1784, would amend the language of the Clayton Act (which provides for the recovery of damages for injuries due to price-fixing) to make clear that an indirect as well as a direct purchaser could recover damages for price-fixing.

The legislation was introduced by Senator Kennedy as a direct attempt to reverse the recent Supreme Court decision, *Illinois Brick* (see *CFA News*, June-July 1977) in which the High Court ruled that only consumers who purchase *directly* from the price-fixer can recover damages. Consumers purchasing from retailers, suppliers, or other middlemen would be denied any means of redress even if the middleman passes on the overcharge to consumers. In addition to removing the right of individual consumers to sue, the Court decision also threatens the right of individual attorneys general (who were recently empowered to sue price-fixers on behalf of the citizens of their states in the *Parens Patriae* Antitrust legislation enacted by the 94th Congress).

In its statement to the Senate subcommittee, CFA strongly supported the concept of enacting legislation to overturn the *Illinois Brick* decision. CFA emphasized the importance of allowing both the indirect and the direct purchaser the right to recover damages attributed to price-fixing. The availability of this remedy is important both as a matter of equity to compensate individual consumers who are victims of price-fixing overcharges and as an effective deterrent to antitrust violations. Direct purchasers traditionally pass through the overcharge to the next link in the chain of distribution. Therefore, there is often an inadequate incentive for direct purchasers to undertake the burden of bringing suit, since they may not want to risk any disruption of business relations with a supplier.

On November 4, the Subcommittee reported to the full Judiciary Committee a substitute version of the bill which was worked out by Senators Kennedy and Laxalt. Although the substitute contains several provisions CFA supports including a "saving provision" which would prevent the dismissal of over two million dollars worth of existing antitrust suits by indirect purchasers, we have serious concerns about several other provisions.

In particular, CFA is disturbed by a provision which would prohibit class action suits brought by consumers who indirectly purchased goods from price-fixers. This provision would limit enforcement of price-fixing violations to cases in which state attorneys general bring suit as *parens patriae*. This would virtually eliminate the right of consumers themselves to sue for price-fixing. Since many state attorneys general do not have the resources, or in some cases the interest to sue, many victims of price-fixing would go uncompensated.

CFA is also concerned about a provision which allows a defendant in a price-fixing case to establish a defense by showing that the plaintiff had passed on some or all damages to persons further down the chain of distribution. This provision would reverse the *Hanover Shoe* case which disallowed this "pass-on" defense as being at odds with the Congressional intent of strong antitrust enforcement.

The bill was reported "without recommendation" however, so the full Committee will be able to freely alter the bill. A similar House bill was sponsored by Rep. Rhodes (R-AZ) and co-sponsored by all the Democratic members of the Subcommittee on Monopolies and Commercial Law of the Judiciary Committee. The Subcommittee has held hearings on the bill, HR 8359, but has not yet begun mark-up.

Backhaul

CFA has a long-standing record of opposition to government regulations that raise prices and/or waste energy without providing the public an overriding compensatory benefit. CFA, for example, strongly opposes the Interstate Commerce Commission (ICC) regulations which force trucks to deliver cargo and then return empty (deadheading). Recently, the Senate Energy Committee favorably reported S 1699, the Diesel Fuel and Conservation Action Act which its proponents (most notably the Food Marketing Institute (FMI), insisted would significantly address the problem of deadheading. CFA opposed this legislation for a variety of reasons: 1) CFA found that the claims for dollar and energy savings were greatly exaggerated; 2) the bill would perpetuate the anticompetitive uniform pricing system and 3) by simply addressing itself to one narrow Federal Trade Commission (FTC) ruling rather than the more comprehensive problems created by ICC regulations, passage of S 1699 greatly increases the chances that ICC reform will be postponed.

The bill, sponsored by Senator Johnston (D-LA), awaits consideration by the Senate Commerce Committee. CFA will continue to support the concept of "backhaul" but not in the window-dressing form which S 1699 represents.

Banking

During the first session of the 95th Congress the House of Representatives began work on legislation to restructure the regulation of financial institutions and to reform banking practices. By the time Congress adjourned, the House had passed the following bills:

1) The Federal Reserve Reform Act — In an attempt to make the Federal Reserve Board (FRB) more accountable to Congress, the House passed the Federal Reserve Reform Act (HR 8094) by an overwhelming margin. The September 12 voice vote came after the deletion of the most controversial and significant provision which would have curbed FRB lobbying activities. The bill as passed, requires the FRB chairman to testify before Congress at least four times a year on employment, inflation, output and interest rates. The bill also extends to FRB the conflict of interest regulation that applies to the other federal agencies.

CFA has repeatedly testified in favor of and actively supported such legislation, but felt that the lobbying provision was key. Over the years it has become routine for FRB to work actively against consumer protection legislation. Although involvement in the legislative process by independent regulatory agencies is not wrong *per se*, FRB involvement raises serious problems because some FRB members are so closely tied to the banking industry. However, passage of the Federal Reserve Reform Act is a step (albeit small) in the right direction.

The bill, sponsored by Rep. Reuss (D-WI), Chairman of the House Banking Committee, now awaits Senate action;

2) A bill to provide a General Accounting Office (GAO) audit of the major bank regulatory institutions [the Federal Reserve Board (FRB); the Federal Deposit Insurance Corporation (FDIC); and the Office of the Comptroller of the Currency (OCC)]

For years CFA has actively worked for passage of this legislation, most recently testifying on March 2 (see *CFA News*, April-May, 1977). The benefits of the audit are threefold: First, the audit will provide congressional and public scrutiny of the regulatory agencies' practices; second, it will provide a public scrutiny of their success (or failure) in enforcing consumer protection legislation; and third, the audit will discourage frivilous spending by the agencies which in some cases has become scandalously typical.

(Continued on page 9)

CFA Legislative Wrap-Up

(Continued from page 8)

The bill, sponsored and managed by Rep. Rosenthal (D-NY), passed after further limitations were made to GAO access to materials concerning monetary policy. At present no companion bill is being considered by the Senate.

3) In addition, the Subcommittee on Financial Institutions, chaired by Rep. St. Germain (D-RI), drafted and held hearings on a very ambitious bill titled, "The Safe Banking Act" which would prohibit many of the questionable banking practices highlighted during the Bert Lance affair. Note that CFA had aggressively raised questions about many of these practices in conjunction with its opposition to Robert McKinney as Chairman of the Federal Home Loan Bank Board (FHLBB). The role CFA played in bringing these issues to the attention of Congress and the public was undoubtedly a contributing factor in the newly emerging sensitivity to these practices.

The St. Germain bill was derailed at the end of the session by a Republican filibuster lead by Subcommittee member Rousselot (R-CA). Rep. St. Germain, however, promises to make the bill (HR 9086) the Subcommittee's top priority for 1978.

In testimony of October 3, CFA Legislative Director, Linda Hudak, applauded the bill's provisions restricting or prohibiting the practices of self-dealing (insider loans), overdrafting, and obtaining loans from banks which hold correspondent balances. These practices are inherently unsound, and as such: expose depositors to unnecessary risks; provide below normal rates of return to investors; and require the bank to increase charges to its customers. Furthermore, self-dealing has the effect of limiting the amount of credit to consumers. It is a contributing cause for the urban decay that results from disinvestment.

CFA also endorsed the bill's provisions which would reduce corporate interlocks, make it more difficult for banks to merge, and provide greater safeguards on the anticompetitive impacts of bankholding companies.

However, CFA opposed the sections which created a Financial Institution Examination Council and one which allowed mutual savings banks to convert their state charters into federal charters. CFA views the creation of the Examination Council (which would prescribe examination procedures) as dangerous, since it would provide the Federal Reserve Board a dominant role. The FRB's procedures for consumer protection examination are appallingly lax and this Council would legitimize them. (For CFA's opposition to the provision relating to mutual savings banks see the legislative wrap-up report on NOW accounts).

CFA went on to comment that provisions for reimbursement for participation in bank regulatory proceedings by the public and for adequate standing for citizens to obtain class-action redress should be incorporated into the bill.

Bankruptcy

Comprehensive bankruptcy bills have been introduced into the House and Senate. Each includes a provision for putting consumer claims in the list of priorities to be paid by a business upon bankruptcy. This type of provision is consistent with CFA's policy resolution on consumer recovery under bankruptcy:

CFA urges revision of the bankruptcy law so as to reflect a recovery priority for consumers who have placed a deposit toward the purchase of goods or services within a certain period of time before the merchant files bankruptcy.

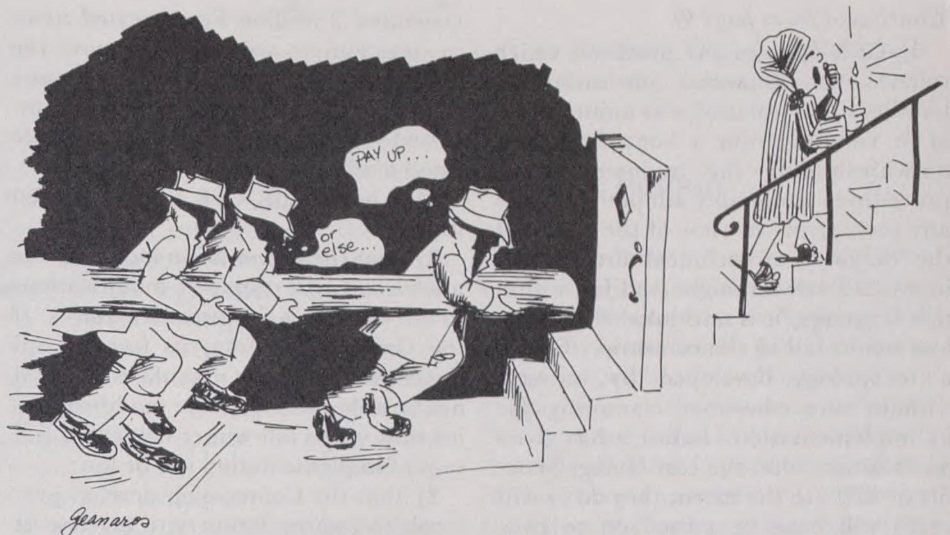
The House bill, HR 8200, was reported out by the House Judiciary Committee on September 8 and received a rule on October 12. It includes a provision introduced by Rep. Fenwick (R-NJ) which places deposits made by consumers fourth in a list of priority debts to be paid upon declaration of bankruptcy—*after* administrative fees, wages and costs incurred by creditors in previous suits leading to the bankruptcy proceeding, but *before* taxes and other obligations to state and federal governments. Claims given this priority are limited to $2,400. As the bankruptcy law stands, consumers are among the general unsecured creditors of a bankrupt business, and as such are often unable to collect deposits which were made to businesses prior to the declaration of bankruptcy.

The bill was considered on the House floor on October 27 and 28 but never came to a vote. A floor amendment deleted a controversial section of the bill providing for the creation of a separate court system to handle bankruptcy proceedings. With the drastic change in the bill, the Judiciary Committee and Subcommittee on Civil and Constitutional Rights (Representatives Rhodes (R-AZ) and Edwards (D-CA)) chose to pull the bill off the floor and try to reach a compromise before final passage.

A similar Senate bill, S 2266, introduced by Senators De Concini (D-AZ) and Walllop (D-WY), is under consideration by the Judiciary Committee's Subcommittee on Improvements of Judicial Machinery which will hold hearings November 28-December 1. The provision regarding the priority of consumer claims is not nearly as favorable as in the House bill. Consumer deposits are placed after taxes in the priority list and claims are limited to $600.

Competitive Foods Act Amendment

In late September House and Senate conferees agreed to include in the final version of the National School Lunch Act of 1977 a CFA-supported amendment that restores to the Secretary of Agriculture the authority to regulate the sale of competitive foods (such as non-nutritious "junk foods" in vending machines) during the hours of operation of the school breakfast and lunch programs.



The vending machine industry has not been responsive to the issue on a voluntary basis. Junk food machines require less servicing; their contents have a longer shelf life than fruit and milk—hence larger profits for the vending machine industry. Their powerful lobbying efforts in 1972 successfully led to the removal of the Secretary of Agriculture's authority to regulate the sale of non-nutritious foods which compete with the school breakfast and lunch programs. It has resulted in increased use of junk food vending machines and decreased installation of machines which sell fruit, soup, milk, etc.

Debt Collection

On September 20, after a three year struggle, the Debt Collection Practices Act, a new title to the Consumer Credit Protection Act, became law. The final bill was a compromise between the House bill passed on April 4 and the original Senate version, introduced by Senator Riegle (D-MI). (See *CFA News*, April-May 1977.)

The new Act establishes federal consumer protection guidelines for professional debt collectors by prohibiting certain types of harassment and abuse, including: 1) misrepresentations; 2) the use or threat of violence; 3) repeated or anonymous phone calls; and 4) nuisance calls to the consumer's place of business. The debt collector is required to furnish certain information about the debt, the creditor's name, and before pressing for payment, to notify the consumer that s/he has the right to obtain verification. Any communication by a debt collector is prohibited when a consumer mails a notice to the collector that s/he wishes communications to cease. Consumers (as individuals or as a class) can recover actual damages, statutory damages up to $1,000, plus reasonable attorney's fees and court costs.

Two significant provisions of the Act are disappointingly weaker than Senator Riegle's original bill, S 918. First, the Act provides no compensation for mental anguish and severe emotional distress, which are most frequently the *only* significant (or probable) damage caused by abusive debt collection practices. This compromise seriously dampened consumer enthusiasm for the final bill. Second, the Act provides for exclusive federal enforcement rather than providing for the double safeguard of both state and federal enforcement. Consumers are hopeful that the FTC will be committed to aggressive enforcement of the law. The legislation is self-enforcing—i.e., it can go into operation without any FTC guidelines or regulations.

Electronic Funds Transfer Systems

On September 26, 1977, and October 3, 1977, Linda Hudak, CFA's Legislative Director, testified before the House and Senate Banking Committees on HR 8753 and S 2065 respectively. Both bills represent a first step toward addressing consumer concerns regarding Electronic Funds Transfer Systems (EFTS).

Generally CFA favors the substance of S 2065 introduced by Senator Riegle (D-MI) rather than HR 8753 introduced by Rep. Annunzio (D-IL). Both bills, however, should be strengthened.

Principles expressed by CFA include:

1) CFA is concerned that the too narrow definition of "consumer" as a natural person, would deny legislative protections to non-profit organizations (like CFA) and to business. Similarly the definition of "purchase transaction" must not be structured in a way which would preclude a transaction conducted primarily for agricultural purposes, e.g., a family farmer's use of EFT to buy seed, fertilizer, equipment, etc.

2) CFA supports comprehensive written disclosure statements to consumers *before* they enter an EFT relationship and similarly comprehensive statements on a monthly basis thereafter.

3) CFA supports the prohibition of the disclosure of information about the consumer to anyone who is not legally entitled to the information or to whom the consumer has not expressed specific written authorization for such disclosure.

4) CFA supports an efficient error resolution process which assures the consumer an expeditious resolution and imposes strong sanctions for error on EFT providers.

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CFA Legislative Wrap-Up

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5) CFA opposes any provision which relieves the financial institution of liability if the violation was unintentional or resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error. In view of the fact that the majority of technical breakdowns in an EFT system might well fall within this language, it is unthinkable that the loss would fall to the consumer. EFT is a technology developed by industry without any consumer clamoring for its implementation. Industry has given no assurance that the cost savings benefits of EFT (to the extent they do or will exist) will even be passed on to consumers, yet consumers are expected to be the guinea pigs for mistakes in the system. Without a strict liability approach, there will be no incentive for industry to exercise caution in the development and utilization of the system.

We also question the one year statute of limitations in light of the fact that three years is the typical period for negligence.

See the next issue of *CFA News* for CFA's analysis of the recently released final report of the EFTS Commission.

FTC Amendments

On October 13 Congress handed consumers a serious setback by dropping a critical provision of the Federal Trade Commission (FTC) Amendments (H.R. 3816) which would have allowed consumers to initiate class action suits when they are injured by a violation of FTC rules or regulations. The deletion, proposed by Rep. Krueger (D-TX) passed by a 281-125 margin. The amendments were aimed at strengthening the FTC. Before passing the package of Amendments by a 279-131 margin, another seriously weakening amendment was adopted. Offered by Rep. Broyhill (D-NC), the amendment subjects FTC rules and regulations to the possibility of congressional veto. The amendment passed 272-139. On October 20 the Senate passed HR 3816 by a 90-0 margin and a conference is now in session to resolve the differences. (For background on the FTC amendments see the August-September 1977 *CFA News.*)

Fyrol

Fyrol (FR-2), a chemical flame retardant used in children's sleepwear, has properties so similar to the recently banned cancer-causing Tris that it's been called its chemical twin. In an effort to determine its course of action regarding Fyrol-treated garments, the Consumer Product Safety Commission (CPSC) invited consumer, business, and scientific witnesses to present their views at a Commission hearing on October 12.

CFA Information Director Kathleen D. Sheekey strongly recommended that the Commission publicly urge J.C. Penney's, distributors of 90% of the estimated 2 million Fyrol-treated items in question, to voluntarily remove the garments from their stores until more short-term testing for safety is completed. The Environmental Defense Fund made a similar plea.

On behalf of CFA, Sheekey also urged:

1) that the Commission move rapidly ahead with its proposed modifications to the children's sleepwear standards. If the Commission drags its feet beyond December, then the manufacturers will not be able to adopt those modifications for next year's fall-winter line and a full year of implementation will be lost;

2) that the Commission develop protocols to require industry to pre-test its chemicals. If CPSC maintains that it does not have the statutory authority to promulgate such a rule, CFA urges the Commission to *at least* issue voluntary guidelines for industry to follow;

3) that the Commission develop a mechanism for temporarily regulating products in the interim between safety questions being raised and completion of a full evaluation. This could even take the form of a label which identifies the chemical being used and states that the substance is still to be tested for safe use;

4) that the Commission actively and aggressively undertake a program of consumer education aimed at dispelling the mass confusion surrounding the flame-retardant issue. Wide dissemination of 30-second radio and TV spots which tell the listener which fabrics are inherently flame-resistant and which are most likely to be chemically treated would go far to clear up existing confusion.

On October 18 the Commission voted 3-1 (Commissioner Pittle dissented) *not* to ask J.C. Penney to temporarily halt sales of the Fyrol-treated sleepwear. Instead, they went along with Penney's offer to post informational signs in their stores and to label the Fyrol garments.

In a press release, CFA's reaction was as follows:

"Leaving Fyrol-treated garments on the market is not only a potential danger but will significantly add to the already widespread confusion and concern among consumers over which garments are really safe. It is unconscionable that Penney's would have looked to Fyrol as an alternative to Tris in the first place. The Commission's refusal to ask for its withdrawal is equally shocking and disappointing."

Minimum Wage

The minimum wage bill was signed into law on November 1 after a rather expedient process by Congress. The House bill was passed on September 15 by a vote of 309-96 and on October 7 in the Senate by a vote of 63-24. The bill was reported out of conference on October 17 and was passed by the Senate and House on October 19 and 20 respectively. CFA, as a member of the Coalition for a Fair Minimum Wage, supported the identical bills reported by the respective Senate and House Committees (see *CFA News*, August-September 1977 for information on specific provisions).

Although the final bill increased the minimum wage to $3.35 by January 1, 1980, it did not include the indexing provision which the Coalition endorsed. This provision would have automatically raised the minimum wage as the average manufacturing wage rose. The deletion of a subminimum wage for youth was a victory for the Coalition, but the tip credit for restaurant employees was reduced from 50% to 40% despite Coalition opposition. Finally, the House "anti-conglomerate" provision, which would have required full minimum wage coverage of small establishments owned by a conglomerate, was deleted from the final bill.

Mortgage Instrument Alternatives

Most consumers are familiar with the traditional *fixed rate* mortgage in which a set interest rate applies throughout the loan period. There is a growing trend within the savings and loan and banking industries to promote a new concept—the variable rate mortgage (VRM). The VRM provides an index by which the interest rate can periodically be adjusted (up or down) throughout the life of the loan.

The vast majority of VRM's in this country are being offered in California under an index calculated according to the cost of funds to the savings and loans (s&l's) in California. During the 2½ years that VRM's have been heavily promoted in California, the VRM rate has not moved up *or* down, largely because the index is a sluggish one due to the fact that Regulation Q (which allows s&l's to offer ¼% higher interest to their depositors than do the commercial banks) is still on the books and keeps the index from being volatile.

Recently the Federal Home Loan Bank Board (which regulates federally chartered s&l's) conducted a study on Alternative Mortgage Instruments (AMI's), including the VRM. On October 7th, Don Kaplan from the FHLBB testified before the Senate Banking Committee on the conclusions to date of the AMI study.

Kathleen F. O'Reilly, Executive Director of CFA, testified that same day in response to the issues raised.

O'Reilly first reiterated CFA's opposition to VRM's based on the fact that 1) VRM's unfairly shift the interest rate risk from the lender to the borrower. Because these fluctuations do not necessarily coincide with family income fluctuations they can therefore cause family budget planning difficulties and resultant hardships; 2) VRM's (as acknowledged by former Chairman Bomar) pose discriminatory effects on women, racial minorities and the elderly who do not traditionally have the upward economic mobility to demonstrate to cautious underwriters that not only can they meet the current monthly payments but that additionally they can absorb future increases; 3) lack of proper knowledge by borrowers of interest rate trends in the economy and the complexities of the VRM open up new opportunities for exploitation of consumers by lenders; 4) alternative approaches for alleviating the cyclical boom and bust crises of the thrift industry should be explored.

O'Reilly then challenged a number of statements made by Kaplan:

1) Kaplan's suggestion that consumers are interested in VRM's is directly rebutted by a national survey included in the FHLBB study which showed that *82%* of those surveyed responded that they do *not* like the VRM even *assuming* the VRM would offer a mortgage ½% less than the fixed rate. (And that ½% differential doesn't even exist in California.)

2) Kaplan suggests that a VRM wouldn't exist if it weren't equitable to borrowers and lenders. This ignores the fact that consumers are victims of insignificant competition and exploitive marketing practices.

3) Kaplan suggested that the VRM has not resulted in discriminatory practices in California. Yet he ignores the 1976 enactment of a strong anti-redlining and anti-discriminatory regulation in California which motivated California lenders to aggressively loan to women, racial minorities and the elderly.

4) Kaplan urges the development of a variety of indices, yet he decidedly *rejects* the very index currently used in California. He can hardly cite the California experience as pro-VRM evidence and then reject its index.

5) In discussing other mortgage alternatives, Kaplan was curiously silent as to the constant payment factor VRM. This omission is especially distressing given that this type of mortgage, which has been analyzed extensively in a study by MIT and by the California Business and Transportation Agency, is the one type of AMI which may ultimately have the most potential to benefit consumers. This type of mortgage provides a variable rate feature to lenders while at the same time substantially smoothing out monthly payment increases to borrowers. The benefit to consumers is that this mortgage design has the capacity to lower the initial monthly payment, thereby opening up new homeownership opportunities, without the default risk associated with the graduated payment mortgage in times of unexpectedly low inflation.

There are a number of problems associated with the constant payment factor VRM, but further study and perhaps limited, carefully controlled and monitored experimentation may be desirable.

National Health Insurance

On October 4 the Department of Health, Education and Welfare (HEW) held a public hearing on National

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CFA Legislative Wrap-Up

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Health Insurance. In her testimony before HEW Secretary Joseph Califano, CFA Executive Director Kathleen F. O'Reilly strongly urged HEW's support of a comprehensive health security plan which follows the Kennedy-Corman approach.

Stressing that consumers are increasingly impatient and anxious over the upward spiral of costs and downward spiral of quality care, O'Reilly made the following points in favor of Health Security:

—Health Security is the answer because it is the only program that will assure comprehensive, high quality health care for all Americans, without regard to the ability to pay
—Health Security is the only national health insurance plan that will put teeth into financial controls on rising costs
—Health Security will provide a consumer voice in health care councils
—Health Security will require quality controls.

As to specific benefits:

—Health Security would pay for all physician services, all surgery by qualified experts, all hospital services, all laboratory and X-ray services.
—Health Security will pay for dental services for children up to age of 15.
—Health Security will pay for skilled nursing home care, psychiatric treatment and prescription drugs.
—No bills will be sent to the patient—there would be deductibles, no co-insurance, no exclusions for pre-existing conditions, no limitations for physical examinations or preventive care and no waiting periods.

NOW Accounts

On August 3 by a 10-5 vote the Senate Committee on Banking, Housing and Urban Affairs reported out S 2055, the national NOW (negotiable order of withdrawal) Account bill. Hearings are still being held on similar legislation in the House (HR 8981).

Essentially NOW accounts are interest-bearing checking accounts. In 1973 Congress allowed banks in the six New England states to offer NOW accounts to individuals and non-profit corporations on a trial basis. (Since 1933 when bank failures were rampant, Congress has prohibited payments of interest on checking accounts to allegedly enhance the stability of the banking system.) NOW accounts have begun to take hold, and consumers in New England now have the option of receiving 5% on their checking account balances. Although some studies indicate that NOW accounts reduce the profitability of the banks offering them, most evidence shows that this is not the case.

In addition to legalizing NOW accounts in the other 44 states, S 2055 allows the Federal Reserve Board (FRB) to pay interest on the reserves required of FRB-member banks and allows mutual savings banks to convert their state charter to a federal charter.

CFA has repeatedly supported national NOW accounts. However, CFA has reservations about two other major provisions of S 2055. FRB payment of interest on reserves has one purpose — to enhance the FRB by making it more attractive to be a member bank. However, the money to pay that interest will come from the federal treasury. Most of this money will be paid to large urban banks, whose reserve requirements are largest. This amounts to an enormous windfall since these banks are already willing to comply with their larger reserve requirements.

CFA opposed the provision allowing state mutual savings banks to become federally chartered because the effect in many states would be to allow banks to escape vigorous regulation at the state level which is more stringent than the federal standard. This is a particular problem in the area of anti-redlining regulation, since the majority of mutual savings banks do business in three New England states where redlining regulations are tougher than the federal regulations. Attempts will be made to temper this provision by requiring that converting mutuals remain under the jurisdiction of state regulatory bodies in the area of redlining and consumer protection.

Office of Consumer Representation

In mid-October a broad coalition of the original sponsors and former critics of the Agency for Consumer Protection bill, HR 6805, introduced a substitute, the Office of Consumer Representation bill (OCR), HR 9718. The new bill preserves the advocacy functions of the agency (including its most important power, the right of judicial review) but makes several changes including: 1) the deletion of the section which allowed the agency to send written interrogatories to business; and 2) the addition of a section which requires the elimination of over $20 million worth of existing consumer related offices in the federal government when OCR is created.

"I'M IN THE BUSINESS-PROTECTION BUSINESS — IF YOU KNOW WHAT I MEAN"

Despite the major concession made by consumers in accepting the deletion of the interrogatory section, major business opponents including the U.S. Chamber of Commerce and the Business Roundtable, continued to urge defeat of the legislation. Now that the last substantive objections of the opponents have been accommodated, it has become perfectly clear that the only opponents who remain are those who philosophically oppose the right of consumers to have their viewpoint advanced in Washington.

On October 26 the House Rules Committee voted by a 10-5 margin to issue a rule to the bill despite unfavorable testimony by numerous anti-OCR members of Congress who urged the Committee to deny the rule and send the bill back to the Government Operations Committee. Speaker O'Neill scheduled the bill on the House calendar for November 2, but decided to pull the bill the afternoon before the scheduled vote. Administration and leadership decided not to risk defeat, particularly because the closing hours of the session posed a threat of absenteeism.

CFA will push for consideration of OCR when Congress convenes next year and is confident that once again an active grass roots and national lobbying coalition will succeed. (See open letter on page 1.)

Saccharin

A bill delaying the proposed ban on the use of the artificial sweetner saccharin for at least 18 months and requiring strict warning labels on all items containing saccharin has been sent to the White House for President Carter's signature. The compromise bill emerged from conference on November 3. The original House bill (HR 8518) required only that a warning notice on the hazards of saccharin be posted in stores where the products are sold. In conference, the House accepted the Senate version of the bill requiring printed warnings on all products containing saccharin. The Senate bill was sponsored by Senator Kennedy (D-MA).

The proposed label would read: "Warning: This product contains saccharin which causes cancer in animals. Use of this product may increase your risk of developing cancer."

The warning, supported by the Carter administration, also would have to be attached "in a conspicuous place" on store displays and on vending machines dispensing products containing the sweetner.

On May 15, 1977, CFA's Board of Directors unanimously passed a policy resolution to uphold the Delaney Amendment, as it was introduced, and to vigorously support the proposed ban on saccharin. Comments outlining CFA's position on the Delaney Amendment and saccharin were filed by CFA with the Food and Drug Administration on June 17, 1977. Copies of these comments were also sent to Senator Kennedy.

Trucking Reform

Shelby Southard, Chairman of CFA's Transportation Committee, testified before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee on October 28 on the issue of rate competition in the trucking industry. The hearings, called by Senator Edward Kennedy (D-MA), focused on the effects of the current exemption truckers receive from the antitrust laws and on the effect of Interstate Commerce Commission (ICC) regulations which have competitive or anticompetive impacts.

Currently, truckers are permitted to fix their own prices through "rate bureaus" which are sanctioned by the ICC. In his testimony Mr. Southard stressed that rate bureaus increase truckers' profits at the consumer's expense and urged prompt reform of the rate bureau system.

Truth-in-Lending

The Senate Banking Committee is in the process of marking up legislation to allegedly "simplify" and "reform" the Truth-In-Lending Act. The Committee has taken the unique approach of including in the working draft of the bill, several options for each of the controversial sections. Options passed by supporters of Truth-In-Lending include various provisions to strengthen the Act, such as providing for restitution to consumers who are victims of violations of the Act, and for the right to set-off Truth-In-Lending claims in suits brought by creditors against consumers even after the statute of limitations for bringing Truth-In-Lending claims has expired. However, opponents of the Act have proposed various weakening provisions such as the elimination of some currently required disclosures and the limitation of civil liability only to violations regarding what *they* consider the four most important disclosures (for a general discussion of Truth-In-Lending see *CFA News,* August-September 1977).

In a letter to Banking Committee members regarding the current draft of the Truth-In-Lending legislation, CFA made several suggestions regarding the proposed options. Specifically, CFA urged support of 1) provisions for itemization of finance charges rather than the "sum of the charges" approach (which would be a serious departure from a commitment to enhance consumer awareness and stimulation of competition with respect to certain items); 2) "term" as well as "cost" disclosures; 3) authorization of court-ordered restitution of overcharges; and 4) administrative enforcement of Truth-In-Lending by the FTC.

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CFA Legislative Wrap-Up

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CFA opposed proposals to set a strict amount of permissible miscalculation of rates, urging that the Board be allowed the latitude to structure flexible tolerances to accommodate the specific problem facing a creditor. CFA also objected to the proposed provision for imposing interest charges on the consumer during the time in which the consumer is seeking clarification of charges such as a request to a third party, i.e., a major credit card company, for a more detailed description of the merchandise purchased. A consumer should have the right to descriptive billing without being penalized for the creditor's failure to provide such descriptions. The limitation on private actions for damages to certain types of violations was criticized as a serious step backward for consumers. Such an amendment would eliminate a major deterrent effect of the current law.

THE WALL STREET JOURNAL

"Getting back to those interest rates, could you be a little more specific than 'it's going to cost a pretty penny?'"

CFA also urged that the "bona fide error" exception to enforcement of Truth-In-Lending requirements be repealed, particularly in light of the streamlining of disclosure requirements that is taking place. The deterrent value of strict liability is essential.

Furthermore, CFA expressed serious concern about the Federal Reserve Board's responsibility in drafting Model Forms, particularly in light of the Board's anti-consumer track record in Equal Credit Opportunity Act interpretation. In a different vein, strict standards should be developed for compelling substantive annual reports to be submitted by the agencies enforcing the law. Finally, CFA urged that the federal law be permitted to pre-empt state law only in those cases in which state law affords weaker protection than the federal law. In the early stages of the mark-up the Committee adopted the provision permitting the FTC to enforce Truth-In-Lending regulations as trade regulation rules. The Committee will conclude the mark-up after the recess.

Unfinished Business

Important business unfinished in the first session included:

• *No-Fault Automobile Insurance.* S 1381 and HR 6601 still await initial action by the Subcommittee on Consumer Protection of the respective Commerce Committees. For further information, see *CFA News,* August-September 1977.

• *National Consumer Cooperative Bank Bill.* Since passing the House by one vote in July, the Senate Banking Committee has taken no action. Speculation is that hearings will be held in the Senate when Congress returns. For further information, see *CFA News,* August-September 1977.

• *Public Participation Reimbursement.* Although no further action was taken after the bill failed a Senate Judiciary mark-up in August, proponents are optimistic for the next session. For further information, see *CFA News,* August-September 1977.

• *Consumer Controversies Resolution Act.* In early November, Senator Kennedy (D-MA), introduced a substitute to S 957, a bill which would establish national goals for the effective, fair, inexpensive and expeditious resolution of controversies involving consumers and business. The Consumer Subcommittee of the Senate Committee on Commerce, Science and Transportation hopes to hold hearings on the new bill during the recess. For further information, see *CFA News,* June-July 1977.

• *Clinical Laboratories Improvement Act.* On October 12, virtually the eve of a scheduled mark-up on HR 6221, a bill which would require independent and hospital-based laboratories and private physician office laboratories to meet minimum national standards as regards both facilities and personnel, a revised draft was circulated to members of the Health and Environment Subcommittee of the House Interstate and Foreign Commerce Committee. The revised bill, which is decidedly anti-consumer, was the handiwork of HEW and the White House Office of Management and Budget (OMB), working in close concert with the Subcommittee staff. Among several other weakening changes, the revised Subcommittee draft exempts private physician laboratories and fails to create a separate Office of Clinical Laboratories within HEW to administer the Act—both were strongly supported by CFA.

In an October 13 letter to Subcommittee members, CFA described the revised version as an "inexcusable and frustrating step backward" and criticized the high-handed manner in which the changes were made by the Subcommittee staff. When it became apparent that all of the changes made by the staff had been suggested by HEW, CFA's Kathleen F. O'Reilly and Kathleen Sheekey met with staff members of both HEW and OMB. Both offices proved totally unresponsive to CFA's concerns and evidenced a surprising display of inexcusable misinformation.

Since Subcommittee Chairman, Rep. Paul Rogers (D-FL), is an Energy Conferee, mark-up of HR 6221 was postponed until January. CFA will continue to urge the Subcommittee to return to the original version of HR 6221 and to support the strengthening amendments included in the Senate passed version, S 705 (see *CFA News,* June-July 1977).

Magnuson-Moss Reforms Urged

(Continued from page 6)

fore a warrantor must provide replacement or refund and what standards must be complied with in the advertising of warranties, to name a few. In addition to the simple fact that the FTC was not given enough money to issue all these rules immediately upon enactment of the law, members of the FTC staff argued that consumers might be better served in some instances by leaving definitions of what is reasonable to the courts which may interpret the law to fit the particular circumstances.

Another predominant theme was the lack of sufficient enforcement of the Magnuson-Moss Act. This fundamental problem was attributed to several factors. Compliance with the law was intended to be achieved through both federal (FTC) and private enforcement actions. Federal enforcement however is limited to disclosure and labeling requirements and even then is severely handicapped by inadequate funding. It was suggested that in addition to increasing the FTC's enforcement capacity, the purposes of the Act might better be achieved by specifically authorizing enforcement on the state level as well as the federal level. Many state attorneys general at present have only criminal enforcement rights, unless by statute their powers are expanded to include civil prosecution, and are unable to protect consumers' rights under Magnuson-Moss because it does not specifically convey such authority.

The Act's class action provision intended to accommodate consumer suits in federal court by removing the requirement that each member of a class of consumers have $10,000 worth of damages has proved ineffective. In order for a class action to be brought in federal court under Magnuson-Moss, the total damages must be at least $50,000 and there must be at least 100 *named* plaintiffs. Some participants felt that at least theoretically such actions might still be brought under the Act and that it's still too early to tell whether the provision will be effective. Others suggested that these requirements must be eased particularly as to written notice requirements, in order to allow class actions to be a practical and effective enforcement tool. Suits by individual consumers are rarely pursued due to the enormous time and dollar expense.

A panel addressing the question of the effect of Magnuson-Moss on state law expressed concerns about the confusing language of the Act regarding preemption of state laws on warranty disclosure and labeling requirements. In view of the fact that such state laws are preempted unless given an express exemption upon petition to the FTC, there is a strong concern among consumers and some state officials that states wishing to grant stronger protection to consumers would not be able to do so. On the other hand, there is a desire among business to have a uniform federal law preempting all state laws on the subject so that a warrantor dealing with multistate markets would not have the costly burden of complying with varying standards for items to be marketed in different areas.

A panel on FTC trade regulation rulemaking voiced concern over too much delay in issuance of trade regulation rules because of the lengthy procedures prescribed in Title II of the Magnuson-Moss Act. Simultaneously the panel expressed the felling that the Commission should do more thorough investigation prior to proposing rules and make more effort to get input from the most knowledgeable persons on the issue from all over the country—with less reliance on Washington representatives. Business representatives expressed a concern about possible codification by the FTC of "cease and desist" orders (designed for individual situations) to apply across the board to all business.

In concluding remarks, Kathleen F. O'Reilly emphasized the need to ensure warranty *performance* not just disclosure. Frustratingly enough, consumers still express the same problems they experienced before the Magnuson-Moss Act in trying to get product defects remedied by warrantors. The recent Harris poll revealed, for example, that 70% of consumers and 40% of manufacturers feel that warranties exist for the benefit of business, not consumers.

A general sentiment of the conference was the need for Congress to reassess the Magnuson-Moss Warranty Act and consider serious modifications to accommodate the genuine concerns of consumers, warrantors and the FTC.

Information packets distributed at the National Warranty Update Conference are available from CFA at $10.00 each. They include copies of the law, rules, interpretations, analyses, and an annotated bibliography. Bulk rates are available upon request.

Transcripts of the conference proceedings are currently being prepared. For specific information regarding price and ordering procedure, contact Kathryn Lavriha at CFA.

Ratification Battle Expected

Sugar Treaty: Sweet Talk to Consumers?

CFA President Lee Richardson served as consumer advisor to the U.S. Delegation to the 1977 United Nations Conference on Trade and Development meeting to establish an international sugar agreement. The following is a synopsis of his views on the consumer impact of the newly approved sugar agreement.

It is anticipated now that there will be a battle of some proportions when the treaty is brought before the U.S. Congress for ratification in the next term (February or March). The U.S. will cooperate until then, subject to the Congressional vote, to enable the program to go into effect.

Diehards in the powerful American Sugar Cane League (New Orleans) who want expanded government intervention and regulation of the market to protect high cost Louisiana sugar may oppose the treaty if Congress appears in a mood to provide a better program for them. Certain other producer groups are still formulating their positions. Large users and refiners will probably support the treaty as a somewhat better alternative to the de la Garza Amendment passed by Congress in the summer. That amendment will raise annual costs $1 billion to U.S. consumers (compared to the 1977 low for raw sugar prices). CFA, the sugar users and refiners and the White House opposed de la Garza.

The preferred consumer position is unclear. The treaty will raise prices in 1978 much like the de la Garza Amendment. The consumer has no real choice between these two truly undesirable ways to manipulate the market price upward in 1978. In this "real" world, the de la Garza Amendment can be viewed as a temporary program legally, but once it is in effect, Congress may decide to extend it. Congress may some day modify de la Garza to effectively return the U.S. to the worst of all sugar worlds: the vicious politics of country by country import quotas decided by politicians and high-priced lobbyists. This was the U.S. sugar policy under the Sugar Act for decades until 1974.

The treaty offers no better than the same minimum 13.5¢ New York delivered price (11¢ plus 1.875¢ tarif plus about .70¢ shipping cost) as the de la Garza program target price. The treaty offers, however, a possibility that future price increases will be checked at about 21¢ (23.5¢ N.Y.) by sales from the international stockpiles. Consumers can not yet assume that the system will work to stop future runaway high prices nor is a runaway likely to occur soon. More analysis will be required to demonstrate that the mechanics of the system (the fine points of treaty language) will really stop the price increases. The large print giveth: the small print taketh away?

The grimness of the choices before consumers in this matter cannot be overemphasized. The power of the consumer point of view in influencing sugar policy has been extremely weak, particularly in the Congress.

Your views are solicited for the coming Congressional Hearings in early 1978. Precise treaty language and other details can be obtained from Paul Pilkauskus, David Burns, or Tom O'Donnell of the Office of Tropical Products, State Department, Washington, DC 20520. (202) 632-1490.

A Debt of Gratitude

CFA could not have made it through the long, hot summer without the able assistance of six student interns—Linda Wolfson of Princeton University's Woodrow Wilson School, Susan Remis from Cornell University, Janet Truhe from Duke University, Kathryn Lavriha from Geneseo College, Karen Margolis from Temple University Law School, and Marcia Carroll from Brockport University.

We even managed to persuade Kathryn and Marcia to remain at CFA as conference coordinator and part-time administrative assistant, respectively. (Kathryn was responsible for administering the recent Warranty Conference. See page 1). Both Kathryn and Marcia are currently enrolled at George Washington University in D.C.

In addition, we recently welcomed three new interns. They are Carol Gulotta from Buffalo State College, Lauren Kessler from Kirkland-Hamilton College, Michelle Mohamed from American University Law School, and David Saltz, a recent graduate of American University.

Connecticut Citizen Action Group

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proach, which combines ongoing staff research with direct action by supportive community groups, became apparent last December when large numbers of citizens turned out for demonstrations and hearings at the state's Public Utilities Control Authority to oppose an unreasonable rate hike request. Working with CCAG attorneys, researchers and organizers, Connecticut residents won a landmark out-of-court settlement with the state's largest electric supplier. The settlement not only guaranteed lower rates but customer rebates as well.

At present a group of low-income CCAG members in the Hartford area, after discovering widespread violations by city hospitals of the federal Hill-Burton Act, are working with CCAG staff to pressure the hospitals to provide free or low-cost medical care to needy patients, as required by that law.

In the Connecticut towns of East Hartford and New Britian, the state's first city-wide CAG's were organized last summer. CCAG's director, Marc Caplan, is hopeful that they are the precursors of a statewide network of local CAG's. According to Caplan, "Legislative reform and public interest research alone—traditional mainstays of many consumer groups—are simply not enough. The thrust of the citizen action movement must be to build a long-term activist commitment among people. That activism may begin with individual neighborhood battles over bad streets and speeding trucks, and ultimately lead to activism for state or federal legislation or action on a myriad of other issues. We're just beginning here in Connecticut, but in the not too distant future we foresee a statewide citizen group composed of tens of thousands of experienced activists."

To learn more about CCAG and its work, contact Connecticut Citizen Action Group, Box G, Hartford, Connecticut 06106. Phone 203/527-7191.

Pittle Retains CPSC Position

CFA applauded the decision made by President Carter on October 31 to reappoint R. David Pittle to the Consumer Product Safety Commision (CPSC).

In a press release issued by CFA, Executive Director Kathleen F. O'Reilly termed Commissioner Pittle's reappointment "a true victory for consumers". O'Reilly also expressed pleasure that the strong show of support generated by CFA members for Commissioner Pittle had helped to culminate in the White House announcement. She commended the Carter Adminstration for recognizing Pittle's demonstrated sensitivity to the public interest, independence of action and dedication to furthering the CPSC's regulatory role.

As recently as October 19, Commissioner Pittle showed his true concern for the health and safety of consumers when he cast the dissenting vote in a CPSC decision not to request J.C. Penney's to voluntarily remove from the market children's sleepwear treated with the chemical Fyrol (FR-2). Fyrol is a chemical analog of the known carcinogen, Tris (see Legislative Wrap-Up under "Fyrol")

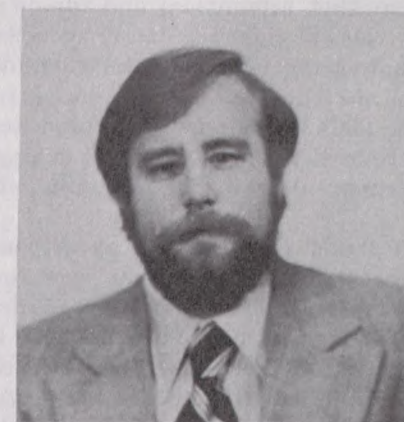
Staff Changes At CFA

CFA is happy to welcome two new staff members.

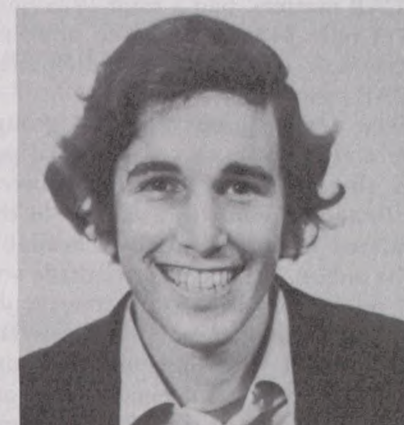
Tim Ward, a graduate of Villanova University in Pennsylvania, joined CFA this month as administrative director. For the past three years Tim was administrative assistant, managing editor and publication supervisor at Ralph Nader's Public Citizen Tax Reform Research Group. Prior to that he was a legislative assistant for the Senate Select Committee on Presidential Activities, better known as the Watergate Committee.

Tim replaces Janet Jernigan, former office manager, who is now working for CFA's Paul Douglas Consumer Research Center (see page 7), and Maureen Lilly, former CFA bookkeeper.

Douglas Hoffman, a 1976 graduate of Oberlin College in Ohio, joined CFA in September as research analyst for the Energy Policy Task Force. Doug, a native New Yorker, who worked as a community organizer in Chicago before joining CFA, is presently preparing impact statements on the various aspects of President Carter's energy bill.



Tim Ward



Douglas Hoffman

Consumer Resources

CFA'S DIRECTORY OF STATE AND LOCAL CONSUMER ORGANIZATIONS, 1977. Compiled by the State and Local Organizing Project of Consumer Federation of America, this year's edition contains state-by-state listings of over 300 private, nonprofit consumer and consumer-related groups. The *Directory* is available ($2.00 for public interest groups; $5.00 for nonpublic interest groups) from the State and Local Organizing Project, CFA, 1012-14th Street, N.W., Room 901, Washington, D.C. 20005. (Copies have already been mailed to all CFA member groups and information service subscribers.)

PUBLIC INTEREST PERSPECTIVES: THE NEXT FOUR YEARS, a transcript of the proceedings from the first major gathering of public interest advocates on December 6, 1976. Compiled and edited by Conference Director, David Lenny, the publication examines the latest approaches in the areas of litigating, organizing, communications, agency activity, lobbying, funding methods and coalition building. It also includes a discussion of how public interest groups could best work with the new Administration. Cost: $2.00 from conference sponsor, Ralph Nader's Public Citizen, Inc., P.O. Box 19404, Washington, D.C. 20036.

PUBLIC PARTICIPATION IN REGULATORY AGENCY PROCEEDINGS, a report by the U.S. Senate Committee on Governmental Affairs, July 1977. The Committee examined the dockets of the most significant recent rulemaking, rate making and adjudicatory cases of eight regulatory agencies, including the Federal Power Commission, the Food and Drug Administration, the Civil Aeronautics Board and the Federal Trade Commission, to assess the extent of participation by the public.

It found that industry participants overwhelmingly outnumber consumer and other public interest group participants. For example, the nation's 11 trunk airlines spent more than $2.8 million on outside counsel to represent them before the CAB in 1976, while the Aviation Consumer Action Group, the principal public interest group working on CAB matters, had a total 1976 budget of only $40,000 of which approximately half was spent on participation in CAB proceedings.

Even when public interest groups have a reasonable record of participation, there is a large disparity between the financial resources available to the regulated industry and those available to the public. The Committee made several recommendations to increase public participation. Among them is the establishment of an independent, nonregulatory consumer agency to advocate consumer interests before Federal agencies and Federal courts and the enactment of legislation authorizing agencies to provide compensation to eligible persons for costs incurred in participating in agency proceedings. To obtain a free copy of this report, contact: Senate Committee on Governmental Affairs, Room 3306, Dirksen Senate Office Building, Washington, D.C. 20531.

CONSUMERISM AT THE CROSSROADS, a nationwide opinion research study conducted by Louis Harris and Associates and the Marketing Science Institute of Harvard University for Sentry Insurance Company (1977). The study, one of the most comprehensive ever undertaken, represents a conscious attempt to trace and test the consumer movement's impact since Ralph Nader's "Unsafe at Any Speed" was published some 10 years ago and to explore its future.

In general, the survey revealed that:

1) the consumer movement is here to stay and, in fact, is growing stronger.

2) the business community is sharply out of step with the American people on consumerism issues.

More specifically, the following results of the *public* polled were of special interest:

- Most companies are so concerned about making a profit they don't care about quality (59%-25%).
- Consumer education should be compulsory at the high school level (92%).
- If companies were left to themselves and not regulated the consumer would get a much worse deal (64%-16%).
- On the whole, government regulation has done more to help business than to protect the consumer (46%-24%).
- All or most of TV advertising is seriously misleading (46%).
- 81% of those polled would either join or support the goals of a local consumer boycott of an inferior or harmful product.
- The consumer movement has kept industry and business on its toes (77%-8%).
- As to whether the consumer movement gives a one-sided and unfair picture of what industry and business do, 49% disagree-21% agree.
- As to the proposition that most people in the consumer movement are more interested in attacking the free market enterprise system than in helping the consumer, 47% disagree-24% agree.
- 83% of those polled feel that overall the consumer movement has done a great deal or some good as opposed to the 4% who felt it had done a great deal or some harm.
- Of those polled 61% think that leaders and spokespersons of the consumer movement are reasonable in their criticisms and demands.

Copies of the report are available free from Sentry Insurance Company, 1420 Strong Avenue, Stevens Point, Wisconsin 54481.

THE HEALTH MAINTENANCE ORGANIZATION AND ITS EFFECTS ON COMPETITION, a Federal Trade Commission staff report by Lawrence G. Goldberg and Warren Greenberg. This 138-page report studies the effects of HMO's (health maintenance organizations) in 9 U.S. areas. (Under an HMO's plan, a person pays a fixed annual fee for care by doctors paid a standard salary, regardless of services performed.) The FTC report concludes that HMO's have had a competitive impact on the traditional fee-for-service system. The most pronounced of these responses has been reduced bed utilization rates of Blue Cross members, the creation of HMO's by Blue Cross and other organizations, and an increase in the level of benefits offered by Blue Cross. In addition, the study provides evidence that a significant HMO presence may help lower costs not only to HMO subscribers but to others in the area as well. Cost: $3.00 from the U.S. Government Printing Office, Publications Dept., Washington, D.C. 20402. Stock #018-000-00206-0.

SEX DISCRIMINATION IN INSURANCE—A GUIDE FOR WOMEN by Naomi Naierman and Ruth Brannon and published by the Women's Equity Action League, 1977. This guide is designed to educate women and other consumers about the disparate treatment women face in their efforts to obtain insurance. For each of the four major kinds of insurance—life, health, disability, and property—the guide delineates specific discriminatory practices and the ways they affect women. It also analyzes efforts to improve insurance coverage for women on the state and federal levels and in the courts and makes recommendations for further action through consumer activities, improved state insurance regulations, national health insurance and the Equal Rights Amendment. Cost: $3.00 (10 or more copies, $2.50 each) from the Women's Equity Action League, 733 15th Street, N.W., Suite 200, Washington, D.C. 20005.

CITIZENS MEDIA DIRECTORY by the National Citizens Committee for Broadcasting, 1977. This 170 page publication documents the tremendous growth in citizen participation in the broadcast industry. It lists and describes the activities, concerns and resources of 400 national and local media reform groups, public access centers, community radio stations, alternative news services, and independent film and video producers and distributors. Cost: $7.50 from the National Citizens Committee for Broadcasting, 1028 Connecticut Ave., N.W., Washington, D.C. 20036.

A CONSUMER BIBLIOGRAPHY OF FUNERALS, published by CFA member, the Continental Association of Funeral and Memorial Societies, Inc., 1977. Assembled and annotated by Ruth Mulney Harmer, author of *The High Cost of Dying*, this 16-page bibliography provides a comprehensive guide to the essential materials on funerals available to consumers and consumer groups. Cost: $1.00 from the Continental Association, a non-profit organization of 150 consumer-run memorial societies, located at 1828 L St., N.W., Suite 1100, Washington, D.C. 20036.

Advertising, Polling, Research Aid Provided

Free or low-cost advertising, public opinion polling, and research services are being provided to public interest groups by skilled professionals at three nonprofit resource centers.

Public Interest Opinion Research (P.O. Box 2262, Arlington, VA 22202) provides low-cost, in-depth survey and polling services to public interest organizations. Its major service is a quarterly "National Opinion Survey," which is designed to poll a representative sample of the American population for a number of groups at the same time. An organization can "buy into" the survey and ask up to 50 questions tailored to its needs. The cost to each organization is based on the number and complexity of the questions it asks.

PIOR also works with state or local organizations to conduct surveys on specific issues. Each organization uses its own members to do the polling, while PIOR designs the questionnaire, identifies the population to be surveyed, and provides complete tabulating and analytical services.

Public Media Center (2751 Hyde Street, San Francisco, CA 94109) is a foundation-funded advertising and media resource center that assists public interest groups to gain greater access to the media. PMC produces print advertising, television spots and other promotional materials at "discount" rates for nonprofit organizations. It has an East Coast office located at 101 N. Columbus, Alexandria, Virginia 22314.

The Public Scholars Research Bank (1346 Connecticut Avenue, N.W., Suite 419A, Washington, D.C. 20036) is helping public interest groups to obtain free research assistance from the academic community. The Bank was set up recently by Ralph Nader's Public Interest Research Group to match up requests for research help with interested professors, graduate students, and law students. The Research Bank will collect research proposals from public interest groups and publish them in a Research Guide, which will be distributed to university students and faculty members. A scholar wishing to do a proposed research project will then contact the requesting group and work directly with it on the study. Requests for assistance are now being accepted.

CONSUMER FEDERATION OF AMERICA ANNOUNCES

CONSUMER ASSEMBLY '78

INFLATION: CONSUMERS FIGHT BACK

A PROBING LOOK AT THE COSTS OF HEALTH CARE & FOOD

January 18-21 • Capitol Hilton • Washington, D.C.

MAJOR THEMES

JANUARY 19
The hidden and avoidable costs of:

HEALTH CARE

- Why not preventive medicine?
- The Unnecessaries
  - Hospitalization
  - Surgery
  - Testing
- Anticompetitive practices
  - Fee-fixing
  - Licensing
- Insurance reforms, including no-fault auto insurance
- Brand name drugs

JANUARY 20
The hidden and avoidable costs of:

FOOD

- Corporate farming
- Over-processed and under nutritious convenience foods
- Marketing practices
  - Excess packaging
  - Advertising
  - Transportation
  - Food chain concentration

ABOUT CFA:

Consumer Federation of America, the nation's largest consumer organization, is a federation of 225 national, state and local organizations which have joined together to affect public policy as formulated by Congress, the President, regulatory agencies, and the courts. CFA is dedicated to advancing the consumer viewpoint through its lobbying, litigation and educational services.

Pre-Consumer Assembly Press Session
January 18 — 2:30 p.m.

Congressional Reception
January 18 — 5:30 p.m.

Consumer Assembly Opens
January 19 — 9:00 a.m.

Consumer Assembly Adjourns
January 20 — 5:30 p.m.

CFA's Annual Meeting
January 21 — 9 a.m. - 5 p.m.

SPEAKERS

Leading experts from the public interest movement, the Administration, Congress and the targeted subject areas.

JANUARY 18-21 WASHINGTON, DC

1978			JANUARY			1978
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

WITH SPECIAL EMPHASIS ON:

- Formulating a legislative agenda for the future
- Preparing a checklist of recommendations for future regulations
- Providing maximum opportunity for audience participation
- Workshops which
  - Address specific issues raised at general sessions
  - Look at strict enforcement of existing federal, state and local laws
  - Focus on education needs at federal, state and local levels.

ABOUT CONSUMER ASSEMBLY:

Each year, CFA sponsors a major conference in Washington, D.C. on consumer issues, needs, and priorities. As the largest annual meeting of its kind, Consumer Assembly is a unique forum for the country's leading consumer advocates, educators and officials, farm and labor leaders, government and industry officials to meet and exchange views and information. More than 800 persons attended Consumer Assembly '77.

COMING SOON

More detailed program Information
Press Meeting Agenda

Consumer Assembly 78

Consumer Federation of America
January 18-21 • Capitol Hilton • Washington, D.C.

INFLATION: CONSUMERS FIGHT BACK

A PROBING LOOK AT THE AVOIDABLE COSTS OF HEALTH CARE & FOOD

REGISTRATION

NAME ______________________
ADDRESS ______________________
______________________ ZIP __________
PHONE ______________________
ORGANIZATION ______________________
TITLE ______________________

GROUP 1 Consumer Federation of America members, similar consumer and labor groups, and government officials

GROUP 2 Industry Representatives
Although Consumer Assembly is designed to benefit consumers, we welcome industry representatives and know that they benefit as well. The differentiation in fee for consumer representatives who generally pay the registration fee from very limited treasuries and industry representatives for whom it is a business expense has been a CFA policy for several years. We feel that this policy which keeps the costs to consumer representatives as low as possible is appropriate.

PLEASE REGISTER ME FOR:

GENERAL REGISTRATION FEE
Includes all sessions, Congressional reception and two luncheons.
Group 1 Fee 60.00 ______
Group 2 Fee 250.00 ______

ONE DAY REGISTRATION FEE*
Includes sessions and luncheon.
Group 1 Fee 30.00 ______
Group 2 Fee 125.00 ______
*Indicate desired day
☐ Thursday 1/19/78 ☐ Friday 1/20/78

CONGRESSIONAL RECEPTION ONLY
Wednesday 1/18/78 Groups 1 & 2 10.00 ______

EXHIBIT AREA FEE (per table)
CFA Members—No Charge ______
Others in Group 1 $50.00 ______
Group 2 $100.00 ______

Total Enclosed ______

Note: No Refunds After January 13th

Please make check payable to Consumer Federation of America and mail to

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Consumer Federation of America
NEWS

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Information Director . . . . Kathleen Sheekey
State and Local Projects . . . . Gary Rosenberg
Energy Policy Task Force . . . . Ellen Berman
Paul Douglas Consumer Resource Center . . . . Sherry Lindquist

CFA News is published each month except August by the Consumer Federation of America, 1012 - 14th St, NW, Washington, DC 20005
Annual subscription rate: $20 per year

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