

# CFA NEWS



## CONSUMER FEDERATION OF AMERICA

WASHINGTON, D.C.

NOVEMBER, 1980

### Election '80

# Pocketbook Politics

With voters responding largely to the pressures of deteriorating economic conditions, the 1980 election produced a Republican landslide that not only toppled Jimmy Carter but also crushed a number of key Democratic Congressmen. Republicans gained nine Senate and thirty-one House seats in an election that produced the first Republican-controlled Senate in over 25 years and the largest Republican gains in the House in 16 years. At the

same time, a number of powerful senior Democrats and longtime consumer allies were swept from office. For the public interest movement, the election carries with it the promise of difficult times and the need for new strategies and new coalitions to fight the tough battles that lie ahead.

"The conservative electoral sweep reflects an outpouring of consumer dissatisfaction with persistent double-digit in-

flation and high interest rates," said Jim Boyle, CFA's Director of Government Relations. "Inflation is making people insecure and destroying their confidence in government. Nowhere was this disillusionment better illustrated than in the dismal 52% voter turnout, the lowest level of voting since 1948."

#### Senate Loses Consumer Champions

Among those driven out of office by conservatives riding Reagan's coat tails were Senators John Culver (D-IA), George McGovern (D-SD), and Gaylord Nelson (D-WI). All three Senators consistently displayed their commitment to consumers and were endorsed by CFA this year. Culver and McGovern were among six Senators targeted by the National Conservative Political Action Committee (NCPAC) for defeat.

Senator Culver, who was opposed by several conservative groups, received CFA's highest honor, the Philip Hart Public Service Award, in 1980. Although he faced a tough election this year, Culver refused to trade his commitment to consumers for the support of corporate and conservative PACs. In the 96th Congress, Culver introduced legislation to clean-up hazardous wastes, co-sponsored the Medigap insurance bill and led efforts to achieve meaningful regulatory reform. In 1980, Culver earned an 80% consumer rating. His opponent, Rep. Charles Grassley, received a rating of 14%. Culver's presence will long be missed.

#### Senate Chairmen Turnover

The Republican gains in the Senate will also mean a complete turnover in committee chairmanships. Names like Edward Kennedy and William Proxmire will be replaced by names like Strom Thurmond and Jake Garn, which are particularly melodious to special business interests. One of the worst flip-flops for consumers is in the Energy Committee where James McClure (R-ID) will replace Sen. Henry Jackson (D-WA) as chairman, a move that is expected to produce a fundamental shift in the committee's direction. McClure, a conservative who favors nuclear power, deregulation and minimum restraint on private enterprise in energy matters, will spearhead Reagan's efforts to further decontrol the energy industry. McClure earned a zero rating in both 1979 and 1980 reflecting his votes against the consumer on the windfall profits tax and other key issues.

Jake Garn's (R-UT) replacement of William Proxmire (D-WI) as head of the Banking Committee will also result in a major policy reversal. Proxmire saw himself as a champion of the consumer, while Garn will openly take a more pro-industry stance. Known for his distrust of federally-funded social programs, Garn is expected to join other members of the "new right" in attempting to slash federal spending. On defense spending, however, he will be generous.

In other key committees, Robert Dole  
*continued on page 3*

## Boyle Assumes Top Legislative Post

Attorney Jim Boyle of Austin, Texas has assumed the post of Director of Government Relations at the Consumer Federation of America.

A nationally recognized consumer lawyer-lobbyist, Boyle will lead CFA's Congressional lobbying efforts and will be the chief legislative spokesperson for the nation's largest consumer advocacy group.

CFA's Executive Director Stephen J. Brobeck praised Boyle's appointment: "Jim Boyle has been one of the leading consumer lawyer-lobbyists outside Washington. He brings to CFA a sophistication and strong commitment that will dramatically improve our legislative effectiveness."

#### CFA to Initiate Legislation

Although Boyle admits that the election results will make it difficult to pass effective consumer legislation, he hopes to put CFA's legislative program on the offensive. "For the first time we will initiate our own legislation," he said. "We will draft bills, find sponsors, arrange hearings and form coalitions—all the things necessary to ensure passage of CFA legislation."

CFA is currently in the process of establishing its legislative priorities for the 97th Congress. Some of the issues to be included on that list, Boyle said, are reducing real estate settlement costs, opposing attempts to preempt state usury laws, drafting much needed legislation to upgrade the Magnuson-Moss Warranty Act, and taking the lead in energy legislation—opposing the deregulation of natural gas and working for greater innovation in energy conservation.

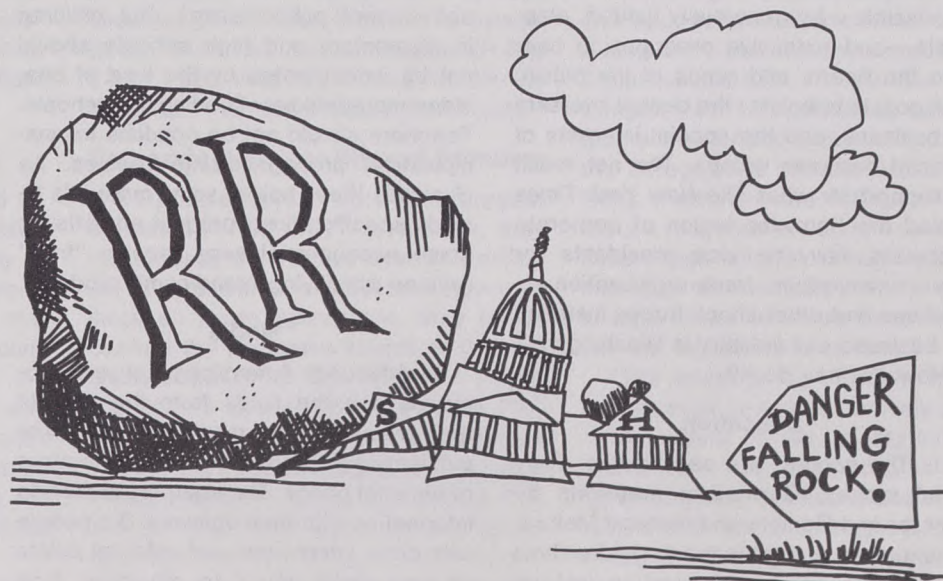


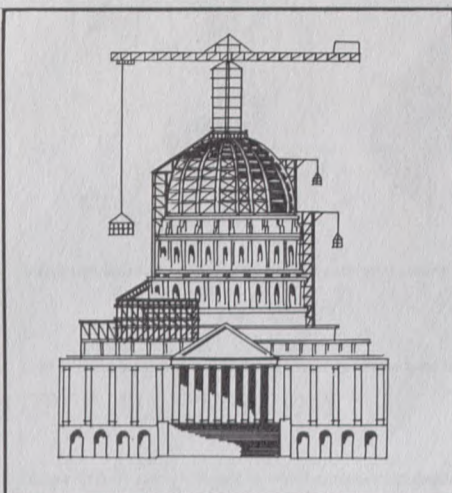
According to Boyle, one of the most important elements of CFA's legislative program "is to educate consumers about these issues and get them involved as consumer/citizens in the legislative process. CFA will actively encourage the growth of local consumer groups in order to build an effective grassroots network to help CFA advance its legislative goals."

#### Extensive Lobbying Experience

Boyle has long experience with steering legislation through state legislatures. He comes to CFA after serving as President (1973-1975) and then as Executive Director (1975-1980) of the Texas Consumer Association. As the consumer lobbyist for TCA during five sessions of the Texas legislature, Boyle engaged in lobbying efforts on over 100 pieces of legislation. He drafted and secured passage of a number of bills including the Texas Deceptive Trade Practices-Consumer

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The election of Reagan and a Republican majority in the Senate signifies a dramatic power shift in Washington, but not necessarily a "profound and general turn to conservatism" (Tom Wicker) or a "sharp right turn" (*Washington Post*) throughout the country.

There is little evidence the Republican landslide represents a voter endorsement of conservative Republican policies. Reagan ran and won primarily not on these policies, but on Carter's dismal economic record. Nevertheless, only 52% of all eligible voters, lower than any turnout since 1948, bothered to cast ballots. Among these citizens, little more than half (51%) voted for Reagan. And a significant number of these supporters waited until the

## Washington Perspective: The Reagan Presidency

by Stephen Brobeck, Executive Director  
and Jim Boyle, Director of Government Relations

eleventh hour, when Republican policies were not at issue, to make their decision.

### Voters Had Enough

Most "undecided's" voting Republican rejected the incumbent rather than affirming the challenger. Their decision mainly reflected deteriorating economic conditions, the loss of American influence and stature internationally, the absence of inspirational and decisive Presidential leadership, and possibly a reaction against a few ill-considered government regulations whose negative effects have been greatly exaggerated by corporate media propaganda. Mad as hell, voters decided they weren't going to take it any more.

The limited support for Reagan's policies will become evident when he takes initiatives to accelerate decontrol of oil and natural gas prices, to cut back federal assistance programs, and to expand defense spending by 20 or 30 billion dollars, thus precipitating a massive budget deficit. Even die-hard Reagan supporters will become impatient when these and other Republican programs reduce levels of living and fail to check inflation.

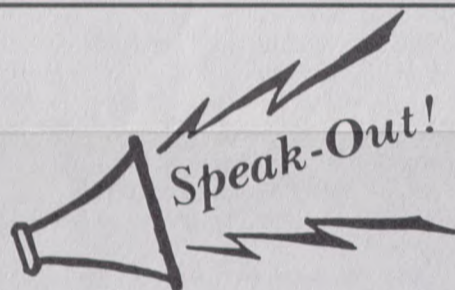
The President-elect accurately summed up his prospects when on election night he told supporters, "your troubles are now over while mine have just begun." These problems will come sooner rather than later if citizens perceive that he favors corporate socialistic policies over enlightened conservative programs emphasizing a competitive marketplace, the elimination of deception and fraud, and knowledgeable, assertive consumers.



### Opportunity to Woo Consumers

The consumer platform of the Republican National Committee reflects both political philosophies. On the one hand, it proposes such positive measures as the creation of a badly needed National Complaint Tracking System, federal and technical assistance for improving local consumer dispute resolution programs, the continuation of a consumer representation program within federal agencies and departments, a "national attack on interstate consumer fraud," and increased assistance to consumer education programs. On the other hand, the RNC document outlines such pro-corporate programs as a "sunset" provision for "economically impacting regulations" that would paralyze regulatory agencies, and a corporate/government funded consumer education foundation that might well serve corporate rather than consumer interests.

Even though its implementation of Republican policies cannot check inflation and adequately address other structural problems, a Reagan administration has the opportunity to win consumer and consumer movement support for programs increasing competition, eliminating fraud, and expanding meaningful consumer information dissemination and education. Without such positive consumer programs, it can expect to face intense, unrelenting opposition from Washington-based and grass-roots consumer advocates.



## The Organized Business Of Molding Minds

by Rhoda H. Karparkin, Executive Director, Consumers Union

*Business Week* calls it "Industry's schoolhouse clout." A recent article there reported, "By most estimates, more than half of all classroom teachers are now using some materials sponsored by either corporations or trade associations."

What *Business Week* labels "corporate handouts" are part of an orchestrated effort by Organized Business to determine the way the public thinks on key issues affecting their interests. Sound, objective information on issues is as hard to come by as impartial facts about products. It's made even harder today—and sometimes impossible—by generously funded, elaborate—and extensive programs to capture the hearts and minds of the public. The goal is to bolster the overall interests of business, and the special interests of special business groups. The net result is support for what *The New York Times* called the "growing legion of corporate lobbyists, lawyers, vice presidents for government affairs, trade-organization executives and other shock troops installed by business and industry in Washington."

How do they do it?

### Education

1. *The schools* are easy marks. They need money. Curriculum materials by Procter and Gamble and General Motors, for example, purport to teach children how to be wise consumers, and to instruct them about environmental problems. The

Business Roundtable issues "Teaching Guides" that are essays on economics.

*The universities* are targets, too. Business has endowed chairs in Free Enterprise at some universities—"missionary work on behalf of free enterprise," as *The Wall Street Journal* describes it. "Businessmen-in-residence," on leave from corporations and funded by those corporations, live on campus, teach, and personally bring their messages to students and teachers.

Students should be given a fair and rounded picture of history, economics, and current public issues. But children in elementary and high schools should not be indoctrinated by the kind of one-sided materials now flooding the schools. Teachers should not be conduits for manipulative, propagandizing freebies. As *Business Week* noted, some materials include specific, direct product advertising; home economic classes receive "free" recipes specifying brand-name products.

### Media

2. *Advocacy Advertising*: Large corporations use the funds from the sale of their products to buy media space in major publications. There they debate matters of national policy. They purport to include information with their opinions. But people with other information and different points of view can't afford to advertise their views. We are now witnessing an ava-

lanche of advocacy in the guise of "information" fed to us through the media from oil companies, banks, and large manufacturers—all with a financial interest in the public policy under discussion.

3. *Prepared Editorials*: Public relations firms prepare editorials and articles, on behalf of corporate clients, which they mail to thousands of newspapers for republication. Newspapers oblige, and print the business viewpoint without attribution, leading readers to believe it is the newspaper's independent view.

### Employment

4. *Employee Indoctrination*: Hundreds of corporations have instituted "educational" programs. They "teach" their staff about economics and politics, advocating management's point of view. The livelihood of most employees depends on pleasing their bosses. These corporations are thus pressuring their workers into becoming grass roots lobbyists for positions espoused by management. A recent survey by the National Industrial Conference Board showed that 50% of the corporations surveyed have programs urging employees to become more involved in political issues.

5. *Pressure on Suppliers*: The president of one of America's largest retailers, wrote to its suppliers, asking them to lobby Congress on a bill he thought was harmful to its interests.

6. *Pressure on Shareholders*: Corporations write their shareholders urging them to write to their congressmen on specific legislation.

7. *Research Institutions*: Institutes with patriotic names produce studies which purport to be objective research. They are, however, funded by business. The results of the many studies and purportedly academic publications which emerge, support the positions of Organized Business. These studies are then used by Organized Business as academic and technical support for its lobbying.

### The Ultimate End Result

With such powerful propaganda aids, Organized Business creates and determines national agendas, buzz-words, myths and slogans. It can sew misinformation, confusion, and fear. It can select the subjects for national debate. It can try to put consumer representatives on the defensive. It can try to determine the issues that will engage consumer organizations and the terms of reference for such issues.

Consumer groups, with only a tiny fraction of the resources organized business can command, will need to meet the challenges posed by these propaganda mills. It can be done. Notwithstanding business efforts, poll after poll has shown that most consumers have a sound view of where their interests lie and what government, businesses and public interest groups can and should do. The public will need information on how specific issues, legislation and regulations affect their interests. Consumer groups must gear up to provide that information.

## 1980 Voting Record: Year of the Take Away

The Consumer Federation of America released its 1980 Voting Record in late October for the second session of the 96th Congress. The Voting Record, based on 15 Senate and 14 House votes, saw a continued decline in the Senate ratings but a marked improvement in the House ratings. The 35% Senate record was the worst compiled by either House since CFA began tabulating voting records nearly a decade ago. The House of Representatives compiled only a 44% rating, but it was the highest House average since 1975. Freshman members in both Houses represented the most anti-consumer bloc, with freshman Senators voting for consumers only 9% of the time in 1980.

### Power of Political Slush Funds

"This last session of Congress provides further evidence of the growing influence of special interest lobbies," said Jim Boyle, CFA's Director of Government Relations. "The anti-consumer voting records directly relate to the growth of political action committees of trade associations. Unfortunately, many members of Congress feel they are elected by and for the special interest groups who made their political slush funds available in the member's last campaign."

Of particular concern in this Congress, added CFA Executive Director Stephen J. Brobeck, was the attempt to erase past consumer victories. "1980 clearly

qualifies as the 'Year of the Take-Away.' On issue after issue, Congress has threatened to neutralize past victories by undermining crucial programs that have protected the consumer's interest," Brobeck said.

The most symbolic battle consumers faced in 1980 was the massive assault on the Federal Trade Commission, which in the past five years has been a strong Federal champion of consumer protection. The assault was led by special business interests determined to strip the agency of its powers, but with key support from consumer groups such as CFA, the FTC emerged alive and well with only minor scars. On other key votes, however, the special interest groups were more successful in pressuring Congress to vote to exempt soft drink bottlers from antitrust laws; to further cutback many crucially important, already underfunded domestic spending programs; to exempt 70% of businesses from the safety regulations of the Occupational Health and Safety Administration (OSHA), and to undermine the work of the regulatory agencies by imposing legislative vetoes.

Public participation was also dealt a severe blow when the Senate, led by Sen. John Danforth (R-MO), voted to terminate the power and funding of the Federal Office of Consumer Affairs to represent consumers before regulatory agencies.

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## Pocketbook Politics

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(R-KS) will champion Republican tax cuts as head of the Finance Committee, and arch-conservative Strom Thurmond (R-SC) will take over from Kennedy (D-MA) as chairman of the Judiciary Committee which has oversight authority for federal antitrust laws. From the viewpoint of labor, the worst committee shift is the ascendancy of Orrin Hatch (R-UT) to the chairmanship of the Labor Committee. Hatch, a passionate conservative and proclaimed enemy of labor, was the major force in defeating Carter's proposed labor law legislation in the 96th Congress. And he has already announced his decision to take aim at the minimum wage for youth in the work force.

### Rising Waters Claim House Members

The conservative tide also swept through the House of Representatives. And, although the Republicans did not gain majority control, the rising waters claimed many long-time consumer allies, such as Representatives Bob Eckhardt (D-TX), John Brademas (D-IN), Andy Maguire (D-NJ), Peter Kostmayer (D-PA) and Jim Corman (D-CA).

Eckhardt, who has been one of the consumer's best friends in Congress and who received the Philip Hart Distinguished Public Service Award in 1978, was the target of big oil, which pumped its contributions into his opponent's campaign. First as Chairman of the Consumer Protection Subcommittee and then as Chairman of the Oversight and Investigations Subcommittee, Eckhardt has been one

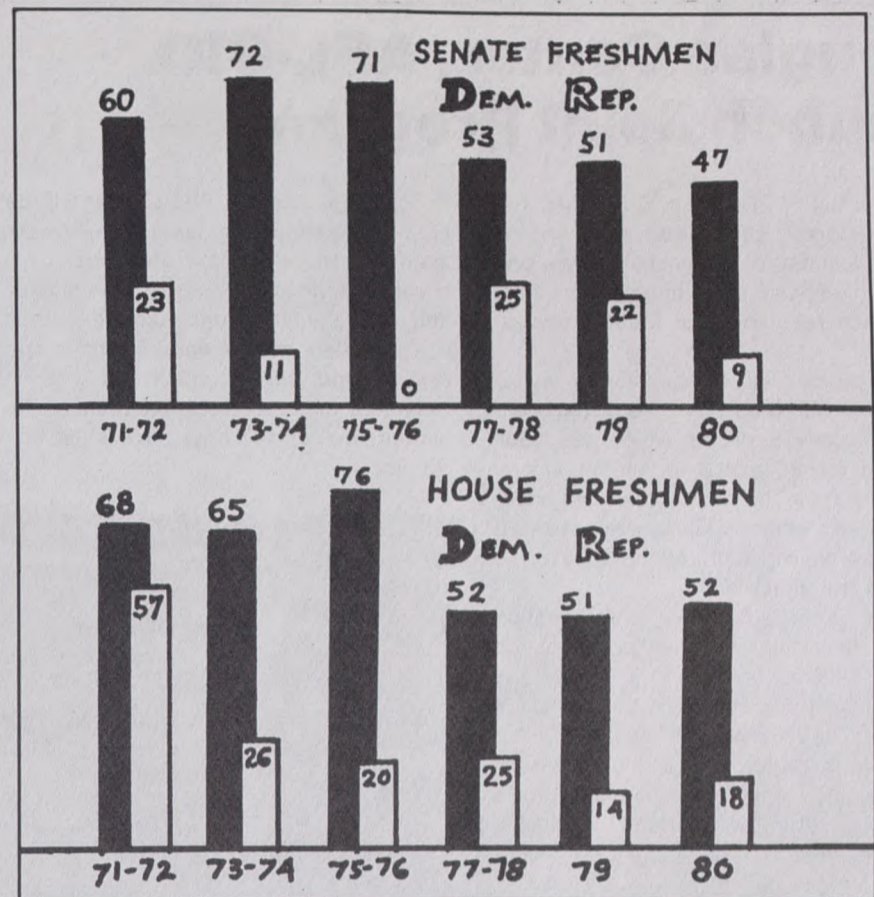
of the most forceful and effective advocates of the rights and needs of the average consumer.

The first of many election night casualties was Rep. Brademas, a member of the House leadership who has been a particularly effective supporter of consumer legislation. Both Rep. Maguire, a member of the reform-minded, liberal class of 1974, and Rep. Kostmayer, elected in 1976, led the battle against the decontrol of crude oil and natural gas prices. Rep. Corman lost by only 800 votes in a race that might have been pulled out but for Carter's early concession speech which kept thousands of West Coast voters away from the polls. Other pro-consumer Congressmen who were swept from office include Representatives Herb Harris, Jerome Ambro, Lester Wolff, Alvin Baldus, and Raphael Musto.

### Anti-consumer Freshman Class

These defeated incumbents earned an average 75.5% consumer rating in 1980, while the entire House received only a 44% rating. Their absence will leave a gap in consumer representation in the House which will not be filled by the conservatives who replace them. The 74 members of the House class of 1980 are likely to be an even stronger anti-consumer force than the freshman class of 1978. The Republicans in that class received an average 15% rating for their first two years in office.

The combination of Reagan's coat tails and heavy PAC spending also took its



The significance of a large freshman class in the next Congress, dominated by conservative Republicans, can be seen in the voting trends for freshman in both Houses over the past decade.

toll on non-incumbents. All the challengers endorsed by CFA were defeated by more conservative opponents, although CFA's former Executive Director Kathleen O'Reilly ran a close race in Michigan's 2nd District.

CFA endorsees were successful in four of seven races for open seats. Among the victorious incumbents endorsed by CFA were Rep. Mike Barnes (D-MD) who stressed his ties with CFA in his campaign, and Rep. Howard Wolpe (D-MI), who was endorsed by CFA both in 1980 and in his initial House bid in 1978.

### "Democracy in Serious Jeopardy"

The proliferation of PAC expenditures played a key role in this election. By the end of October, political action committees had contributed over \$30.8 million to Congressional campaign coffers as compared to \$17.9 million in the last Congressional election. Seventeen of the candidates for 34 Senate seats had raised more than \$200,000 each in PAC contributions by the end of September. The four leading PAC recipients—Charles Grassley (R-IA) \$504,809; Steve Symms (R-ID) \$468,450, James Abdnor (R-SD) \$457,735, and Dan Quayle (R-IN) \$438,487—all upset liberal Democrats.

### Corporate PACs Are Biggest Spenders

Corporate PACs were the biggest spenders in 1980. By mid-summer, they had already contributed over \$10 million to Congressional candidates. However, large as these figures are, they fail to capture the pervasive impact or the real financial power of the corporate PACs. Candidates who receive corporate PAC contributions also tend to be the favorites of both the association and conservative PACs. In addition, a \$1000 corporate PAC contribution is often supplemented by additional matching contributions by the corporate owners and officers or by members of their families. Another \$12 million was

contributed in this election through independent campaign expenditures and another \$1 million came in the form of partisan communication expenditures. The leading figures in independent campaign expenditures, which are made without the candidate's consent and hence are not subject to spending limitations, were three conservative groups—the National Conservative Political Action Committee (\$4 million), the Congressional Club (\$3 million) and the Fund for a Conservative Majority (\$2 million).

"PAC contributions do more than merely buy access," said CFA Executive Director Stephen Brobeck. "There are few members of Congress who are willing to vote against the interest of a major PAC contributor. It is the closest thing to legalized bribery. This election has dramatically illustrated the need for additional campaign financing reform. The answer to PACs is not more PACs but full and complete public financing."

### Voters Send Message

In addition to emphasizing the need for campaign reforms, Boyle said the election results carry with them messages for both Congress and CFA. "In the next session, Congress will be considering several programs designed to fuel inflation, including the deregulation of natural gas and the lifting of interest rate ceilings. The pocketbook response of voters frustrated with double digit inflation should send a clear message to Congress: they must not knuckle under to these kinds of special interest legislative programs."

"The message for CFA," he added "is that we need to more effectively delineate to the voters of this country which candidates are truly attempting to fight the spreading fires of inflation and which politicians talk about fighting the blaze but in fact are merely carrying water—or oil and gas, as the case may be—for special interest groups."

## Douglas Center, AFL-CIO Launch Joint Program

The Paul H. Douglas Consumer Research Center, CFA's education and research foundation, is launching a new program to expand and improve consumer education resources for labor organizations.

The project will be developed in cooperation with the AFL-CIO's Department of Community Services, which has been working for 25 years to enable unions to deal with needs and problems of working men and women which are not covered by the bargaining contract and which arise beyond the workplace.

"This project represents an exciting new partnership in consumer education at the national level, with the potential of eventually reaching millions of union families," said Stephen J. Brobeck, CFA's Executive Director. "It's a major step for the Douglas Center in its ongoing efforts to further community-based consumer education and build networks among consumer educators."

Walter Davis, Director of the AFL-CIO's Department of Community Services, commenting on the project, said: "Consumer affairs are, obviously, in key with Community Services' basic mandate, and we have been doing consumer education over the years under our "union counselling" rubric. But this project gives us the chance to update, systematize, and target that work—as well as to be a better resource for our local staff in action/advocacy efforts. And that's good, given the trends in inflation and unemployment we've seen in recent years. Smart buying isn't going to be enough."

As part of this cooperative project, the Douglas Center will prepare a new "consumer counselling" manual for use in the AFL-CIO-CSA Union Counsellor Training

Program. In addition, the Center will design and conduct at least two one-day institutes to brief state and local Community Services leaders on the manual and other consumer education resources.

Plans also include establishing a special support center which will offer information and technical assistance. The support center will begin operating next Spring.



Sherry Lindquist, who is currently Associate Director of the Paul Douglas Consumer Research Center and Consumer Education Director of CFA, will direct Douglas Center activities on the project. Lindquist previously served as CFA's Assistant Director for Administration (1974-1976) and as Director of the Douglas Center's National Community Consumer Education Project (1976-1979). The NCCEP sponsored two national and three regional consumer education conferences, published four resource handbooks, and launched **The Action Faction**. Lindquist returned to CFA on a full-time basis in late September to work on the new project and other research and consumer education activities.

## Boyle Directs Legislation

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Protection Act, which has been used as a model bill by consumer groups in many other states. He also drafted and/or lobbied effectively for bills on apartment security deposits, debt collection, home solicitation, mobile home standards, public utility regulation and consumer credit. At the national level, Boyle has testified before the U.S. Congress and Federal regulatory agencies.

### Long-time Consumer Lawyer

Boyle has been in private legal practice since 1972, representing consumers in their disputes with merchants, creditors, landlords and financial institutions. He currently serves on the Board of Directors of the National Consumer Law Center, and has served as Chairperson of the Consumer Law Section, State Bar of Texas. Boyle also edited the Consumer Law Section's publication, **Caveat Vendor**, and has published numerous articles in journals such as the **Clearinghouse Review**, the **Texas Bar Journal**, **St. Mary's Law Review** and the **Texas Business Review**. He was co-founder of both the Texas Consumer Education Network (TEXCEN), and the Texas Coalition for Utility Regulation.

Boyle has also been the attorney-of-record in a number of significant consumer cases including: **Sanchez v. Lowell Lebermann, Inc.** in which consumers were able to maintain a class action for overcharges incurred in connection with the purchase of automobiles on credit, and **Moore v. Sabine National Bank of Port Arthur**, in which the decision handed down stated that any unearned finance charges must be rebated in full at the time of acceleration of a retail installment contract.

Commenting on his new position at CFA, Boyle said: "I am truly excited by the

opportunity to work with Steve Brobeck and the excellent staff at CFA. I've been impressed with each staff member's willingness to make a lifetime commitment to redressing the balance between buyer and seller and between government and the public."

## Voting Record

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### Consumer Heroes Stand Out

Although only 27% of the members of the Congress equalled their lifetime voting records in 1980, there were some consumer heroes standing above the crowd. Led by Howard Metzenbaum (D-OH) and Paul Tsongas (D-MA) who earned 93% ratings, 12 Senators were distinguished as Heroes with ratings of 80% or above. In the House, 18 Representatives had ratings of 90% or above and three had perfect 100% records: Ron Dellums (D-CA), Don Edwards (D-CA), and Sidney Yates (D-IL).

In 1979 only two Senators failed to cast a single correct vote on consumer issues. In 1980 the number of Consumer Zeroes who never voted once for consumers, grew to 12. In the House, 48 members were ranked as Consumer Zeroes for compiling ratings of 7% or lower. In both Houses, Democrats compiled better consumer voting records than did their Republican colleagues by a more than two-to-one margin: 48% to 17% in the Senate; 56% to 22% in the House.

There were a small number of victories for consumers in 1980, including legislation to strengthen fair housing laws and an important demonstration program to install 25,000 air bag systems in government auto fleets. But in general "consumers had everything to lose and nothing to gain in this last Congress," said Executive Director Brobeck.

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Consumer Federation of America 1012 - 14th Street NW, Washington DC 20005

- President ..... Sharon Stark
- Executive Director ..... Stephen Brobeck
- Director of Government Relations ..... Jim Boyle
- Director of Public Participation ..... David Greenberg
- Director of Consumer Education ..... Sherry Lindquist
- Information Officer ..... Ruth Simon
- Assistant to the Director ..... Joanne Weistling
- Legislative Aide ..... Ken Barcus
- Secretary ..... Lydia Rivera Grogan

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